



# 2023 Annual Report



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



2024年5月31日刊印  
公司網址：<http://www.tci-bio.com>  
年報查詢網址：<http://newmops.twse.com.tw>

**1. Name, title, contact telephone number and e-mail address of the spokesperson and agent spokesperson:**

Spokesperson:	Agent spokesperson
Name: Cian-Tian Huang	Name: Juen-Ying Chiou
Title: Investor Relations and Sustainable Development Department Head of Department	Title: Group Stock Affairs Department Head of Department
Tel: (02)8797-7811 ext. 8613	Tel: (02)8797-7811 ext. 8036
E-mail: Mandy.Huang@tci-bio.com	E-mail: Johnny.Chiou@tci-bio.com

**2. Address and telephone number of head office, branch office and factory:**

Name	Address	Tel
Head office	10F, No. 187, Kang Chien Rd., Nei Hu Dist., Taipei, Taiwan	(02) 8797- 7811
BioCosme PABP Branch and factory (S11)	No.21, Nongke Rd., Changzhi Township, Pingtung County 90846, Taiwan (R.O.C.)	(08) 762- 9158
TCI (TAIWAN) PABP Branch and factory (S5, S9, S12)	No.12, Shennong Rd., Changzhi Township, Pingtung County 90846, Taiwan (R.O.C.)	(08) 762- 9158
Shanghai Jinshan factory (S7)	No.9, Lane 285, Tiangong Rd., Jinshan Industrial Park, Shanghai, China	+86-21-3728-9211
Shanghai Jinshan factory (S8)	No.989, Jin Ge Rd., Jinshan Industrial Park, Shanghai, China	+86-21-3791-8811

**3. Name, address, website and telephone number of the stock transfer agent:**

Name: Fubon Securities Co., Ltd. Stock Agency Department  
Address: 11F, No. 17, Xuchang Street Taipei City  
Website: <https://www.fubon.com>  
Tel: (02) 2361-1300

**4. Name, firm name, address, website and telephone number of the accountant certifying the most recent annual financial report**

Name of accountant: Ming-Chuan Hsu and Ping-Chun Chih  
Name of firm: PwC Taiwan  
Address: No. 333, Section 1, Keelung Rd, Xinyi District, Taipei City  
Website: <https://www.pwc.tw>  
Tel: (02) 2729-6666

**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.

## Table of Contents

	<u>Page</u>
<b>I. Letter to shareholders .....</b>	<b>1</b>
<b>II. Company Profile.....</b>	<b>4</b>
1. Date of incorporation.....	4
2. Brief history of the Company .....	4
3. Global Offices of TCI Group.....	13
<b>III. Corporate Governance Report.....</b>	<b>14</b>
1. Organization .....	14
2. Information of Directors,the President, Vice Presidents, Assistant Vice Presidents, and Heads of Departments and Branch Offices .....	18
3. Corporate Governance Operation .....	31
4. Information Regarding the Company’s Audit Fee and Independence .....	79
5. Replacement of CPAs.....	79
6. The Company’s Chairman, President, and Finance or Accounting Officer have held a position in the independent auditing firm or its affiliates over the past year .....	79
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 .....	80
8. The top-10 shareholders who are the spouses or relatives within second-degree to each other .....	81
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.....	82
<b>IV. Business Capitalization .....</b>	<b>83</b>
1. Capital and Shares .....	83
2. Corporate Bond.....	89
3. Preferred Stock Issued .....	89
4. Global Depositary Receipts Issued.....	89
5. Employees Stock Options Issued.....	89
6. Restricted Employee Shares .....	89
7. Merger or acquisition or transfer of shares of other companies to issue new shares .....	89
8. Funding Plan Execution Situation .....	89
<b>V. Operational Highlights.....</b>	<b>90</b>
1. Business Activities.....	90
2. Market, production and sales overview .....	122

	<u>Page</u>
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 .....	131
4. Environmental expenditure information .....	131
5. Labor Relations.....	133
6. Cyber Security Management .....	135
7. Important contracts .....	137
<b>VI. Financial Information .....</b>	<b>138</b>
1. Condensed Balance Sheet and Statements of Comprehensive Income for the Last Five Years .....	138
2. Financial Analysis within the Last 5 Years.....	142
3. Audit Committee's Review Report for the most recent financial year .....	145
4. Financial Statements of the most recent year.....	145
5. The consolidated financial statements of the parent and subsidiary audited by the CPA in the most recent year.....	145
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.....	145
<b>VII. Review of Financial Conditions, Financial Performance, and Risk Management.....</b>	<b>146</b>
1. Financial Conditions .....	146
2. Financial Performance.....	147
3. Cash flow.....	148
4. The effect of major capital expenditure on finance in the most recent year .....	148
5. Recent year's investment policy, the main reason for its profit or loss, improvement plan and investment plan for the next year .....	148
6. Risks Analysis and Evaluation .....	149
7. Other Important Items .....	153
<b>VIII. Annotation.....</b>	<b>154</b>
1. Information of the Company's Affiliates .....	154
2. The status of issuing private placement securities in the most recent year and up to the publication of the annual report.....	160
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 .....	160
4. Other necessary supplementary notes .....	160
<b>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 .....</b>	<b>160</b>

# **I. Letter to shareholders**

Dear Shareholders,

In 2023, TCI accelerated its internationalization efforts and actively expanded into multiple markets. It has now invested resources in the European, American, and Southeast Asian markets, gradually achieving significant success. Our team has been actively promoting our business activities in various countries and conducting high-level product meetings with leading companies in overseas markets to demonstrate TCI's competitiveness in the international supply chain. In the health care and skincare CDMO business, revenue contributions from Europe and U.S. continue to grow. We will achieve more long-term performance in the European and U.S. markets in the future.

Currently, TCI develops many large international customers, and the significant expansion of our customer base will lead to long-term partnerships. In terms of product development, TCI's R&D capabilities, research data, and ability to quickly integrate global regulations and marketing resources are well recognized and supported by large international customers. The products created in cooperation with large customers will benefit from their resources and bring more stable performance in the market in the future.

The Company continues to emphasize "Global Total Solution," which is a global solution for multinational customers from product design, allowing customers to market their products to many countries worldwide in the shortest time, with the highest efficiency, quickly and with high quality, creating a win-win situation with customers.

In terms of business management, we actively align ourselves with international ESG sustainability standards due to integrate with the United Nations sustainable development goals SDGs and have been recognized by third-party evaluation organizations. TCI ranked among the top 14% of the global industry leaders in the 2023 S&P Corporate Sustainability Assessment. Additionally, in the 9th Corporate Governance Evaluation, the company was honored with an excellent ranking in the top 5% of OTC-listed companies. Under sound governance, although operating expenses have increased due to investment in research and development, business development, and green manufacturing, it will strengthen the Company's resilience in the face of climate change and risks, and consolidate future competitiveness, which in turn will help the Company achieve steady long-term growth.

Looking ahead to 2024, TCI will continue to create and deliver value, translating into better financial performance. We are fully committed to the following 8 main aspects:

## **1. Accelerate Global Trade and Continuously Listen to Market Demands**

Accelerate globalization efforts and expand into the Vietnam and India markets.

Continuously listen to the needs of suppliers and customers to understand differences and identify key demands.

## **2. Innovative Breakthrough - Join & Delight**

Achieve innovation breakthroughs to create superior and efficient products that stimulate consumer demand in daily life.

### **3. Information Security and Convenience**

As technology advances, stronger cybersecurity threats emerge. However, the convenience and application of information are inseparable from daily life. We will establish a more secure information security system and environment to provide faster, more precise, and reliable services.

### **4. Global Talent Recruitment and Reserve**

Effectively manage, utilize, and organize key talents to enhance the company's competitive advantage. Talent reserves will increase to over 120% of the Group's workforce, building a development system with international vision, professional skills, and practical abilities. This will comprehensively enhance competence levels and provide a strong, continuous stream of talent for the Group's development.

### **5. Comprehensive Enhancement of Intelligence and Efficiency**

All processes will be comprehensively efficient and intelligent. In the future, this will include hardware equipment, manufacturing, procurement, business development, product design, marketing strategies, and applications of AI and ChatGPT.

### **6. Effective Cost Control and Better Gross Profit**

Continuously control costs effectively to reduce operational losses. We aim to create higher operating profits and gross margins through negotiation and cost savings, bringing maximum profits to the Company and its shareholders.

### **7. Layout for the Present, Vision for the Future**

In the future, TCI will continuously implement environmental protection, social responsibility, and corporate governance globally, aiming to become a global green enterprise and advance towards long-term sustainability goals.

### **8. Seek Opportunities and Focus on Mergers and Acquisitions**

Combine talent reserve mechanisms and continuously strengthen recruitment, enriching the workforce globally. Persistently seek ideal merger and acquisition opportunities to expand the Group's global footprint and create better operational synergy, aiming to become the world's number one CDMO for health supplements and wellness products.

Looking ahead to 2024, we will bring products to market in multiple countries worldwide as quickly as possible with the highest efficiency while maintaining high quality, creating mutual benefits, and win-win situations with our customers.

Under good corporate governance, complemented by measures aligned with international standards and excellent performance, the Company's resilience in facing risks has been strengthened. This consolidates future competitiveness and helps the company achieve stable long-term operational growth, moving towards becoming the world's number one.

## 2023 Financial Performance

### (1) Operational Results:

Unit: NT\$ thousand

TCI Co., Ltd.				
Consolidated Income Statement				
Item	2023	2022	Difference	%
Net Revenue	8,015,649	7,432,514	583,135	8%
Operating Costs	(4,799,114)	(4,297,047)	(502,067)	12%
Gross Profit	3,216,535	3,135,467	81,068	3%
Operating Expenses	(2,161,937)	(2,109,365)	(52,572)	2%
Income from Operations	1,054,598	1,026,102	28,496	3%
Other Operating Income and Expenses	120,097	263,667	(143,570)	-54%
Pre-tax Income	1,174,695	1,289,769	(115,074)	-9%
Income Tax Expense	(182,631)	(469,007)	286,376	-61%
Net Income	992,064	820,762	171,302	21%
Net income attributable to parent company	896,258	713,494	182,764	26%
Net income attributable to noncontrolling interests	95,806	107,268	(11,462)	-11%

### (2) Analysis of Financial Performance

1. In 2023, TCI's net revenue totaled NT\$8.015649 billion, an increase of 8 percent compared with the NT\$7.432514 billion in 2022; the income from operations totaled NT\$1.054598 billion, an increase of 3 percent compared with the NT\$1.026102 billion in 2022; the net income totaled NT\$0.992064 billion, an increase of 21 percent compared with the NT\$0.820762 billion in 2022.
2. In 2023, the gross profit margin was 40.13%, down 2.06% compared with 42.19% in 2022; the operating income margin was 13.16%, down 0.65% compared with 13.81% in 2022; the profit margin was 12.38%, up 1.34% compared with 11.04% in 2022.
3. In 2023, the earnings per share was NT\$ 7.73, up 27.56% compared with NT\$6.06 in 2022.

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	◆ (November) TCI Co., Ltd established a subsidiary, “First International Technology Co., Ltd.”
2005	◆ (April) The company name was changed to 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. ◆ (October) 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"> <li>◆ TCI (Taiwan) PABP BRANCH started its business.</li> <li>◆ TCI Co., Ltd. passed the selection of Taiwan Intellectual Property Management System (TIPS) held by the Institute for Information Industry, R.O.C. (Taiwan).</li> <li>◆ (February) One of TCI's affiliates, First Tek Corp., whose name was revised as TCI Firstek Corp.</li> <li>◆ (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.</li> <li>◆ (July) TCI Gene Inc. was established by TCI. Co., Ltd.</li> <li>◆ (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).</li> <li>◆ (September) One of TCI's affiliates, BioScience, Shanghai BioTech Group, had been established by BioTrade, Shanghai BioTech Group.</li> <li>◆ (September) TCI (Taiwan) PABP BRANCH obtained the ISO 22000:2005 certification.</li> <li>◆ (October) The E.V.E. Lab obtained the ISO17025:2005-TAF Certification.</li> <li>◆ (October) TCI (Taiwan) PABP BRANCH obtained the GMP certification managed by TQF (Taiwan Quality Food) Association.</li> <li>◆ (December) After the capital increased by cash of NT\$ 26,000,000, the paid-in capital became NT\$ 226,420,000.</li> </ul>
2012	<ul style="list-style-type: none"> <li>◆ (February) TCI Co., Ltd. Listed its stock on the Taipei Exchange (TPEX).</li> <li>◆ (May) One of TCI's affiliates, BioFunction, Shanghai BioTech Group, was established by TCI. Co., Ltd.</li> <li>◆ (July) After the issuance of employee stock option certificates of 365,000 shares, the paid-in capital became NT\$ 230,070,000.</li> <li>◆ (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.</li> <li>◆ (December) One of TCI's affiliates, BioCosme, Shanghai BioTech Group, was established by BioTrade, Shanghai BioTech Group.</li> </ul>
2013	<ul style="list-style-type: none"> <li>◆ (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.</li> <li>◆ (January) TCI Co., Ltd. started the industry-academia collaboration project with China Medical University, Taiwan.</li> <li>◆ (February) The S1 factory obtained the FSSC22000 certification.</li> <li>◆ (February) TCI (Taiwan) PABP BRANCH obtained the FSSC22000 certification.</li> <li>◆ After the issuance of employee stock option certificates of 680,000 shares, the paid-in capital had become NT\$ 304,796,000.</li> <li>◆ (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.</li> </ul>

Year	Milestone
2014	<ul style="list-style-type: none"> <li>◆ (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.</li> <li>◆ (October) TCI Co., Ltd. obtained the 22th National Award of Outstanding SMEs held by the Small and Medium Enterprise Administration, Ministry of Economic Affairs.</li> <li>◆ (April) TCI Co., Ltd. signed a memorandum of understanding (MOU) with DAIDO Pharmaceutical Corp.</li> <li>◆ (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.</li> <li>◆ (July) The S7 factory, the facial mask factory of BioCosme, Shanghai BioTech Group, started its operation.</li> <li>◆ (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.</li> <li>◆ (October) After the capital increased by private replacement of NT\$ 46,000,000, the paid-in capital became NT\$ 556,244,000.</li> </ul>
2015	<ul style="list-style-type: none"> <li>◆ (April) TCI Co., Ltd. obtained 2 gold medals, 2 silver medals, and the Best Invention of the Far East award at the Invention &amp; New Product Exposition (INPEX).</li> <li>◆ (May) TCI Co., Ltd. obtained the Meiyi award for its Cell Young®Snow lotus Bio-cellulose Mask.</li> <li>◆ (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.</li> <li>◆ (September) The S9 factory, our second factory in the Pingtung Agricultural Biotechnology Park, started its operation.</li> <li>◆ TCI Co., Ltd. was named on the list of 3rd Mitte stand firms recognized by the Ministry of Economic Affairs.</li> <li>◆ Our general manager, Yung-Hsiang Lin, was recognized as one of the 53rd Ten Outstanding Young Persons in Taiwan.</li> <li>◆ The S5 factory obtained the NSF/BRC certification and the Sedex certification.</li> <li>◆ The S7 factory obtained the ISO 9001 certification, the ISO 14001 certification, and the OHSAS 18001 certification.</li> <li>◆ TCI Co., Ltd. obtained the Innovation Prize for personal care and cosmetic products in China (classified in the category: anti-aging materials).</li> <li>◆ TCI Co., Ltd. obtained 1 bronze medal and 1 special prize at the iENA Nuremberg.</li> <li>◆ TCI Co., Ltd. obtained iF Design Award 2015 for the drink display carrier box for AQUAGEN.</li> </ul>
2016	<ul style="list-style-type: none"> <li>◆ (February) TCI Co., Ltd. obtained the Innovation Prize for personal care and cosmetic products in China (classified in the category: functional materials).</li> </ul>

Year	Milestone
	<ul style="list-style-type: none"> <li>◆ (April) The S8 factory, the functional beverage factory of BioFunction, Shanghai BioTech Group, started its operation.</li> <li>◆ (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).</li> <li>◆ (May) TCI Co., Ltd. was named on the list of Taiwan Top 2000 recognized by the CommonWealth Magazine: ranked 49th in the annual growth rate of annual revenue; ranked 216th in the net profit margin; and ranked 932nd in the annual revenue.</li> <li>◆ (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.</li> <li>◆ (November) Our general manager, Yung-Hsiang Lin, obtained the EY Entrepreneur of The Year Taiwan (Excellence in Innovation).</li> <li>◆ TCI Co., Ltd. obtained 2 gold medals, 2 silver medals and 1 excellence prize at the 44th Geneva International Exhibition of Inventions.</li> <li>◆ TCI Co., Ltd. obtained 2 gold medals, 1 silver medal and 1 special prize at the 31st Invention &amp; New Product Exposition (INPEX).</li> <li>◆ TCI Co., Ltd. obtained 1 gold medal, 1 silver medal and 1 special prize at the 30th World Genius Convention and Education Expo.</li> <li>◆ TCI Co., Ltd. obtained 2 gold medals, 1 silver medal and 1 special prize at the Seoul International Invention Fair (SIIF).</li> <li>◆ TCI Co., Ltd. obtained 2 Meiyi awards.</li> </ul>
2017	<ul style="list-style-type: none"> <li>◆ (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).</li> <li>◆ (May) TCI Co., Ltd., BioCosme PABP BRANCH had been established.</li> <li>◆ (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.</li> <li>◆ (October) The S11 factory started its operation.</li> <li>◆ TCI Co., Ltd. obtained 2 gold medals, 2 silver medals, and 2 special prizes at the 2017 Geneva International Exhibition of Inventions.</li> <li>◆ TCI Co., Ltd. obtained 1 gold medal and 3 silver medals at the Concours Lépine International Paris 2017.</li> <li>◆ TCI Co., Ltd. obtained 1 gold medal and 1 special prize at the 2017 Invention &amp; New Product Exposition (INPEX).</li> <li>◆ TCI Co., Ltd. obtained 1 gold medal and 2 silver medals at the 2017 19th Annual Moscow International Salon of Inventions and Innovative Technologies (Archimedes).</li> <li>◆ TCI Co., Ltd. obtained 1 gold medal, 1 silver medal and 1 special prize at the</li> </ul>

Year	Milestone
	<p>31thWorld Genius Convention and Education Expo.</p> <ul style="list-style-type: none"> <li>◆ The Indonesia Office of TCI Co., Ltd. started its operation.</li> <li>◆ The branch company of TCI Co., Ltd. had been established in the Utah State, the United States.</li> <li>◆ Shanghai BioTech Group was recognized as one of the most influential enterprises at the Healthplex Expo and Natural &amp; Nutraceutical Products China 2017 (HNC).</li> <li>◆ TCI Co., Ltd. obtained the best award for biotechnology companies in Taiwan: Outstanding Company of the Year.</li> <li>◆ TCI Co., Ltd. is first on the Forbes Asia’s 200 Best Under A Billion List.</li> <li>◆ TCI Co., Ltd. obtained the 4th Taiwan Mittelstand Award held by the Ministry of Economic Affairs.</li> </ul>
2018	<ul style="list-style-type: none"> <li>◆ The S11 factory obtained the ECOCERT - COSMOS® ORGANIC certification.</li> <li>◆ (April) TCI Co., Ltd. was named on the top 20% list of the 4th Corporate Governance Evaluation for TWSE/TAPEX Listed Companies (1,539 companies joined this evaluation).</li> <li>◆ (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.</li> <li>◆ TCI Co., Ltd. obtained 2 gold medals, 2 silver medals, and 1 special prize at the 2018 Geneva International Exhibition of Inventions.</li> <li>◆ TCI Co., Ltd. obtained 1 gold medal, 2 silver medals, and 1 special prize at the 2018 Silicon Valley International Invention Festival.</li> <li>◆ TCI Co., Ltd. obtained 2 gold medals, 2 silver medals and 1 special prize at the 2018 World Genius Convention and Education Expo.</li> <li>◆ TCI Co., Ltd. established a subsidiary in Japan.</li> </ul>
2019	<ul style="list-style-type: none"> <li>◆ TCI Co., Ltd. obtained 1111 Happy Enterprise Award.</li> <li>◆ TCI Co., Ltd. obtained the Outstanding Business Award at the 25th National Quality Award.</li> <li>◆ TCI Co., Ltd. was named in the “Top 100 Fast-Growing Companies” with “Top-ranked profit” by Commonwealth Magazine.</li> <li>◆ TCI Co., Ltd. ranked in 5% of TWSE listed companies in the Corporate Governance Evaluation.</li> <li>◆ TCI Co., Ltd. was named in 5th place of the top 50 companies with the best business performance in the Top 2000 Survey by Commonwealth Magazine.</li> <li>◆ TCI Co., Ltd. was named in 4th place in the Medium-Size Enterprise Group at 2019 Excellence in Corporate Social Responsibility Award</li> <li>◆ TCI Co., Ltd. was named in 9th place in the Little Giant Group at 2019 Excellence in Corporate Social Responsibility Award</li> <li>◆ TCI Co., Ltd. was named in the list of top 500 excellent manufacturers and traders of agricultural biotechnology industry in Business Startup Group in the 16th National Innovation Award (for the Double Nutri technology)</li> </ul>

Year	Milestone
2020	◆ 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 P2 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;
	◆ 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 Asia 200 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
	◆ Selected as the only private commercial organization among Taiwan's top ten popular science bases (in the first Taiwan Science Festival organized by the Ministry of Education), and consecutively winning the 17th National Innovation Award (Corporate Innovation Advancement Award for Double2NUTRI® and Innovation in Epidemic Prevention Technology for the QVS-96S fully automated integrated testing system).
	◆ Youth Cultivation Project <ul style="list-style-type: none"> <li data-bbox="384 1747 1449 1868">— 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)</li> <li data-bbox="384 1881 1187 1912">— Hosted a 24-hour Future Literacy Education with PaGamO</li> <li data-bbox="384 1926 1449 2004">— 2020 Bio and Raw Material Manufacturing Innovation Golden Brain Award with Food Industry Development Institute</li> </ul>

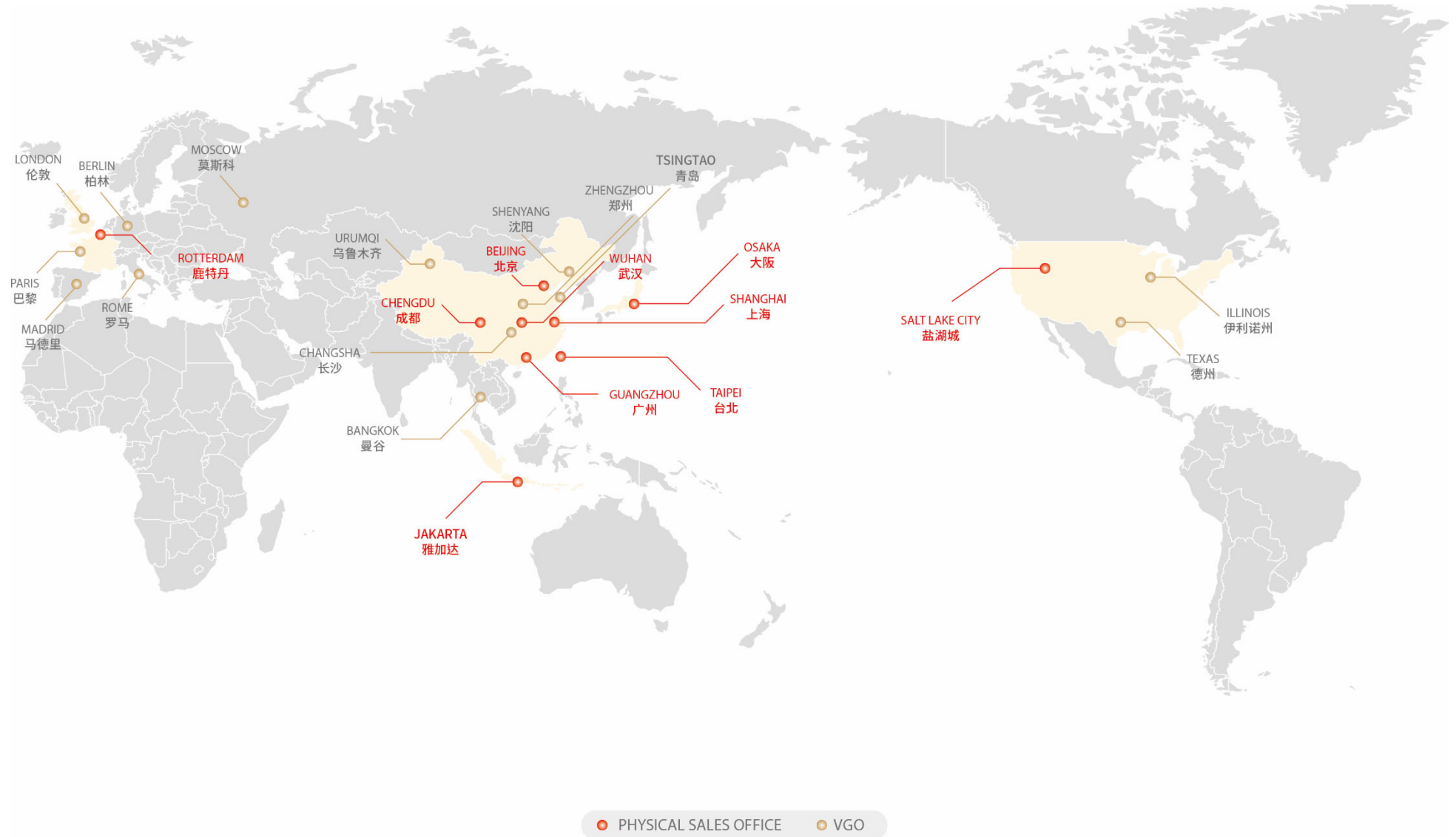
Year	Milestone
	<ul style="list-style-type: none"> <li>◆ TCI Co., Ltd. obtained 47 gold medals, 5 silver medals, 4 bronze medals and 37 special prizes in various international events (in Geneva, the US, Canada, the UK, Germany, Japan, Korea, etc.)</li> <li>◆ 8 gold medals and 4 silver medals at the 34th World Genius Convention and Education Expo</li> <li>◆ 13 gold medals and 13 special awards at the British Invention Show</li> <li>◆ 13 gold medals and 14 special awards at the International Invention Innovation Competition in Canada</li> </ul>
2021	<ul style="list-style-type: none"> <li>◆ 1 silver medal and 4 bronze medals at the Seoul International Invention Fair</li> <li>◆ 2 gold medals, 2 silver medals, and 1 special award at the Geneva International Exhibition of Inventions</li> <li>◆ 4 gold medals at the World Genius Convention &amp; Education Expo</li> <li>◆ 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.</li> <li>◆ 2021 iCAN International Invention Innovation Competition (gold and special awards) Emerald Cherry, Wild Cherry Blossom, Green Papaya Enzyme, Golden Formula Prebiotics</li> <li>◆ 2021 Seoul International Invention (Korea) (December) (silver medal) TCI711, TCI837, Dandelion Flower Extract, Crystal Roselle, Versailles Currants (bronze medal) TCI275, Blood Peach Extract</li> <li>◆ 2021 18th Annual National Innovation Award Double 2 NUTRI®</li> <li>◆ 2021 Nutraceutical Innovation Award (Awarded by: Health Food Society of Taiwan) NMN Yeast, TRILLION PROBIO™</li> <li>◆ 2021 CBE - MEIYI Award (Best Health Food R&amp;D and Manufacturing Company) BioScience, Shanghai BioTech Group(best raw material) TCI633(best product) HA Moisturizing Collagen Drink</li> <li>◆ 2021 World Plant Based Awards (Best Plant-Based Functional Product) Golden Formula</li> <li>◆ 2021 New Nutrition Business® China Annual Meeting</li> <li>◆ 2021 NHEC (Outstanding Enterprise of Industry Innovation and Social Responsibility)</li> </ul>
2022	<ul style="list-style-type: none"> <li>◆ 2022 Nutritional Health Food Innovation Award (Presented by: Health Food Society of Taiwan): Probio-Kombu Black Tea won the award</li> <li>◆ 2022 49th Geneva International Exhibition of Inventions: Rose Apple Extract (bronze medal), Yellow Pitaya Ferment (bronze medal), Pediococcus acidilactici TCI188 (silver medal), Lactobacillus plantarum TCI227 (bronze medal), Golden Clam Peptide (gold medal), Biomimetic Peptide (bronze medal), SlimBT Formula (gold medal), Maxi Collagen (gold medal)</li> </ul>

Year	Milestone
	<ul style="list-style-type: none"> <li>◆ 2022 36th World Genius Convention and Education Expo: White Bayberry (gold medal), Black Diamond Apple (gold medal), Bacillus coagulans TCI803 (silver medal), Lactobacillus paracasei TCI708 (silver medal), MAXI HA (gold medal)</li> <li>◆ 2022 World Dairy Innovation Awards: Super X won Best dairy drink</li> <li>◆ 2022 4th ITE International Invention Trade Expo: Lactobacillus bulgaricus TCI904 (gold medal and special award), White Pomegranate Extract (gold medal and special award), Saskatoon Berry Extract (gold medal and special award), Humanoid Collagen (gold medal and special award)</li> <li>◆ 2022 7th iCAN International Invention Innovation Competition: PBA Pro-Bio Ark (gold medal and special award), Kanzan Cherry Liquid (gold medal and special award), Catnip Extract (gold medal and special award), Kiwi Berry Extract (gold medal and special award), Geisha Ferment (gold medal and special award), ClpB Formula (gold medal and special award)</li> <li>◆ 2022 121st Annual Concours Lépine: TCI-Effective Clean Beauty – the outer packaging of the product uses post-consumer recycled material (bronze medal)</li> <li>◆ Won the Medium-Size Enterprise Group at Excellence in Corporate Social Responsibility Award in Corporate Social Responsibility Award for the 5th consecutive year</li> <li>◆ TCSA Taiwan Corporate Sustainability Awards: Most Prestigious Sustainability Award Top 100 Domestic Corporates, Corporate Sustainability Report Awards (bronze level), Best Performance of Specific Categories - Circular Economy Leader Awards</li> <li>◆ 2022 19th Annual National Innovation Award Double NUTRI 2®</li> <li>◆ Awarded the 1st ESG Certificate of Assessment Completion by Dun &amp; Bradstreet</li> <li>◆ 2022 Best Companies to Work for in Asia</li> <li>◆ Obtained 1111 Happy Enterprise Award</li> <li>◆ In the EcoVadis Corporate Social Responsibility Assessment, the factory in Taiwan won a silver medal and the factory in Shanghai won a bronze medal</li> <li>◆ Awarded a B grade in the CDP climate change questionnaire</li> <li>◆ S&amp;P Corporate Sustainability Assessment (CSA)</li> <li>◆ The first corporate in Taiwan to join the Alliance of Water Stewardship</li> </ul>
2023	<ul style="list-style-type: none"> <li>◆ 2023 Asia-Pacific Stevie Awards: Excellence in Corporate Innovation - Product Design and Development for Practicing Corporate Social Responsibility (gold medal) Scientific or Technological Innovation Achievement - Biodiversity Park (silver medal) Achievement in Innovation in Diversity and Inclusion - Racial and Gender Equality (bronze medal)</li> <li>◆ 2023 48th Geneva International Exhibition of Inventions: Probio-Kombu black tea (gold medal), Mango unripe fruit (silver medal), and TCI147 (bronze medal)</li> <li>◆ 2023 112th Paris International Concours Lépine: Red Quinoa All-Around Soothing Moisturizing Gel Cream (bronze medal) and Lyophilized mask (bronze medal)</li> </ul>

Year	Milestone
◆	2023 37th The World Genius Convention & Education Expo: Cherimoya Fruit (gold medal and special award), TCI757 (gold medal), and Indian Nana (gold medal)
◆	2023 U.S. NutraIngredients - USA Awards: Banana flower (Ingredient of the Year - Beauty from Within Category)
◆	2023 European Green Awards: VeCollal® (Consumer Goods-Green Product Award)
◆	2023 Corporate Social Responsibility Excellence Awards: Best Initiative Award (winner) and Social Commitment Award (bronze medal)
◆	2023 2nd Asia-Pacific and Taiwan Sustainability Action Awards: SDG12 Responsible Consumption and Production (silver medal) and SDG15 Life on Land (bronze medal)
◆	2023 8th iCAN International Invention Innovation Competition: Jackfruit (gold medal and special award) and DeliahtTS Formula (gold medal and special award)
◆	2023 America Invention Innovation Expo: TCI761 (gold medal and first prize) and Immuno Formula (gold medal and special award)
◆	2023 Commonwealth The World's Sustainable Citizenship Award: Top 5 Mid-Sized Enterprises Commonwealth Talent Sustainability Award: Top 5 Mid-Sized Enterprises
◆	2023 World Plant-Based Awards: VeCollal® (winner of Plant-based beverage)
◆	2023 International Invention and Trade Expo: Milk Ceramide (gold medal) and PV Formula (gold medal)
◆	TCSA Taiwan Corporate Sustainability Awards: Leadership Awards - Circular Economy Leader, Social Inclusion Leader, Gender Equality Leader and CSR Report (bronze medal)
◆	SIIF Seoul International Invention: TCI604 (special award)
◆	U.S. BioTech Breakthrough Awards: Commercialization Services Provider of the Year
◆	Global Beauty and Wellness Awards: Defense Sooth & Repair Balm won the Best Skincare Ingredient Group (Winner), Freeze-Dried Mask won the Best Sustainable Skincare Product Group (Winner), and Ice Plant Stem Cell Eye Mask was a finalist for the Best Sustainable Eye Product Group.
◆	ECI Awards: Public Welfare Innovation - Environment (silver medal) and Service Model Innovation - Service Model (silver medal)
◆	BIG Innovation Awards: Winner of Food Innovation Category
◆	Green World Awards: Gold medal in Conservation, CSR, and Sustainability categories.



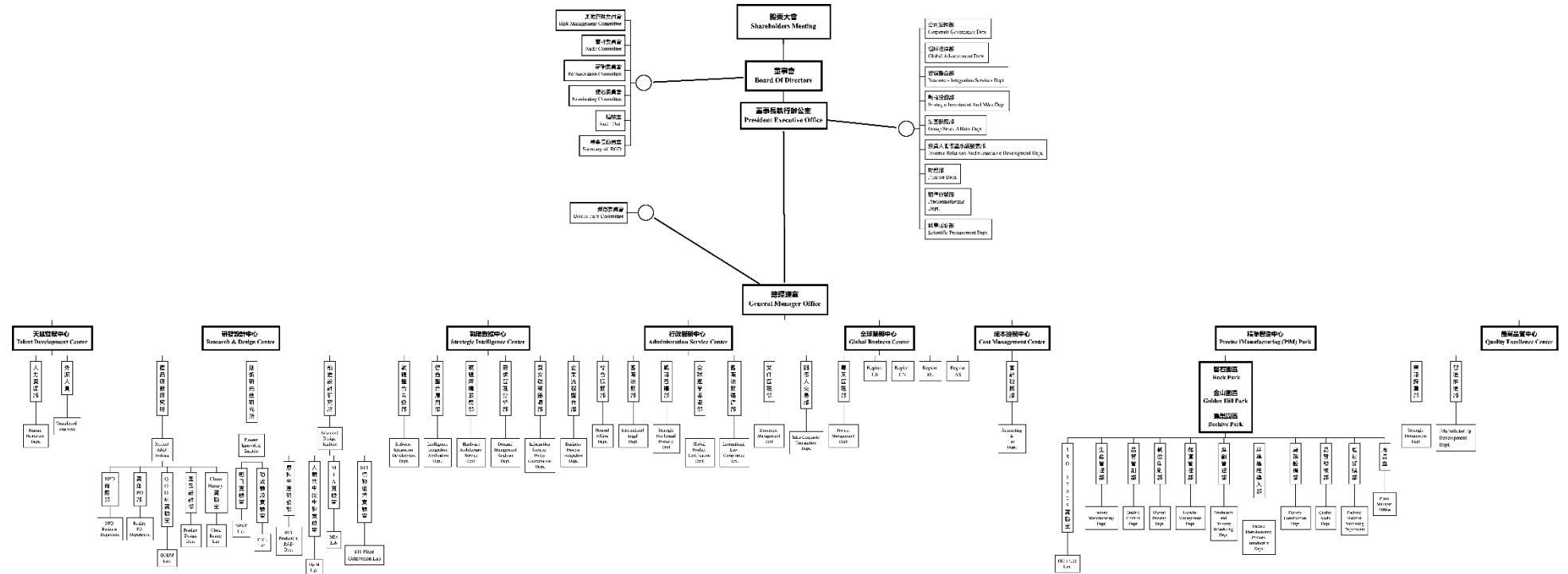
### 3. Global Offices of TCI Group



# III. Corporate Governance Report

## 1. Organization

### (1) Organizational Chart



(2) Responsibilities of each department

Department/ Center	Responsibilities
Audit Department	<ol style="list-style-type: none"> <li>1. Planning and formulating various audit policies and procedures, including internal audit regulations, internal audit implementation rules, and internal audit operation manuals</li> <li>2. Proposing audit plans, performing audits of each department, submitting audit reports, and tracking improvements</li> </ol>
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>
Risk Management Committee	<p>The Risk Management Committee defines various types of risks per the Company's overall operating guidelines and prevents possible losses within the tolerable risk range to increase shareholders' value and optimize the allocation of the Company's resources.</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>
President's Executive Office	<ol style="list-style-type: none"> <li>1. The chief staff department of the Group.</li> <li>2. Assisting in planning business strategies and policies, and coordination of business affairs and labor.</li> <li>3. Commanding and managing production lines to meet the Company's operating goals and customer needs in a timely manner.</li> <li>4. Coordinating relevant departments to provide timely support to facilitate smooth production.</li> <li>5. The Group's Stock Affairs Department is responsible for maintaining the authorities and shareholder relations, training directors, and coordinating the operations of the Group's Board of Directors, functional committees, and shareholders' meetings.</li> <li>6. The Corporate Governance Department implements corporate governance, integrity management, and compliance with laws and regulations.</li> <li>7. The Scientific Procurement and Precise Marketing departments coordinate essential raw material and marketing strategy issues.</li> <li>8. The Strategic Investment and Global Advancement Department coordinate global investment and business layout.</li> </ol>

Department/ Center	Responsibilities
	9. The Investor Relations and Sustainable Development Department carry out ESG operations to ensure the Company's sound operation and sustainable development.
Finance Department	Financial management, including financial planning and analysis, fund raising and investment decision-making and fund management
Research & Design Center	<ol style="list-style-type: none"> <li>1. Design and development of new products</li> <li>2. Product improvement</li> <li>3. Produce samples that meet customers' requirements</li> <li>4. Verify product efficacy</li> <li>5. Verify product quality</li> <li>6. Patent application</li> <li>7. Sample specification review</li> <li>8. Search and develop raw materials</li> <li>9. Research and development of dosage forms, product specifications, functions and efficacy.</li> </ol>
Talent Development Center	<ol style="list-style-type: none"> <li>1. Planning and execution of recruitment and retention of employees</li> <li>2. Planning and coordination of labor and organizations</li> <li>3. Staff resignation, recruitment and employment and salary accounting</li> <li>4. Planning and execution of employee training and development</li> <li>5. Establishment and implementation of the reward system</li> <li>6. Management and implementation of labor pension, labor and health insurance and other welfare measures</li> <li>7. Establishment and implementation of management regulations and human resources-related systems</li> <li>8. Planning and execution of employee performance appraisal and promotion</li> <li>9. Assessment and management of employee attendance</li> <li>10. Maintaining and strengthening employee care and employee relations</li> </ol>
Administrative Service Center	<ol style="list-style-type: none"> <li>1. Overall management of company personnel affairs, general affairs and legal affairs.</li> <li>2. Procurement of office supplies</li> <li>3. Management of labor and health insurance</li> <li>4. Planning and establishment of management rules and regulations</li> <li>5. Planning and arrangement of business trips and expense audits</li> <li>6. Numbering and management of corporate assets</li> <li>7. Document management</li> <li>8. Contract review</li> <li>9. Collection of cosmetics and food-related laws and regulations</li> </ol>
Global Business Center	<ol style="list-style-type: none"> <li>1. Business planning and development</li> <li>2. Order review and signing</li> <li>3. Handling of customer complaints, customer visits, timely provision of items required by customers</li> <li>4. Attending exhibitions at home and abroad</li> </ol>

Department/ Center	Responsibilities
	5. Product design 6. Marketing
Precise iManufacturing (PiM) Center Rock Park Golden Mountain Park	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 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	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	1. Preparation of financial statements 2. Financial analysis 3. Preparation of financial statements 4. Financial analysis 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

April 27, 2024

Title	Nationality or Place of registration	Name	Gender Age	Elect (in) Date	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Education and Experience	Selected Current Positions 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.
							Number of shares (shares)	% Ratio (%)	Number of shares (shares)	% Ratio (%)	Shares (Shares)	% Ratio (%)	Shares (Shares)	% Ratio (%)			Title	Name	Relationship	
Chairman	R.O.C.	Yung-Hsiang Lin	Male 46-50	2020.6.18	3 years	2017.5	1,382,405	1.17%	1,382,405	1.17	46,000	0.04	8,454,607	7.15%	Bachelor's degree in Botany, National Chung Hsing University TCI Co., Ltd. Deputy General Manager Former Manager, Biomedical Department, TCI Co., Ltd. Former Deputy Manager, Marketing Department, Hsin-Fa International Biotechnology 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	4,427,053	3.74	0	0	0	0	None	None	None	None	None	None
	R.O.C. 1980	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	Master's degree in business administration, National Taiwan University EMBA School of Professional Education and Continuing Studies, National Taiwan University Deputy General Manager, PwC Taiwan Senior Associate, Ernst & Young Global Limited Liability Partnership Deputy Manager, Marketing Department, Hsin-Fa International Biotechnology Inc.	Chairman-cum-Director, Uchen Management & Consulting Co., Ltd. Independent Director, convener of Audit Committee and member of Remuneration Committee, Hong pu Real Estate Development Co., LTD. Independent Director, convener of Audit Committee, and convener of Remuneration Committee Everspring Industry Co., Ltd. Supervisor, Yung-Chiang Investment Co., Ltd. Supervisor, Sunshine Bless Association Supervisor, Scientific American Taiwan Co., Ltd.	None	None	None	None
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	Ph.D., National Chung Hsing University Associate Professor, Department of Life Sciences, National Chung Hsing University	Member of Remuneration Committee, Convener of Audit Committee, Convener of Nomination Committee, Convener of Risk Management Committee, TCI Co., Ltd. Member of Remuneration Committee, Convener of Audit Committee, Convener of Nomination Committee, Convener of Risk Management Committee, Maxigen Biotech Inc.	None	None	None	None

Title	Nationality or Place of registration	Name	Gender Age	Elect (in) Date	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Education and Experience	Selected Current Positions 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.
							Number of shares (shares)	% Ratio (%)	Shares (Shares)	% Ratio (%)	Shares (Shares)	% Ratio (%)	Shares (Shares)	% Ratio (%)			Title	Name	Relationship	
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 at Graduate Institute of Biochemistry, National Chung Hsing University	Convener of Remuneration Committee, Member of Audit Committee, Member of Nomination Committee, Member of Risk Management Committee, TCI Co., Ltd. Professor at Graduate Institute of Biochemistry, National Chung Hsing University	None	None	None	None
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 Vice President, Chung Shan Hospital	Member of Remuneration Committee, Member of Audit Committee, Member of Nomination Committee, Member of Risk Management Committee, TCI Co., Ltd. Member of Audit Committee, Maxigen Biotech Inc. Member of Remuneration Committee, Maxigen Biotech Inc. Member of Nomination Committee, Maxigen Biotech Inc. Member of Risk Management Committee, Maxigen Biotech Inc. Head of Reproductive Center, Chung Shan Hospital Attending Physician, Department of Obstetrics and Gynecology, Chung Shan Hospital	None	None	None	None
Independent Director	R.O.C.	Shu-Min He	Female 61-65	2020. 6.18	3 years	2020.6	0	0	1,000	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.	None	None	None	None

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., Chairman at Petfood Biotechnology Co., Ltd., Chairman at Maxigen Biotech Inc. (Shanghai), Chairman at Horay Inc., Director at TCI LIVING Shanghai Co., Ltd., Chairman at BioCosme, Shanghai Biotech Group, Chairman at Scientific American Taiwan Co., Ltd.

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

B. Major shareholders of corporate shareholders

April 27, 2024

Name of Corporate Shareholder	Major shareholders of corporate shareholders
Yong Jiang Investment Co.	Yung-Hsiang Lin (70.07%), Yung-Hao Lin (29.91%)
Yang Guang Investment Co., Ltd.	Wu-Nan Yang (50%) and Shu-Chun Kuan (25%)

C. Authorized Representatives as major shareholders of corporate shareholders

April 27, 2024

Legal entity name	Major Shareholders
Not applicable	Not applicable

D. Director Information

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

Condition Name (note 1)	Professional qualifications and experience	Independence Criteria (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) Convenor	Professional Qualifications and Experience: The Chairman and General Manager of the Company also serves as the Chairman of Maxigen Biotech Inc. (please refer to page 12 for detailed table of education and experience). 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. There are no circumstances under Article 30 of the Company Act.				✓	✓	✓				✓	✓	✓	✓	0
Yang Guang Investment Co., Ltd. Representative: Pi-Shu Li	Professional qualifications and experience: Representative of the Company's legal director and other duties (please refer to page 12 for detailed table of education and experience). Possesses the work experience necessary for the Company's business. There are no circumstances under Article 30 of the Company Act.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0



Condition Name (note 1)	Professional qualifications and experience	Independence Criteria (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 examination required for the Company's business and has the necessary work experience for the Company's business (please refer to page 13 for detailed table of education and experience). There are no circumstances under 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 necessary for the Company's business (please refer to page 13 for detailed table of education and experience).	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	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 necessary for the Company's business (please refer to page 13 for detailed table of education and experience).	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	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 examination required for the Company's business and has the necessary work experience for the Company's business (please refer to page 13 for detailed table of education and experience). There are no circumstances under Article 30 of the Company Act.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1

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

Note 2: For each director or supervisor who has met each of the following criteria for the two years preceding his or her election and during his or her term of office, please "ü" in the box below each criteria code.

- (1) Not an employee of the Company or its affiliates.
- (2) Directors or supervisors who are not directors or supervisors of the Company or its affiliates (except in the case where the Company and its parent company, subsidiaries, or subsidiaries of the same parent company are appointed as independent directors in accordance with this Act or local laws and regulations).
- (3) Natural shareholders who do not hold more than 1% of the total number of issued shares or the top 10 shareholdings in the name of themselves, their spouses, minor children, or others.
- (4) Not a spouse, a relative within the 2nd degree kin relationship, or a relative within the 3rd degree kin relationship of a manager listed in (1) or a person listed in (2) or (3).
- (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act (except in the case where the company and its parent company, subsidiary, or subsidiary of the same parent company serve concurrently as independent directors in accordance with this Act or local laws and regulations).
- (6) A director, supervisor or employee of another company who is not controlled by the same person as more than half of the company's directors or voting shares (except in the case where the company and its parent company, subsidiary, or subsidiary of the same parent company serve concurrently as independent directors in accordance with this Act or local laws and regulations).
- (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"; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
- (10) No spouse or relative within two degrees of kin relationship with other directors.
- (11) No circumstances under Article 30 of the Company Act.
- (12) No election in the capacity of the government, a legal person, or a representative thereof, as provided in Article 27 of the Company Act.

## D-2 Board Diversity and Independence:

### 1) Board Diversity:

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 and was completed on January 18, 2022. 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 46 to 50, 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 60.57 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.
- (d) 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 General Manager, Deputy General Manager, Associate, and Heads of Departments and Branch Offices

April 27, 2024; Unit: Share; %

Title	Nationality	Name	Gender	Elect (in) date	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	% Ratio	Shares	% Ratio	Shares	% Ratio			Title	Name	Relationship
General Manager	R.O.C.	Yung-Hsiang Lin	Male	2010.8	1,382,405	1.17%	46,000	0.04%	8,454,607	7.15%	Bachelor's degree in Botany, National Chung Hsing University Deputy General Manager, TCI Co., Ltd. Former Manager, Biomedical Department, TCI Co., Ltd. Former Deputy Manager, Marketing Department, Hsin-Fa International Biotechnology Inc. Specialist, General Manager's Office, Genesis Biotech Inc.	(note 1)	Deputy General Manger	Yung-Hao Lin	Brothers
Deputy General Manager	R.O.C.	Yung-Hao Lin	Male	2012.1	0	0.00%	0	0.00%	8,408,607	7.11%	EMBA, National Taiwan University EMBA, Fudan University, Shanghai Bachelor's 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	40,736	0.03%	0	0.00%	0	0.00%	Master's degree from Beihang University SAP consultant Assistant Vice President, TCI Co., Ltd	BioCosme, Shanghai BioTech Group, General Manager	None	None	None
Accounting Supervisor	R.O.C.	Chen-Chen Fu	Female	2022.9	36,000	0.03%	0	0.00%	0	0.00%	Bachelor of Finance and Taxation, Feng Chia University Spokesperson & Executive Assistant to the Chairman, Formosa Epitaxy Inc. Director, Jiangsu CANYANG Optoelectronics Ltd	Legal Director's Representative, Maxigen Biotech Inc. Legal Director's Representative, TCI Gene Inc. (TCI) Legal Director's Representative, Petfood Biotechnology Co., Ltd. (TCI) Supervisor, TCI Living Co., Ltd. Legal Supervisor's Representative, TCI Firstek Corp. (TCI) Legal Supervisor's Representative, Quantum Biology Inc. (TCI) Supervisor, SMY Internet of Package Co., Ltd.	None	None	None
Head of Talent Development Center	R.O.C.	Huei-An Jheng	Female	2024.5	0	0.00%	0	0.00%	0	0.00%	Master's degree in Industrial Economics, National Central University HR Director, YFY JUPITER Ltd., HR Manager, TPK Holding Co., Ltd. HR Manager, Want Want Group	None	None	None	None
Head of Strategic Intelligence Center	R.O.C.	Sin-Liang Chen	Male	2023.12	3,474	0.00%	0	0.00%	0	0.00%	Bachelor's degree in Industrial Engineering and Management, Southern Taiwan University of Science and Technology Chief Strategy Officer and Cyber Security Director, TCI Co., Ltd. Rock Park, TCI Co., Ltd.	None	None	None	None
Head of Precise iManufacturing (PiM) Center	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	None	None	None	None

Title	Nationality	Name	Gender	Elect (in) date	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement Shareholding		Education and Experience	Selected Current Positions at Other Companies	Other Managers as Spouse or Kin within the Second Degree		
					Shares	% Ratio	Shares	% Ratio	Shares	% Ratio			Title	Name	Relationship
Head of Internal audit	R.O.C.	Wei-Chiang Chi	Male	2014.10	0	0.00%	2,000	0.00%	0	0.00%	Bachelor's degree in accounting, Tamkang University Certified Internal Auditor (CIA) Manager, Audit Department, Pharmtak Taiwan Co., Ltd. Director, Scientech Corporation	None	None	None	None
Head of Corporate Governance	R.O.C.	Zhen-Jia Huang	Male	2019.10	26,900	0.02%	0	0.00%	0	0.00%	Bachelor's degree in law, Soochow University Intellectual Property Certification Consultant, Friendly Law Office Legal Affairs Assistant Manager, TCI Co., Ltd.	None	None	None	None
Head of Investor Relations and Sustainable Development Department	R.O.C.	Cian-Tian Huang	Female	2022.3	1,000	0.00%	0	0.00%	0	0.00%	Bachelor Degree in Business Administration, National Chengchi University Brand Manager for Greater China, FRANCE STEPHANE GERBE TAIWAN BRANCH Key Account Manager at L'Oréal Taiwan Co., Ltd.	None	None	None	None
Head of Stock Service Department	R.O.C.	Juen-Ying Chiou	Male	2020.7	0	0.00%	0	0.00%	0	0.00%	Bachelor Degree in Chinese Language, Soochow University Head of Stock Affairs and Acting Spokesperson of RICH DEVELOPMENT CO., LTD. Assistant Manager of General Management Office, UC Group Assistant Director, Entie Commercial Bank, Ltd.	None	None	None	None

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., Chairman at Petfood Biotechnology Co., Ltd., Chairman at Maxigen Biotech Inc. (Shanghai), Chairman at Horay Inc., Director at TCI LIVING Shanghai Co., Ltd., Chairman at BioCosme, Shanghai Biotech Group, Chairman at Scientific American Taiwan Co., Ltd.



Brackets for Compensation Paid to Directors

Brackets for Compensation Paid to Directors	Name			
	Total Compensation (A+B+C+D)		Total Compensation (A+B+C+D+E+F+G)	
	TCI	From All Consolidated Entities H	TCI	From All Consolidated Entities I
Less than NT\$ 1,000,000	Yung-Hsiang Lin, Pi-Shu Li, Tomiya Takamatsu, Sung-Yuan Liao, Chen-Yi Kao, Shih-Ming Li, Shu-Min He	Yung-Hsiang Lin, Pi-Shu Li, Tomiya Takamatsu, Sung-Yuan Liao, Chen-Yi Kao, Shih-Ming Li, Shu-Min He	Pi-Shu Li, Tomiya Takamatsu, Sung-Yuan Liao, Chen-Yi Kao, Shih-Ming Li, Shu-Min He	Pi-Shu Li, Tomiya Takamatsu, Sung-Yuan Liao, Chen-Yi Kao, Shih-Ming Li, Shu-Min He
NT\$ 1,000,000 (inclusive) ~ NT\$ 2,000,000 (exclusive)	-	-	-	-
NT\$ 2,000,000 (inclusive) ~ NT\$ 3,500,000 (exclusive)	-	-	-	-
NT\$ 3,500,000 (inclusive) ~ NT\$ 5,000,000 (exclusive)	-	-	-	-
NT\$ 5,000,000 (inclusive) ~ NT\$ 10,000,000 (exclusive)	-	-	-	-
NT\$ 10,000,000 (inclusive) ~ NT\$ 15,000,000 (exclusive)	-	-	-	-
NT\$ 15,000,000 (inclusive) ~ NT\$ 30,000,000 (exclusive)	-	-	Yung-Hsiang Lin	Yung-Hsiang Lin
NT\$ 30,000,000 (inclusive) ~ NT\$ 50,000,000 (exclusive)	-	-	-	-
NT\$ 50,000,000 (inclusive) ~ NT\$ 100,000,000 (exclusive)	-	-	-	-
NT\$ 100,000,000 and above	-	-	-	-
People in total	7	7	7	7

B. Remuneration Paid to General Manager, Deputy General Managers in 2023

2023; Unit: NT\$ Thousand; 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		Receive a remuneration from a foreign invested business or parent company
		From TCI	All companies in the financial report	From TCI	All companies in the financial report	From TCI	All companies in the financial report	From TCI		From All Consolidated Entities		From TCI	All companies in the financial report	
								Cash Amount	Shares Amount	Cash Amount	Shares Amount			
General Manager	Yung-Hsiang Lin													
Deputy General Manager	Yung-Hao Lin	14,520	14,520	0	0	5,339	5,339	4,895	0	4,895	0	24,754 2.76%	24,754 2.50%	0

Brackets for Compensation Paid to Directors

Brackets for Compensation Paid to General Manager & Deputy General Managers	Name	
	TCI	All companies in the financial report
Less than NT\$ 1,000,000	Yung-Hao Lin	Yung-Hao Lin
NT\$ 1,000,000 (inclusive) ~ NT\$ 2,000,000 (exclusive)	-	-
NT\$ 2,000,000 (inclusive) ~ NT\$ 3,500,000 (exclusive)	-	-
NT\$ 3,500,000 (inclusive) ~ NT\$ 5,000,000 (exclusive)	-	-
NT\$ 5,000,000 (inclusive) ~ NT\$ 10,000,000 (exclusive)	-	-
NT\$ 10,000,000 (inclusive) ~ NT\$ 15,000,000 (exclusive)	-	-
NT\$ 15,000,000 (inclusive) ~ NT\$ 30,000,000 (exclusive)	Yung-Hsiang Lin	Yung-Hsiang Lin
NT\$ 30,000,000 (inclusive) ~ NT\$ 50,000,000 (exclusive)	-	-
NT\$ 50,000,000 (inclusive) ~ NT\$ 100,000,000 (exclusive)	-	-
NT\$ 100,000,000 and above	-	-
People in total	2	2



### C. Employee Compensation Amount Paid to Managers

2023; Unit: NT\$ Thousand; 1000 shares

	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	-	28,108	28,108	3.14%
	Deputy General Manager	Yung- Hao Lin				
	Associate	Min Yueh				
	Head of Cost Management Center	Chen- Chen Fu				
	Head of Research & Design Center	Shu- Ting Jhan				
	Head of Global Business Center	Tung- Wei Li				
	Head of Precise iManufacturing (PiM) Center	Chiu- Yueh Li				
	Head of Strategic Intelligence Center	Sin- Liang Chen				
	Head of Internal audit	Wei- Chiang Chi				
	Head of Corporate Governance	Zhen- Jia Huang				
	Head of Stock Service Department	Juen- Ying Chiou				
	Head of Investor Relations and Sustainable Development Department	Cian- Tian Huang				

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.

D-1 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\$ thousand

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
2022	63,936	91,511	8.96%	11.15%
2023	29,864	29,864	3.33%	3.01%

D-2 Remuneration policies, standards and combinations, procedures for determining remuneration, and their correlation with operating performance and future risks

- 1) 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 remuneration for its final decisions.
- 2) 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 policy and procedures for determining the compensation of the Company's directors, general manager, and deputy general managers are based on the usual standards within the industry. They consider the time invested by the individuals, their responsibilities, achievement of personal goals, performance in other roles, and the salary and rewards given to similar positions in recent years. Additionally, the assessment includes the achievement of the Company's short-term and long-term business goals, the Company's financial status, and the correlation between individual performance, operating performance, and future risks. The Company's operating performance for the year 2023 (on a consolidated basis, the same applies below) reported annual revenue of NT\$8,015,649 thousand, up 7.85% from NT\$7,432,514 thousand in 2022. The pre-tax net profit was NT\$1,174,695 thousand, down 8.92% from NT\$1,289,769 thousand in 2022. The net profit attributable to the parent company was NT\$896,258 thousand, up 25.61% from NT\$713,494 thousand in 2022. Earnings per share were NT\$7.73, up 27.56% from NT\$6.06 in 2022. According to relevant regulations, this information is disclosed in the annual report, and future risks are limited.

### 3. Corporate Governance Operation

#### (1) Board of Directors Meeting Status

A. There were 5 (A) regular meetings convened in 2023 (term: June 27, 2023 to June 26, 2026).

The directors' attendance status is as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate in Person (%) (B/A)	Notes
Chairman	Yong Jiang Investment Co. Representative: Yung-Hsiang Lin	3	0	100%	The Board of Directors was fully re-elected and assumed office on June 27, 2023.
Chairman	Yung-Hsiang Lin	2	0	100%	The Board of Directors was fully re-elected and stepped down on June 27, 2023.
Director	Yang Guang Investment Co., Ltd. Representative: Pi-Shu Li	5	0	100%	The Board of Directors was fully re-elected and assumed office on June 27, 2023.
Director	DyDo Group Holdings, Inc Representative: Tomiya Takamatsu	5	0	100%	The Board of Directors was fully re-elected and assumed office on June 27, 2023. The Director stepped down on April 15, 2024.
Independent Director	Shu-Min He	5	0	100%	The Board of Directors was fully re-elected and assumed office on June 27, 2023.
Independent Director	Sung-Yuan Liao	5	0	100%	The Board of Directors was fully re-elected and assumed office on June 27, 2023.
Independent Director	Chen-Yi Kao	5	0	100%	The Board of Directors was fully re-elected and assumed office on June 27, 2023.
Independent Director	Shih-Ming Li	4	1	80%	The Board of Directors was fully re-elected and assumed office on June 27, 2023.

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 shall be specified.

(1) Matters referred to in Article 14-3 of the Securities and Exchange Act: because the 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 name, contents of motion, causes for avoidance and voting should be specified.

Meeting Date	Meeting No.	Proposal	Reasons for Recusal	Participation in Deliberation
March 30, 2023	2023 1st Board of Directors	The proposal for the distribution of employee compensation and director remuneration for the 2022 of the Company.	The attending managers recused themselves from any conflict of interest.	After the recusal, the chairman (or the acting chairman) consulted all attending directors, and the proposal was unanimously approved without objection.
March 30, 2023	2023 1st Board of Directors	The 2023 remuneration plan for the CPA.	The attending CPA recused themselves from any conflict of interest.	After the recusal, the chairman (or the acting chairman) consulted the remaining directors, and the case approved this case without objection.
May 08, 2023	2023 2nd Board of Directors	Explanation of the Company's 2022 distribution of director's and employee remuneration.	The attending managers recused themselves from any conflict of interest.	After the recusal, the chairman (or the acting chairman) consulted all attending related parties, and the proposal was unanimously approved without objection.
December 19, 2023	2023 5th Board of Directors	Proposal for the nomination of a dedicated Chief Information Security Officer.	Sin-Liang Chen recused himself from any conflict of interest.	After the recusal, the chairman (or the acting chairman) consulted all attending directors, and the proposal was unanimously approved without objection.
December 19, 2023	2022 5th Board of Directors	Matter related to the distribution of the year-end bonuses for the Company's managers for 2023.	The attending managers recused themselves from any conflict of interest.	After the recusal, the chairman (or the acting chairman) consulted all attending directors, and the proposal was unanimously approved without objection.

3. The listed and OTC companies shall 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 01, 2023, to December 31, 2023	Board of Directors Performance evaluation of the Board of Directors, individual Board members and functional committees	Internal self- evaluation of the Board of Directors and functional committees and self-evaluation of board members	<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) Highlights of the eight major components and overall observation</p> <ol style="list-style-type: none"> <li>1. Composition of the Board of Directors</li> <li>2. Guidance of the Board of Directors</li> <li>3. Authorization of the Board of Directors</li> <li>4. Supervision of the Board of Directors</li> <li>5. Communication of the Board of Directors</li> <li>6. Internal control and risk management</li> <li>7. Self-regulation of the Board of Directors</li> <li>8. Other (such as board meetings, support system, etc.)</li> </ol>

(2) Audit Committee Meeting Status

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

A-1 The appropriate expression of the Company's financial statements.

A-2 The independence and the performance of the CPAs; the selection (dismissal) of the CPAs.

A-3 The effective implementation of internal control.

A-4 Supervising the Company to comply with relevant laws and regulations.

A-5 Controlling the existing or the potential risks of the Company.

B. Audit Committee Meeting Status

There were 5 regular meetings convened in 2023 (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	Sung-Yuan Liao	5	0	100.00%	
Independent Director	Chen-Yi Kao	5	0	100.00%	
Independent Director	Shu-Min He	5	0	100.00%	
Independent Director	Shih-Ming Li	4	1	80%	

Annotations:

1. If any of the following situations occur in the operation of the Audit Committee, the date of the meeting, session, agenda items, dissenting opinions of independent directors, reserved opinions, or significant recommendations shall be specified.

(1) Matters referred to in Article 14-5 of the Securities and Exchange Act: None.

Audit Committee Date	Meeting No.	Proposal	Resolution	TCI's Response to Resolution
March 30, 2023	1st meeting of 2023	The Company's 2022 Internal Control System Statement.	Approved	Not applicable
		The Company's 2022 Annual Report and Financial Statements.	Approved	Not applicable
		The 2023 remuneration plan for the CPA.	Approved	Not applicable
May 08, 2023	2nd meeting of 2023	The Company's Consolidated Financial Statements for the 1st quarter of 2023.	Approved	Not applicable
July 27, 2023	3rd meeting of 2023	The Company's Consolidated Financial Statements for the 2nd quarter of 2023.	Approved	Not applicable
		The Company acquires marketable securities.	Approved	Not applicable
November 09, 2023	4th meeting of 2023	The Company's Consolidated Financial Statements for the 3rd quarter of 2023.	Approved	Not applicable
		Formulate the Company's audit plan for the year 2024.	Approved	Not applicable
		Amend the Company's management procedures for certain internal control systems.	Approved	Not applicable

Audit Committee Date	Meeting No.	Proposal	Resolution	TCI's Response to Resolution
December 19, 2023	5th meeting of 2023	Formulate the Company's "2024 Business Plan" and "2024 Budget" proposal.	Approved	Not applicable
		Proposal to assess the independence and suitability of the Company's certified public accountant.	Approved	Not applicable
		Accommodate the internal adjustments of PwC Taiwan, the Company will change its certified public accountant starting from the first quarter of 2024.	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' 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 one 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 2023 are shown as following table:

Date	Content of Communication	Implementation
2023/3/30 Audit Committee	1. Report on the implementation status of the Company's audit plan from January to February 2023. 2. Review the Company's 2022 Internal Control System Statement.	1. Noted. 2. After review and approval, submit to the Board of Directors for resolution.
2023/5/8 Audit Committee	Report on the implementation status of the Company's audit plan from March to April 2023.	Noted.
2023/7/27 Audit Committee	Report on the implementation status of the Company's audit plan from May to June 2023.	Noted.
2023/11/9 Audit Committee	1. Report on the implementation status of the Company's audit plan from July to September 2023. 2. Formulate the Company's 2024 Audit Plan.	1. Noted. 2. After review and approval, submit to the Board of Directors for resolution.
2023/12/19 Audit Committee	1. Report on the implementation status of the Company's audit plan from October to November 2023. 2. Evaluation of the suitability and independence of the Company's certified public accountant. 3. Accommodate the internal adjustments of PwC Taiwan, the Company will change its certified public accountant starting from the first quarter of 2024.	1. Noted. 2. After review and approval, submit to the Board of Directors for resolution. 3. After review and approval, submit to the Board of Directors for resolution.

(3) Communications between the CPAs and the Audit Committee:

A. Regularly: 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 2023 are shown as following table:

Date	Content of Communication	Implementation
March 30, 2023	Report on the audit results of the 2023 consolidated and individual financial reports.	The accountant will disclose matters that shall be revealed in the audit report in the financial statements.
May 08, 2023	Report on the review results of the Q1 2023 consolidated financial report.	The accountant will disclose matters that shall be revealed in the review report in the financial statements.
July 27, 2023	Report on the review results of the Q2 2023 consolidated financial report.	The accountant will disclose matters that shall be revealed in the review report in the financial statements.
November 09, 2023	Report on the review results of the Q3 2023 consolidated financial report.	The accountant will disclose matters that shall be revealed in the review report in the financial statements.



(3) The operation of corporate governance and the differences between it and the Code of Corporate Governance Practices of listed and listed companies and the reasons therefor

Assessment Item	Operation status			Differences from the Code of Corporate Governance Practices of listed and listed companies and the reasons for such differences
	Yes	No	Summary description	
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 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,	None

Assessment Item	Operation status		Differences from the Code of Corporate Governance Practices of listed and listed companies and the reasons for such differences																																																																								
	Yes	No																																																																									
			<p>region, professional experience, cultural and educational background, gender and other traits to enhance the ability to 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>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>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	Male		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
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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 2022, the Company expects to establish a Risk Management Committee.	None																																																																							
(3) Has the Company established a performance evaluation method for the Board of Directors and its evaluation procedures? Are these evaluations conducted regularly every year, with the results reported to the Board of Directors and used as a reference for individual directors' remuneration and reappointment nominations?	✓		(3) The Company established the "Board of Directors Self-Evaluation or Peer Evaluation Regulations." According to Article 3 of these regulations, the Company's Board of Directors must conduct an internal performance evaluation at least once a year. The internal evaluation shall be carried out at the end of each year based on the evaluation procedures and indicators outlined in Articles 6 and 8. The performance evaluation results for the past three years are as follows: the performance evaluation for 2021 was conducted at the end of 2021 and reported to the Board on	None																																																																							

Assessment Item	Operation status			Differences from the Code of Corporate Governance Practices of listed and listed companies and the reasons for such differences
	Yes	No	Summary description	
(4) Does the Company regularly evaluate its external auditors' independence?	✓		<p>March 22, 2022; the performance evaluation for 2022 was conducted at the end of 2022 and reported to the Board on March 30, 2023; the performance evaluation for 2023 was conducted at the end of 2023 and was reported to the Board on March 15, 2024. The Company completed the registration process on December 15, 2021, to commission the Taiwan Corporate Governance Association to conduct a performance evaluation of the Board of Directors, completed interviews on January 18, 2022, reported to the Board on March 22, 2022, and plans to conduct an external performance evaluation every three years, next scheduled for 2024.</p> <p>(4) The Company's accounting department independently assessed the independence of the certifying accountants and submitted the results to the Audit Committee and the Board of Directors for approval on December 19, 2023. After evaluating CPAs Ming-Chuan Hsu and Ping-Chun Chi of PricewaterhouseCoopers, the accounting department concluded that both meet the company's independence assessment standards (Note 2) and are suitable to serve as the company's certifying accountants. The accounting firm has also issued a statement (Note 3).</p>	
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> <p>(1) Notifying board members of the Company's business scope and the latest developments in corporate governance-related regulations.</p> <p>(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.</p> <p>(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.</p> <p>(4) Conducting performance evaluations of the Board of Directors and individual directors annually.</p> <p>(5) Establishing diversified channels for the communication with investors.</p>	None

Assessment Item	Operation status			Differences from the Code of Corporate Governance Practices of listed and listed companies and the reasons for such differences
	Yes	No	Summary description	
			(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.	
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 financial, 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

Assessment Item	Operation status			Differences from the Code of Corporate Governance Practices of listed and listed companies and the reasons for such differences																						
	Yes	No	Summary description																							
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 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>(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.</p> <p>(2) Employee care: The Company provides employee bonus, year-end bonus and other 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 courses in 2023 are as follows:</p> <table border="1"> <thead> <tr> <th>Director</th> <th>Course Date</th> <th>Organizer</th> <th>Course Name</th> <th>Course Hours</th> </tr> </thead> <tbody> <tr> <td>Yung-Hsiang Lin</td> <td rowspan="6">December 01, 2023</td> <td rowspan="6">WBSD</td> <td rowspan="3">Risks of Major Corporate Transactions/Operation Rights Disputes and Corporate Governance</td> <td rowspan="3">3</td> </tr> <tr> <td>Tomiya Takamatsu</td> </tr> <tr> <td>Pi-Shu Li</td> </tr> <tr> <td>Shu-Min He</td> <td rowspan="3">Reflecting on Corporate Risk in Response to Technological Development and Legal Changes through AI Sustainability Issues</td> <td rowspan="3">3</td> </tr> <tr> <td>Sung-Yuan Liao</td> </tr> <tr> <td>Chen-Yi Kao</td> </tr> <tr> <td>Shih-Ming Li</td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Director	Course Date	Organizer	Course Name	Course Hours	Yung-Hsiang Lin	December 01, 2023	WBSD	Risks of Major Corporate Transactions/Operation Rights Disputes and Corporate Governance	3	Tomiya Takamatsu	Pi-Shu Li	Shu-Min He	Reflecting on Corporate Risk in Response to Technological Development and Legal Changes through AI Sustainability Issues	3	Sung-Yuan Liao	Chen-Yi Kao	Shih-Ming Li					None
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Assessment Item	Operation status			Differences from the Code of Corporate Governance Practices of listed and listed companies and the reasons for such differences
	Yes	No	Summary description	
			(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.	
<p>9. Please describe the improvements that have been made to the results of the corporate governance evaluation released by the Corporate Governance Center of the Taiwan Stock Exchange Corporation in the most recent year and propose priorities and measures to enhance those that have not yet been improved.</p> <p>(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.</p> <p>(2) The Company will prepare a corporate social responsibility report in accordance with GRI4 this year.</p> <p>(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.</p>				

Note 1: 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:

- The Committee establishes the criteria of diversity and independence in terms of expertise, skills, experience and gender required for board members, supervisors and senior managers, and to identify, review and nominate candidates for directors, supervisors and senior managers accordingly.
- Construct and develop the organizational structure of the Board of Directors and Committees, conduct performance evaluation of the Board of Directors, Committees, directors and senior managers, and evaluate the independence of independent directors.
- To establish and periodically review directors' continuing education programs and succession plans for directors and senior managers.
- Revise the Company's Corporate Governance Code of Practice.

A. The following table details the meetings of the Nominating Committee and the attendance rate of each member.

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

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

B. The Nominating Committee met 3 times (A) in the 4th term of 2023 (term: June 27, 2020, to June 26, 2023), and the attendance of members from January 01, 2023, to December 31, 2023, is as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate in Person (%) (B/A) (Note)
Chair	Sung-Yuan Liao	3	0	100%
Member	Yung-Hsiang Lin	3	0	100%
Member	Chen-Yi Kao	3	0	100%
Member	Shih-Ming Li	2	1	67%
Member	Shu-Min He	3	0	100%

Annotations:

Date	Meeting No.	Proposal	Resolution	TCI's Response to the Resolution
March 30, 2023	1st meeting of 2023	1. 2022 Board of Directors' performance evaluation report 2. Proposal for the full re-election of the Board of Directors. 3. Nomination of candidates for election as directors (including independent directors).	1. Noted. 2. After review and approval, submit to the Board of Directors for resolution 3. After review and approval, submit to the Board of Directors for resolution	Not applicable
May 08, 2023	2nd meeting of 2023	1. Proposal for reviewing the list of nominated candidates for directors (including independent directors).	1. After review and approval, submit to the Board of Directors for resolution	Not applicable
December 19, 2023	3rd meeting of 2023	1. Report on the directors' training status in 2023. 2. Proposal for the nomination of a dedicated Chief Information Security Officer.	1. Noted. 2. After review and approval, submit to the Board of Directors for resolution	Not applicable

Note 2: TCI Co., Ltd. 2023 Annual Evaluation Report on the independence of CPAs

The CPA Firm in 2023: PricewaterhouseCoopers Taiwan

The CPAs in 2023: 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 shall 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 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. No significant gifts or presents of substantial value have been received from the Company or its directors, supervisors, and managers (the value does not exceed 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.**



### Note 3: Auditor's Independence Statement

To: TCI Co., Ltd.

Issuance No.: PwC23006395

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 follows for your review.

#### Explanation:

1. Per 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 auditing or reviewing financial statements," the accountant needs to maintain independence, not only in substance but also in form. Accordingly, members of the audit service team, other certified public accountants in common practice, the firm, and affiliates of the firm (hereinafter referred to as members of the audit service team and affiliates of the firm) are required to maintain their independence from the audited client. In addition, Article 7 of Bulletin No. 10 states that "independence may be affected by self-interest, self-assessment, defense, familiarity, and coercion. Therefore, the Firm would like to declare to the Company that the independence of the Firm is not affected by any of the factors mentioned in Article 7 that may affect independence.
2. Independence from self-interest: The Firm declares that the members of the audit service team and affiliates of the firm do not have (i) direct or significant indirect financial interests, (ii) close business relationships, (iii) potential employment relationships, or (iv) financing or assurance practices with the Company or its directors and supervisors.
3. Independence is not affected by self-assessment: The Firm states that no member of the audit services team is currently or has been a director or supervisor of the Company or has held a position directly and materially affecting an audit case within the last two years. The Firm has not provided non-audit services that directly affect a material aspect of an audit case.
4. Independence not affected by advocacy: The Firm represents that members of the audit services team have not been engaged to advocate for the Company's positions or opinions or to act as intermediaries on behalf of the Company in coordinating conflicts with other third parties.
5. Independence not affected by advocacy: The Firm represents that members of the audit services team have not been engaged to advocate for the Company's positions or opinions or to act as intermediaries on behalf of the Company in coordinating conflicts with other third parties.
6. Independence is not affected by coercion: The Firm declares that the members of the audit service team have not been subjected to or perceived to be subjected to improper requests from the Company's management regarding the selection of accounting policies or the disclosure of financial statements, or the reduction of audit work to be performed on the grounds of reducing public expenses, which would affect the objectivity and professional doubt.
7. The above matters have been carried out per the relevant procedures of the Firm in relation to customer independence verification, and professional caution has been exercised.

PwC Taiwan

Ming-Chuan Hsu

Accountant

Ping-Chun Chih

December 04, 2023

(4) If a company has a Remuneration committee, it shall disclose its composition, responsibilities and operation:

A. Information on Remuneration Committee Members:

Title (note 1)	Condition Name	Professional qualifications and experience (note 2)	Independence Criteria (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 examination required for the Company's business and has the necessary work experience for the Company's business (please refer to page 13 for detailed table of education and experience). There are no circumstances under 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 examination required for the Company's business and has the necessary work experience for the Company's business (please refer to page 13 for detailed table of education and experience). There are no circumstances under 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 necessary for the Company's business (please refer to page 13 for detailed table of education and experience).	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	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 necessary for the Company's business (please refer to page 13 for detailed table of education and experience).	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0

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

Note 2: For each member who has met each of the following criteria for the two years preceding his or her election and during his or her term of office, please "✓" in the box below each criteria code.

- (1) Not an employee of the Company or its affiliates.
- (2) Directors or supervisors who are not directors or supervisors of the Company or its affiliates (except in the case where the Company and its parent company, subsidiaries, or subsidiaries of the same parent company are appointed as independent directors in accordance with this Act or local laws and regulations).
- (3) Natural shareholders who do not hold more than 1% of the total number of issued shares or the top 10 shareholdings in the name of themselves, their spouses, minor children, or others.
- (4) Not a spouse, a relative within the 2nd degree kin relationship, or a relative within the 3rd degree kin relationship of a manager listed in (1) or a person listed in (2) or (3).
- (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act

- (except in the case where the company and its parent company, subsidiary, or subsidiary of the same parent company serve concurrently as independent directors in accordance with this Act or local laws and regulations).
- (6) A director, supervisor or employee of another company who is not controlled by the same person as more than half of the company's directors or voting shares (except in the case where the company and its parent company, subsidiary, or subsidiary of the same parent company serve concurrently as independent directors in accordance with this Act or local laws and regulations).
  - (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"; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
  - (10) No circumstances under Article 30 of the Company Act.

## B. Remuneration Committee Meeting Status

A-1 The Company has 4 members on the Remuneration Committee.

B-2 The term of the current committee members is from June 27, 2023, to June 26, 2026.

In the most recent year (2023), the Remuneration Committee held 3 meetings (A). The qualifications and attendance of the committee members are as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate in Person (%) (B/A)	Notes
Member	Shu-Min He	3	0	100%	
Member	Sung-Yuan Liao	3	0	100%	
Member	Chen-Yi Kao	3	0	100%	
Member	Shih-Ming Li	2	1	67%	

### Annotations:

#### 1. The Operation of Remuneration Committee

Meeting Date	Meeting No.	Proposal	Resolution	TCI's Response to the Resolution
March 30, 2023	1st meeting of 2023	1. The proposal for the 2022 distribution of employee compensation and director remuneration of the Company.	Approved without objection	Approved by the Board of Directors
May 08, 2023	2nd meeting of 2023	1. Explanation of the Company's 2022 distribution of director's and employee remuneration.	Approved without objection	Approved by the Board of Directors
December 19, 2023	3rd meeting of 2023	1. Matter related to the distribution of the year-end bonuses for the Company's managers for 2023.	Approved without objection	Approved by the Board of Directors

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 Code of Practice for Sustainable Development of listed and listed companies and reasons:

Item	Operational status			Differences from the Code of Corporate Social Responsibility Practices of listed and listed companies and the reasons therefore.
	Yes	No	Summary description	
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 the board of directors supervising the situation?	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 at 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><b>Board of Directors</b></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><b>ESG Committee</b></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, 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. Each team also collects employee opinions from all relevant units throughout the Company as the main channel for all employees to proactively identify risks in the Company. The ESG Committee meets at least once a quarter and reports to the Board of Directors at least once a year.</p>	No significant difference

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			<p><b>ESG Development Department</b></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's Office.</p> <p>Internal management and transparent disclosure are conducted according to major international sustainability information disclosure frameworks such as GRI, TCFD, CDP, and SASB.</p> <p>2023 Board of Directors' Supervision: The ESG Committee reported to the Board of Directors on November 9, 2023, 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. In addition, discuss the use of renewable energy, self-generation of green energy, and the sustainability due diligence results of the subject company of the investment or merger and acquisition.</p> <p>2. Describe the performance of each organization of the Company, including but not limited to:</p> <p>(1) The name of the full-time (part-time) unit to promote sustainable development, the establishing time 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. 2023 implementation status: Supplier and customer satisfaction surveys for stakeholders, signing of the Supplier Code of Conduct, supplier ESG self-assessment form, employee signatures on the Procedures for Ethical Management and Guidelines for Conduct, employee satisfaction survey, approval of the energy saving plan for the Pingtung Rock</p>	

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			<p>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 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 2023 the ESG Committee reported to the Board on November 9.</p> <p>3. Describe the supervision of the Board of Directors for sustainable development, including but not limited to: management policy, strategy and goal formulation, review measures, etc.</p> <p>2023 Board Oversight Report: The Sustainability Advancement Committee reported to the Board on November 9, 2023, covering stakeholder communication, risk management practices, succession planning for the Board and key management, intellectual property management plans linked to operational goals, and internal audit reports. The report included discussions on stakeholder satisfaction surveys for suppliers and customers, signing of supplier guidelines, supplier ESG self-assessments, signing of integrity management procedures and employee conduct guidelines, employee satisfaction surveys, energy-saving project supervision at the Pingtung Rock Park, promotion of international rating participation, water governance projects, and watershed conservation. Additionally, topics such as the use of renewable energy, carbon reduction measures, and sustainability due diligence results for suppliers and potential investment or acquisition targets were discussed.</p> <p>As an example of mitigating the environmental impact of climate change, the company has focused on enhancing biodiversity through the establishment of a biodiversity park and practicing low-carbon farming, which has been a key sustainability project since 2022. In 2023, the company began preparations for a tree-planting project aimed at achieving high-quality natural carbon sequestration. Board members with professional backgrounds in biochemistry and agriculture, as well as directors with financial expertise and international consulting experience, provide the Company with appropriate advice and supervision on climate-related adaptation measures, risks, and opportunities.</p>	

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2. Has the Company conducted a risk assessment on environmental, social and corporate governance issues related to its operations in accordance with the principle of materiality, and establish relevant risk management policies or strategies?	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 each subsequent environmental and social issue in this schedule, 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's risk assessment procedures for environmental, social, and corporate governance issues related to the Company's operations have set the boundaries of Rock Park, which includes TCI Co., Ltd. PABP Branch and TCI Co., LTD. BioCosme PABP Branch.</p> <p>Through industry-focused issues and climate-related financial disclosure frameworks, analyzing the international trends of corporate governance, identifying climate-related risks such as entities and transformations, TCI's risk management process includes the following four steps: (1) Collecting risk issues, (2) Identifying significance, (3) Analyzing financial impacts, (4) Formulating response measures, as follows:</p> <p>(1) Collection of risk issues</p> <p>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</p> <p>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</p> <p>We further quantify the financial impact of key risks in a given scenario, understand the potential impact on our operations, adjust 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>	No significant difference



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			<p>(4) Development of countermeasures</p> <p>We propose management actions and programs to address the 7 significant risks identified and review the effectiveness of management annually.</p>	
<p>3. Environment sustainability</p> <p>(1) Has the Company established a suitable 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, and EcoVadis Silver rating.</p> <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, and EcoVadis Silver rating.</p>	No significant difference
<p>(2) Is the company committed to improving the efficiency of resource utilization and using recycled materials with low impact on the environment?</p>	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 actively promotes energy conservation and gradually increasing the proportion of green power usage, moving toward a low-carbon, energy-efficient and sustainable production process.</p>	No significant difference

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			<p>Target: To achieve the following targets by 2030: 100% use of renewable energy, zero waste to landfill, 25% reduction in water intensity</p> <p>Key Actions</p> <ol style="list-style-type: none"> <li>1. Solar panels for self-generation of energy, enhance the application of renewable energy, green energy conversion contracts</li> <li>2. Systematic management of energy efficiency through the international standard ISO 50001, enhanced digital energy management system, and enhanced structural optimization.</li> <li>3. Commitment to the International Energy Initiative RE100 and EP100.</li> </ol> <p>2023 Performance</p> <ol style="list-style-type: none"> <li>1. Completed the replacement of large ice and water mainframes with Grade 1 energy-efficient equipment, which is expected to reduce electricity consumption by 38% for the whole year.</li> <li>2. Completion of the installation of smart meters and implementation of an online energy management system to optimize energy efficiency.</li> <li>3. TCI continues to develop the use of agricultural waste as a renewable material to reduce environmental impact as a raw material for health care products.</li> <li>4. Evaluate water recycling system optimization, digital carbon management system, and others to improve the management of resource utilization. In addition, the Company joined the international initiative Alliance for Water Stewardship, dedicated to optimizing water management.</li> </ol> <p>TCI leverages a bio-resource data mining platform to discover effective ingredients and compounds from nature. Through efficacy validation, it can "turn waste into gold," utilizing agricultural waste to achieve health benefits and promote a circular economy. For example, banana flower extract is used as a men's health ingredient, banana peel extract as a sleep aid, and peanut membrane extract as a blood sugar blocker. By meeting health efficacy needs, previously unused agricultural waste can be turned into economic value and sustainably recycled in the long term. In 2022, TCI received the TCSA Circular Economy Leadership Award for using recycled materials in functional health products. Simultaneously, TCI's aluminum mask bags made from recycled plastic have been exported to Europe, the United States, and other Asian countries. By using recycled plastic, the Company reduces the use of virgin plastic and reduces the impact on the environment.</p>	

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			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.													
(3) Does the company assess the potential risks and opportunities of climate change for 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 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>Major Climate Risks and Responses</p> <p>Transition Risk</p> <table border="1"> <thead> <tr> <th>Risk Category</th> <th>Potential Financial Impact</th> <th>Risk Factor</th> <th>Response</th> </tr> </thead> <tbody> <tr> <td>&lt; Policies and Regulations&gt; Green Energy Certificate Competition</td> <td>Increased operating costs</td> <td>TCI has set the goal of using 100% renewable energy by 2030, and if its own power plants are not sufficient, it may compete with other companies for a limited number of green power certificates.</td> <td>Self-built renewable energy generation facilities Implementing greenhouse gas reduction Carbon credit acquisition plan</td> </tr> <tr> <td>&lt; Policies and Regulations&gt; Carbon Fee Collection</td> <td>New Operating Expenses</td> <td>The draft domestic "Climate Change Response Act" is expected to levy carbon charges in phases, from large to small, depending on the size of the enterprise. There may be a new operating cost of "carbon fee" for TCI in the future.</td> <td>Implementation of greenhouse gas emission reduction</td> </tr> </tbody> </table>	Risk Category	Potential Financial Impact	Risk Factor	Response	< Policies and Regulations> Green Energy Certificate Competition	Increased operating costs	TCI has set the goal of using 100% renewable energy by 2030, and if its own power plants are not sufficient, it may compete with other companies for a limited number of green power certificates.	Self-built renewable energy generation facilities Implementing greenhouse gas reduction Carbon credit acquisition plan	< Policies and Regulations> Carbon Fee Collection	New Operating Expenses	The draft domestic "Climate Change Response Act" is expected to levy carbon charges in phases, from large to small, depending on the size of the enterprise. There may be a new operating cost of "carbon fee" for TCI in the future.	Implementation of greenhouse gas emission reduction	No significant difference
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(4) Has the Company measured its greenhouse gas emissions, water consumption, and the total weight of waste in the past two years, and formulated policies for energy conservation 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 Rock 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 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 CO<sub>2</sub>e; Scope 2: 10205.7 CO<sub>2</sub>e</p> <p>2021: Scope 1: 4259.5 CO<sub>2</sub>e; Scope 2: 10536.3 CO<sub>2</sub>e</p> <p>2022: Scope 1: 3723.3 CO<sub>2</sub>e; Scope 2: 9953.7 CO<sub>2</sub>e</p> <p>2023: Scope 1: 3646 CO<sub>2</sub>e; Scope 2: 9669 CO<sub>2</sub>e; Scope 3: 5298 CO<sub>2</sub>e;</p>	No significant difference								

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			<p>(2) Water consumption;</p> <p>2020: 322,164 metric tons</p> <p>2021: 283,017 metric tons</p> <p>2022: 346,154 metric tons</p> <p>2023: 324,405 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.</p> <p>2020:</p> <p>Non-hazardous waste: 1098.3 metric tons</p> <p>Hazardous waste: 1.1 metric tons</p> <p>2021:</p> <p>Non-hazardous waste: 719.7 metric tons</p> <p>Hazardous waste: 0.645 metric tons</p> <p>2022:</p> <p>Non-hazardous waste: 770 metric tons</p> <p>Hazardous waste: 0.675 metric tons</p> <p>2023:</p> <p>Non-hazardous waste: 1810 metric tons</p> <p>Hazardous waste: 0 metric tons</p> <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><b>Greenhouse Gas Management</b></p> <p>TCI commits 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,</p>	

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			<p>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>Actual data is updated annually in the annual CSR report.</p> <p><b>Water Resource Management</b></p> <p>TCI Rock Park's industrial water sources are all tap water with an approved volume of 1,500 CMD (including the TCI Co., Ltd.-Bio Cosme PABP Branch and 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 drink factory, S9 is a functional food factory, S11 is a green energy efficient mask factory, and S12 is an automated warehouse and office. S11 is designed with rainwater recovery piping for planting and irrigation, and the recovered RO concentrated water is used for toilet flushing. In addition, condensate water recovery is set up in the steam circuit of the PABP factory 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. Actual data is updated annually in the annual CSR report.</p> <p><b>Waste Management</b></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 organizations, while</p>	

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			<p>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 waste disposal inspections are conducted sometimes. 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. Actual data is updated annually in the annual CSR report.</p>	
<p>4. Social welfare</p> <p>(1) Has the Company stipulated management policies and procedures in accordance with the human right-related laws and regulations and international conventions on 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>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, 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>	No significant difference



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	Yes	No	Summary description	
			TCI commits 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 building an operating environment that is honest, healthy, safe, and internationally competitive. To implement labor human rights, TCI promotes human rights concepts and policies in all training courses and teaching materials for new employees, and 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 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 development for our employees. As of the end of December 2023, the total number of domestic and overseas employees of TCI was 1,187, of which 55.8% were male and 44.2% were female. Based on the number of managers, the percentage of male colleagues was 54% and the percentage of female colleagues was 46%, 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>	No significant difference

Item	Operational status			Differences from the Code of Corporate Social Responsibility Practices of listed and listed companies and the reasons therefore.
	Yes	No	Summary description	
			<p>The Company has a Remuneration Committee consisting of three members appointed by resolution of the Board of Directors, most 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 Remuneration 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 remuneration 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>	
(3) Does the Company provide employees with a safe and healthy work environment, and provide safety and health education for employees regularly?	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 check up every two years, while simple health checkups are held from time to time depending on the annual status.</p> <p>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 conducts external environmental monitoring, firefighting and first-aid drills every six months.</p> <p>During the pandemic, the Company provided employees with vaccination supplies and transportation to and from work to avoid crowded transportation, and offered paid vaccination leave to maintain employee safety and health. For a safe and healthy working environment, the Company held labor safety and health education training at least every six months.</p>	No significant difference

Item	Operational status			Differences from the Code of Corporate Social Responsibility Practices of listed and listed companies and the reasons therefore.
	Yes	No	Summary description	
			<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 the Occupational Health and Safety System certification OHSAS 18001 and passed the Sedex Supplier Ethical Data Exchange 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 2023 was 1 and will continue to strengthen employee occupational safety training and traffic safety promotion.</p>	
(4) Has the Company established an effective career ability development program for the 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. In addition to professional knowledge, the Company has designed in-house education and training programs on integrity management, human rights, sexual and other harassment, risk management, and ESG sustainability.</p> <p>All full-time employees who submit an application for further education, stating the subject matter, the method and professional 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. The Company also follows a succession plan for critical senior management and arranges employees for on-the-job training in business management-related courses.</p>	No significant difference
(5) Does the Company comply with relevant laws and regulations and international standards in terms of the marketing and labeling of its 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&amp;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>	No significant difference

Item	Operational status			Differences from the Code of Corporate Social Responsibility Practices of listed and listed companies and the reasons therefore.
	Yes	No	Summary description	
			<p>For the marketing and labeling of our products and services, we follow the relevant laws and regulations and international standards.</p> <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.</p> <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 commitments. Information, documents and data that are commercially confidential and related to customers are uploaded to the internal system through an encryption mechanism for strict control, and documents can only be viewed after logging in to the system with an account password and through online application for decryption.</p>	
(6) Has the Company formulated supplier management policies that require suppliers to follow regulations related to environmental protection, occupational safety and health or labor rights, and ensured their implementation?	V		<p>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 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, to reduce sustainability risks arising in the supply chain and enhance the overall sustainability benefits of the value chain. Additionally, 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 Main Aspects of the Supplier Code of Conduct</p>	No significant difference

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			<table border="1"> <tr> <td><b>Labor</b></td> <td><b>Health and Safety</b></td> </tr> <tr> <td> <ul style="list-style-type: none"> <li>• Prohibition of Unfair Labor Practice</li> <li>• Labor Freedom</li> <li>• Working hours</li> <li>• Prohibition of Child Labor</li> <li>• Wages and Benefits</li> <li>• Humane Treatment</li> <li>• Freedom of Association</li> </ul> </td> <td> <ul style="list-style-type: none"> <li>• Safety and Operating Environment Specifications</li> <li>• Emergency Preparedness</li> <li>• Safeguarding</li> <li>• Education and Training</li> </ul> </td> </tr> <tr> <td><b>Environment</b></td> <td><b>Code of Ethics</b></td> </tr> <tr> <td> <ul style="list-style-type: none"> <li>• Environmental Conservation</li> <li>• Labeling of Hazardous Substances and Safe Operating Specifications</li> <li>• Water Management</li> <li>• Management Policy for Greenhouse Gas Emissions</li> </ul> </td> <td> <ul style="list-style-type: none"> <li>• Information Disclosure and Prohibition of Falsification and Misrepresentation</li> <li>• Fair Competition</li> <li>• Employee Whistleblowing Channels</li> <li>• Privacy and Information Security Policy</li> <li>• Avoid Conflicts of Interest</li> <li>• Assignment of Right</li> <li>• Legal compliance</li> </ul> </td> </tr> </table> <p>The rate of new suppliers signing the Supplier Code of Conduct for 2023 was 100%.</p>	<b>Labor</b>	<b>Health and Safety</b>	<ul style="list-style-type: none"> <li>• Prohibition of Unfair Labor Practice</li> <li>• Labor Freedom</li> <li>• Working hours</li> <li>• Prohibition of Child Labor</li> <li>• Wages and Benefits</li> <li>• Humane Treatment</li> <li>• Freedom of Association</li> </ul>	<ul style="list-style-type: none"> <li>• Safety and Operating Environment Specifications</li> <li>• Emergency Preparedness</li> <li>• Safeguarding</li> <li>• Education and Training</li> </ul>	<b>Environment</b>	<b>Code of Ethics</b>	<ul style="list-style-type: none"> <li>• Environmental Conservation</li> <li>• Labeling of Hazardous Substances and Safe Operating Specifications</li> <li>• Water Management</li> <li>• Management Policy for Greenhouse Gas Emissions</li> </ul>	<ul style="list-style-type: none"> <li>• Information Disclosure and Prohibition of Falsification and Misrepresentation</li> <li>• Fair Competition</li> <li>• Employee Whistleblowing Channels</li> <li>• Privacy and Information Security Policy</li> <li>• Avoid Conflicts of Interest</li> <li>• Assignment of Right</li> <li>• Legal compliance</li> </ul>	
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(5) Does the company reference international standards or guidelines for the preparation of reports, such as CSR report, which discloses non-financial information about the company? Has the report been certified by a third party? Has the aforementioned report obtained assurance or certification from a third-party verification entity?		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 CSR 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 2023 version of TCI's CSR report is expected to receive limited assurance from the accountants.</p>	No significant difference								

Item	Operational status		Differences from the Code of Corporate Social Responsibility Practices of listed and listed companies and the reasons therefore.
	Yes	No	
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 to help understand the implementation of promoting sustainable development:  The Company uses collagen and hyaluronic acid extracted from cow tendons as raw materials and makes related products without violating relevant environmental regulations.			

(6) Climate-related information for listed and OTC companies:

A. Implementation of climate-related information

Item	Implementation
1. Oversight and governance of climate-related risks and opportunities by the Board of Directors and management.	<p>The Company's risk assessment procedures for environmental, social, and corporate governance issues related to the Company's operations have set the boundaries of Rock Park, which includes TCI Co., Ltd. PABP Branch and TCI Co., LTD. BioCosme PABP Branch.</p> <p>Through industry-focused issues and climate-related financial disclosure frameworks, analyzing the international trends of corporate governance, identifying climate-related risks such as entities and transformations, TCI's risk management process includes the following four steps: (1) Collecting risk issues, (2) Identifying significance, (3) Analyzing financial impacts, (4) Formulating response measures and reports to the Board of Directors at least once a year.</p> <p>To mitigate the environmental impact of climate change, the Company has established a biodiversity park to enhance biodiversity alongside low-carbon farming, making this a key sustainability project since 2022. In 2023, TCI initiated preparations for a tree-planting research project to achieve high-quality natural carbon sequestration. Board members with professional backgrounds in biochemistry, agriculture, and finance, along with international consulting experience, provide appropriate advice and oversight on climate-related adaptation measures, risks, and opportunities.</p> <p>Additionally, the Board of Directors established a "Risk Management Committee" which meets annually. This committee is responsible for formulating, promoting, and strengthening action plans and capital expenditures for the company's sustainable development, including climate-related issues. It reviews, tracks, and revises the implementation and effectiveness of sustainability and risk management practices, and reports to the Board of Directors.</p>

Item	Implementation			
<p>2. Identified climate risks and opportunities are assessed for their potential impact on the Company's business, strategy, and financial (short, medium, and long term). This comprehensive approach ensures that the Company remains resilient and adaptive to climate change while seizing opportunities that may arise from evolving environmental conditions.</p>	<p>The Company actively devises solutions to evaluate short-term, medium-term, and long-term climate risks and opportunities. Measures are formulated to enhance climate resilience, ensuring stable operations and sustainable development.</p>			
	Risk Factors/ Opportunities	Financial and Business Impact:	Period (Short, medium, long-term)	Response measures
	<Policies and Regulations> Carbon Fee Collection	<p>The draft domestic "Climate Change Response Act" is expected to levy carbon charges in phases, from large to small, depending on the size of the enterprise. There may be a new operating cost of "carbon fee" for TCI in the future.</p>	<p>Short-term Medium-term Long-term</p>	<ol style="list-style-type: none"> <li>1. Purchasing green electricity to reduce greenhouse gases.</li> <li>2. Integrating emission reduction processes with equipment and materials, while increasing the use of green energy.</li> <li>3. Increasing carbon credits through nature-based projects.</li> </ol>
	<Market> Changes in raw material production and quality	<p>TCI makes products by processing raw materials from nature, and the yield or quality of specific crops or plant and animal resources are affected by climate change, which may increase the price of raw materials or decrease the quantity shipped</p>	<p>Short-term Medium-term Long-term</p>	<ol style="list-style-type: none"> <li>1. Strengthen research and development to create diverse products and reduce dependence on single raw materials.</li> <li>2. Establish strategic partnerships with high-risk or key raw material suppliers.</li> <li>3. Reduce reliance on natural resources.</li> </ol>
	<Chronic> Water Scarcity	<p>According to the research conducted by Academia Sinica, the more severe the warming will be in the future, and the more obvious the phenomenon of uneven spatial and temporal distribution of rainfall in southern Taiwan will become. TCI's factory in Pingtung may face water scarcity as a result.</p>	<p>Short-term Medium-term Long-term</p>	<ol style="list-style-type: none"> <li>1. Promote water resource management and water-saving projects.</li> <li>2. Increase the use of reclaimed water.</li> <li>3. Implement watershed water resource protection and achieve full water resource recycling.</li> </ol>
Regulation and policy change	<p>Changes in regulatory requirements (e.g., carbon emission limits, energy efficiency standards) result in increased compliance costs and impacts on production and operations.</p>	<p>Short-term Medium-term</p>	<ol style="list-style-type: none"> <li>1. Continuously monitor and evaluate regulatory changes to adjust company strategy in advance.</li> <li>2. Improve the efficiency of products and production processes.</li> </ol>	

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	<table border="1"> <thead> <tr> <th data-bbox="763 217 938 280">Risk Factors/ Opportunities</th> <th data-bbox="949 217 1397 280">Financial and Business Impact:</th> <th data-bbox="1397 217 1704 280">Period (Short, medium, long-term)</th> <th data-bbox="1704 217 2074 280">Response measures</th> </tr> </thead> <tbody> <tr> <td data-bbox="763 280 938 667">Transitional Risk</td> <td data-bbox="949 280 1397 667">The increase in market demand for environmentally friendly products may affect the sales of traditional products in the future, which may impact on the Company's financial and market competitiveness.</td> <td data-bbox="1397 280 1704 667">Short-term Medium-term Long-term</td> <td data-bbox="1704 280 2074 667"> <ol style="list-style-type: none"> <li>1. Strengthen investment in research and development to enhance our technological innovation capability.</li> <li>2. Continuously monitor and synchronize market demand and trends, and quickly adjust market strategies.</li> <li>3. Expand product lines and develop and promote environmental protection products.</li> </ol> </td> </tr> </tbody> </table>	Risk Factors/ Opportunities	Financial and Business Impact:	Period (Short, medium, long-term)	Response measures	Transitional Risk	The increase in market demand for environmentally friendly products may affect the sales of traditional products in the future, which may impact on the Company's financial and market competitiveness.	Short-term Medium-term Long-term	<ol style="list-style-type: none"> <li>1. Strengthen investment in research and development to enhance our technological innovation capability.</li> <li>2. Continuously monitor and synchronize market demand and trends, and quickly adjust market strategies.</li> <li>3. Expand product lines and develop and promote environmental protection products.</li> </ol>			
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<p>3. Describe the financial impacts of extreme weather events and restructuring actions.</p>	<p>The Company's strategies to cope with the financial impacts of extreme climate events and restructuring actions are summarized below:</p> <ol style="list-style-type: none"> <li>1. Strengthen the supply chain: Establish diversified supply chain management to reduce dependence on single suppliers and forming strategic partnerships with suppliers. Additionally, set up contingency plans and disaster response strategies to ensure the continuity of production and the supply chain, thereby reducing the risk of increased production costs.</li> <li>2. Advance planning: Continuously monitor and evaluate changes in climate-related regulations and policies and carry out technological modifications and equipment upgrades in advance to ensure compliance. Reduce long-term compliance costs and minimize environmental impacts by introducing clean energy and improving energy efficiency.</li> <li>3. Infrastructure upgrade: Upgrade infrastructure to withstand the impact of extreme climate events. For example, establishing backup power and water systems ensures the stability of production operations and minimizes financial losses due to disasters.</li> <li>4. Enhance resource management and conservation: To address the issue of resource scarcity, the Company has implemented energy conservation and power reduction, and optimized production processes to improve resource utilization efficiency and reduce the impact of resource scarcity on production and costs. In addition, we promote recycling and reuse to reduce our reliance on natural resources.</li> <li>5. Employee training and awareness enhancement: Enhance employee training on climate change and environmental protection to improve environmental awareness and the ability of all employees to respond to climate risks. Through in-house education and training, we promote the participation of all employees in energy saving, emission reduction and environmental protection.</li> </ol>											
<p>4. Describe how climate risk identification, assessment and management processes are integrated into the overall risk management system.</p>	<p>The Company focuses on issues related to the climate change financial disclosure framework, analyzing international trends in corporate governance, and identifying climate-related risks including physical and transitional risks. TCI's risk management process includes the following four steps: (1) Collecting risk issues, (2) Identifying materiality, (3) Analyzing financial impacts, (4) Formulating response measures, as follows:</p>											



Item	Implementation
	<p>(1) Collecting risk issues research reports on climate change published by international research institutions and discussions with stakeholders, TCI collects information on the risks the Company may face in the relevant of environmental, Social, and products.</p> <p>(2) Identifying materiality Through interviews with senior executives from various departments, TCI compiled all potential operational risks to design a risk assessment questionnaire. Each section of the questionnaire describes the possible impacts on the Company. Senior executives are asked to respond to the likelihood and impact of each risk. Ultimately, seven key risks are identified.</p> <p>(3) Analyzing financial impacts In the given context, we further quantify the financial impact values of key risks to understand their potential impact on our operations. We then make necessary adjustments to our existing risk management mechanisms. At least once a year, we report specific response strategies for major operational risks to the Board of Directors.</p> <p>(4) Formulating response measures We have developed response management actions and plans for the seven identified key risks. Each year, we review the effectiveness of these management actions and adjust the plans on a rolling basis.</p> <p>TCI's "Risk Management Procedures" regulate the Company's risk management process, including risk detection and assessment, operational execution, and review. This is managed through three levels:</p> <p>(1) The ESG Committee chaired by the Chairman is responsible for deciding on the risk warning mechanism and response plan proposed by the operating departments. After the resolution is passed, the Chairman will instruct other departments involved in the risk, in addition to the department that identified the risk, to make cross-departmental risk response to mitigate the possibility or impact of the risk on the company's overall operation. Additionally, all our board members, including non-executive directors, regularly receive risk management education. This education is conducted annually and includes 3-6 hours of training courses. The audit department audits the established response plans every year to ensure the operation of the risk warning mechanism.</p> <p>(2) The operating department supervisor is responsible for reporting risks to the Risk Management Team of the ESG Committee. Upon receipt of the notification, the Risk Management Team will conduct an initial review of the risks and response plans proposed by the department and make recommendations for discussion with the department. Then, the Chief Sustainability Officer reports it to the ESG Committee.</p> <p>(3) The operating department is the first line of risk control and is responsible for identifying and evaluating short-, medium- and long-term risks related to its own business, conducting qualitative or quantitative risk assessments, and formulating preliminary risk warning mechanisms and response plans based on the assessment results.</p>
<p>5. If scenario analysis is used to assess the resilience to climate change risks, the scenarios, parameters, assumptions, analyzing factors, and major financial impacts shall be described.</p>	<p>As of the date of the annual report publication, TCI uses climate scenario analysis to assess the resilience in facing climate change risks, currently conducting only qualitative analysis.</p>

Item	Implementation																					
<p>6. If the Company has a transformation plan for managing climate-related risks, the contents of the plan, as well as the indicators and targets for identifying and managing entity risks and transformation risks, will be disclosed in the annual report.</p>	<p>The Company has formulated the following plan contents, indicators and targets for identifying and managing physical risks and transformation risks for the transformation plan to manage climate-related risks:</p> <p>1. Program description:</p> <table border="1" data-bbox="790 323 2069 778"> <thead> <tr> <th data-bbox="790 323 1052 363">Item</th> <th data-bbox="1052 323 1469 363">Content</th> <th data-bbox="1469 323 2069 363">Implementation steps</th> </tr> </thead> <tbody> <tr> <td data-bbox="790 363 1052 552">Carbon reduction program</td> <td data-bbox="1052 363 1469 552">The Company will gradually reduce carbon emissions, promote low-carbon production technologies and processes, introduce clean energy and enhance energy efficiency.</td> <td data-bbox="1469 363 2069 552">1. Evaluate existing production processes and energy usage; 2. Set carbon reduction targets and select appropriate low-carbon equipment, 3. Implement technological renovation and equipment renewal in phases.</td> </tr> <tr> <td data-bbox="790 552 1052 778">Resource management program</td> <td data-bbox="1052 552 1469 778">The Company will optimize its resource management, promote energy and water conservation programs, and implement a circular economy model.</td> <td data-bbox="1469 552 2069 778">1. Review existing resource usage and identify room for optimization 2. Setting targets for energy and water conservation and promoting the reuse of resources. 3. Introduce resource management technologies to enhance resource utilization efficiency.</td> </tr> </tbody> </table> <p>2. Indicators and objectives:</p> <table border="1" data-bbox="790 831 1957 986"> <thead> <tr> <th data-bbox="790 831 1090 871">Item</th> <th data-bbox="1090 831 1543 871">Indicator</th> <th data-bbox="1543 831 1957 871">Objective</th> </tr> </thead> <tbody> <tr> <td data-bbox="790 871 1090 911">Carbon emissions</td> <td data-bbox="1090 871 1543 911">Carbon emission intensity (tons/\$M)</td> <td data-bbox="1543 871 1957 911">Reduced by 1.5%</td> </tr> <tr> <td data-bbox="790 911 1090 951">Electricity consumption</td> <td data-bbox="1090 911 1543 951">Energy intensity (MWh/\$M)</td> <td data-bbox="1543 911 1957 951">Reduced by 3.5%</td> </tr> <tr> <td data-bbox="790 951 1090 986">Use of recycled materials</td> <td data-bbox="1090 951 1543 986">Use of recycled materials (metric tons)</td> <td data-bbox="1543 951 1957 986">Increased by 4.5%</td> </tr> </tbody> </table>	Item	Content	Implementation steps	Carbon reduction program	The Company will gradually reduce carbon emissions, promote low-carbon production technologies and processes, introduce clean energy and enhance energy efficiency.	1. Evaluate existing production processes and energy usage; 2. Set carbon reduction targets and select appropriate low-carbon equipment, 3. Implement technological renovation and equipment renewal in phases.	Resource management program	The Company will optimize its resource management, promote energy and water conservation programs, and implement a circular economy model.	1. Review existing resource usage and identify room for optimization 2. Setting targets for energy and water conservation and promoting the reuse of resources. 3. Introduce resource management technologies to enhance resource utilization efficiency.	Item	Indicator	Objective	Carbon emissions	Carbon emission intensity (tons/\$M)	Reduced by 1.5%	Electricity consumption	Energy intensity (MWh/\$M)	Reduced by 3.5%	Use of recycled materials	Use of recycled materials (metric tons)	Increased by 4.5%
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Use of recycled materials	Use of recycled materials (metric tons)	Increased by 4.5%																				
<p>7. If internal carbon pricing is used as a planning tool, the basis for price setting should be specified.</p>	<p>Not applicable.</p>																					
<p>8. If the Company has set climate-related targets, it shall provide information on the activities covered, the scope of greenhouse gas emissions, the planning period, and the annual progress of achievement; if carbon offsets or renewable energy certificates (RECs) are used to achieve the relevant targets, it shall provide information on the sources and quantities of carbon reduction credits or renewable energy certificates (RECs) to be offset.</p>	<p>TCI has set the following climate-related targets: Achieve 100% use of renewable energy, reduce water intensity by 25%, achieve zero landfill waste, reduce Scope 1 and 2 emissions by 51%, and reduce Scope 3 emissions from "purchased goods and services" by 15% by 2030, with 2018 as the baseline year.</p>																					

Item	Implementation
9. Greenhouse gas inventory and confirmation status, reduction targets, strategies, and specific action plans.	The Company conducts annual greenhouse gas inventories, verified by a third party. The greenhouse gas inventory results for this year are as follows:

### B. Greenhouse gas inventory & assurance

Basic information of the Company <input type="checkbox"/> Capitalization of over NT\$10 billion, steel industry, cement industry <input type="checkbox"/> Capitalization of over NT\$5 billion but less than NT\$10 billion. <input checked="" type="checkbox"/> Capitalization less than NT\$5,000 million		According to the sustainable development roadmap of listed companies, at least the following shall be disclosed <input checked="" type="checkbox"/> Parent company's individual inventory <input type="checkbox"/> Consolidated financial report subsidiary's inventory <input checked="" type="checkbox"/> Parent company's individual assurance <input type="checkbox"/> Consolidated financial reporting subsidiaries' assurance	
Scope of confirmation		2022	2023
TCI	Scope 1 Direct greenhouse gas emissions	3,723	3,646
	Scope 2 Indirect greenhouse gas emissions	9,954	9,669
	Total	13,677	13,315
Assurance institution		AFNOR Asia Ltd.	AFNOR Asia Ltd.
Statement of assurance		ISO 14064-1:2018 Reasonable assurance	ISO 14064-1:2018 Reasonable assurance
Assurance opinion/conclusion		None	None

(7) 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	Summary description	
1. Establishing integrity management policies and programs				
(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?	V		(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?	V		(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?	V		(3) The Company has specified in the "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 view of stipulate the terms of integrity in the contract signed with the counterparty?	V		(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 shall 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, which regularly (at least once a year) reports its implementation to the Board of Directors?	V		(2) It is clearly stipulated in the Ethical Corporate Management Best Practice Principles that the Company's Legal Affairs unit 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. The corporate governance officer also attended the Board meeting to respond to inquiries.	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	Summary description	
(3) Has the Company developed policies to prevent conflicts of interest, provided adequate channels for communication and implemented the policies?	V		(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?	V		(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?	V		(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?	V		(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?	V		(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?	V		(3) The Company adopts an anonymous whistleblowing policy to protect the whistleblower from improper treatment due to whistleblowing.	None
4. Enhancement of information disclosure				
Has the company disclosed on its website and MOPS the content of the Ethical Corporate Management Best Practice Principles and implementation results?	ü		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: (e.g. 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.

(8) 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.

(9) Other important information helpful in understanding the corporate governance operation: Not applicable.

(10) The implementation of the internal control system

A. Internal Control System Statement

TCI Co., Ltd.

Statement of Internal Control System

Date: March 15, 2024

Based on the findings of a self-assessment, TCI states the following regarding its internal control system during the year 2023:

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 consists of several items. Please refer to the Regulations for the aforementioned items.
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, 2022, it has maintained, in all material respects, an 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 15, 2024, with all 7 attending directors affirming the content of this Statement.

TCI Co., Ltd.



Chairman of the Board: Yung-Hsiang Lin

A red square seal impression in seal script, likely representing the signature of Yung-Hsiang Lin.

(Signature)

General Manager: Yung-Hsiang Lin

A red square seal impression in seal script, likely representing the signature of Yung-Hsiang Lin.

(Signature)

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

(11) 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.

(12) 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 29, 2024

Meeting Date	Important Resolution	Implementation
June 27, 2023	1. Adoption of the 2022 Business Report and Financial Statements	Approved
	2. Adoption of the proposal for distribution of 2022 profits.	1. The proposed dividend to shareholders is NT\$5.02259429 per share. The total amount of distribution is NT \$591,304,150. 2. The ex-dividend date is August 2, 2023, and the cash dividends were distributed on August 22, 2023.
	3. Amendments to the Articles of Incorporation	Approved
	4. Proposal for the full re-election of the Board of Directors.	Election completed in accordance with the law.
	5. Removal of non-Competition restrictions for directors and Their representatives.	Approved

B. Important Resolutions of the Board of Directors May 30, 2024

Meeting Date:	Important Resolution	Implementation
March 30, 2023	1st Proposal: Internal Control System Statement for 2022. 2nd Proposal: 2022 Annual Business Report and Financial Statements. 3rd Proposal: Distribution of Employee Compensation and Directors' Remuneration for 2022. 4th Proposal: Amendment of the "Articles of Incorporation." 5th Proposal: Comprehensive Re-election of Directors. 6th Proposal: Nomination of Candidates for Directors (including Independent Directors). 7th Proposal: Lifting the Non-Competition Restrictions on Newly Appointed Directors and Their Representatives. 8th Proposal: Setting the Date, Location, and Agenda for the 2023 Annual General Meeting of Shareholders. 9th Proposal: Planning the Greenhouse Gas Inventory Schedule. 10th Proposal: Application for Financing Loans and Credit Risk Limits from Financial Institutions. 11th Proposal: Compensation for the CPAs for 2023.	The same as the resolution(s)



Meeting Date:	Important Resolution	Implementation
May 8, 2023	1st Proposal: Consolidated Financial Statements for the First Quarter of 2023. 2nd Proposal: Distribution of Earnings for 2022. 3rd Proposal: Review of the Nomination List for Director Candidates (including Independent Directors). 4th Proposal: Explanation of the Distribution of Employee Compensation and Directors' Remuneration for 2022. 5th Proposal: Application for Credit Limits from Financial Institutions.	The same as the resolution(s)
June 27, 2023	1st Proposal: Election of the Chairman. 2nd Proposal: Appointment of the Compensation Committee Members. 3rd Proposal: Appointment of the Nomination Committee Members. 4th Proposal: Appointment of the Risk Management Committee Members.	The same as the resolution(s)
July 27, 2023	1st Proposal: Consolidated Financial Statements for the Second Quarter of 2023. 2nd Proposal: Acquisition of Marketable Securities by the Company. 3rd Proposal: Application for Renewal of Financing Loans from Financial Institutions.	The same as the resolution(s)
November 9, 2023	1st Proposal: Consolidated Financial Statements for the Third Quarter of 2023. 2nd Proposal: Establishment of the Company's Audit Plan for 2024. 3rd Proposal: Revision of Certain Internal Control System Management Procedures. 4th Proposal: Application for Financing Limits from Financial Institutions.	The same as the resolution(s)
December 19, 2023	1st Proposal: Formulation of the Company's "2024 Business Plan" and "2024 Budget." 2nd Proposal: Nomination of a Dedicated Information Security Officer. 3rd Proposal: Evaluation of the Independence and Suitability of the Company's Certifying Accountants. 4th Proposal: Change of Certifying Accountants starting from the First Quarter of 2024 to meet the internal adjustment needs of PricewaterhouseCoopers. 5th Proposal: Formulation of the Company's 2024 Risk Management Plan. 6th Proposal: Matters Related to the Distribution of Year-End Bonuses to the Company's Managers for 2023. 7th Proposal: Application for Financing Limits from Financial Institutions.	The same as the resolution(s)
March 15, 2024	1st Proposal: Internal Control System Statement for 2023. 2nd Proposal: Addition of Internal Control System Management Procedures. 3rd Proposal: Compensation for Certifying Accountants for 2024. 4th Proposal: Approval by the Audit Committee for the Appointment of the Company's Representative for Matters under Article 223 of the Company Act. 5th Proposal: 2023 Annual Business Report and Financial Statements. 6th Proposal: Distribution of Employee Compensation and Directors' Remuneration for 2023. 7th Proposal: Setting the Date, Location, and Agenda for the 2024 Annual General Meeting of Shareholders.	The same as the resolution(s)
April 26, 2024	1st Proposal: By-election of a Director. 2nd Proposal: Nomination of Candidates for Director. 3rd Proposal: Lifting Non-Competition Restrictions on Newly Appointed Directors and Their Representatives. 4th Proposal: Addition of Agenda Items for the 2024 Annual General Meeting of Shareholders.	The same as the resolution(s)

Meeting Date:	Important Resolution	Implementation
May 9, 2024	1st Proposal: Revision of Certain Internal Control System Management Procedures. 2nd Proposal: Consolidated Financial Statements for the First Quarter of 2024. 3rd Proposal: Distribution of Earnings for 2023. 4th Proposal: Details of Employee Compensation Distribution for 2023 (Managers). 5th Proposal: Review of the Nomination List for Director Candidates. 6th Proposal: Application for Financing Limits from Financial Institutions.	The same as the resolution(s)

(13) 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.

(14) Summary table of resignation and dismissal of the Company's Chairman, General Manager, accounting supervisor, financial supervisor, internal audit supervisor, corporate governance supervisor and R&D supervisor in the most recent year and as of the publication date of the annual report: None.

May 31, 2023

TITLE	NAME	DATE OF EMPLOYMENT	DATE OF DISMISSAL	REASON FOR RESIGNATION OR DISMISSAL
Head of Finance	Yi-Jyun Liou	June 16, 2021	September 30, 2022	Transfer
Accounting Supervisor	Zih-Jhen Chyi	March 22, 2022	September 30, 2022	RESIGNATION

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	CPA name		Audit Period	Notes
PwC Taiwan	Ming-Chuan Hsu	Ping-Chun Chih	Year of 2023	None

Unit: NT\$ thousand

Amount Range		Public Expense Items	Audit fees	Non-audit fee	Total
1	Less than NT\$2,000,000				
2	NT\$2,000,0000 - 3,999,999		✓	✓	
3	NT\$4,000,0000 - 5,999,999				
4	NT\$6,000,0000 - 7,999,999				✓
5	NT\$8,000,0000 - 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 amount of non-audit fees paid to the certified public accountant, the certified public accountant's firm, and its affiliates is more than one-fourth of the audit fees, the amount of audit and non-audit fees and the content of non-audit services shall be disclosed.

Unit: NT\$ thousand

CPA Firm	Name of CPA	Audit fees	Non-audit fee					Audit Period	Notes
			System Design	Company Registration	Human Resources	Others	Subtotal		
PwC Taiwan	Ming-Chuan Hsu Bing-Jun Zhi	3,300	0	18	0	2,927	2,945	2023	Consulting services and transfer pricing services

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 auditing firm or its affiliates over the past year**

**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	Year of 2023		As of May 29, 2024	
		Increase (decrease) of shareholding	Increase (decrease) of shares pledged	Increase (decrease) of shareholding	Increase (decrease) of shares pledged
Chairman	Yong Jiang Investment Co.	0	0	0	0
	Yung-Hsiang Lin	(1,184,000)	0	0	0
Director	Yang Guang Investment Co., Ltd.	(20,000)	0	(64,000)	0
	Representative: Pi-Shu Li	0	0	0	0
Director	Dydo Group Holdings, INC	(2,531,000)	0	(5,880,216)	0
	Representative: Tomiya Takamatsu	0	0	0	0
Independent Director	Shu-Min He	1,000	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	(450,359)	0	0	0
Associate	Min Yueh	0	0	0	0
General Manger	Tung-Wei Li	0	0	0	0
Head of Investor Relations and Sustainable Development Department	Cian-Tian Huang	0	0	0	0
Head of Internal audit	Wei-Chiang Chi	0	0	0	0
Head of Cost Management Center	Chen-Chen Fu	0	0	0	0
Head of Strategic Intelligence Center	Sin-Liang Chen	3	0	3,471	0
Head of Precise iManufacturing (PiM) Center	Chiu-Yueh Li	0	0	0	0
Head of Talent Development Center	Huei-An Jheng	0	0	0	0
Head of Corporate Governance	Zhen-Jia Huang	0	0	0	0
Head of Stock Service Department Supervisor	Juen-Ying Chiou	0	0	0	0

(2) Information on related parties involved in equity transfers:

Name	Reason for Equity Transfer	Date	Counterparty	Relationship between the counterparty and the Company, its directors, supervisors, managers, and shareholders holding more than 10% of the shares	Shares	Transaction Price
Yung-Hsiang Lin	Penalty	April 14, 2023	Preparatory Office, YYC Corp.	Responsible person	1,184,000	222
Yung-Hao Lin	Penalty	April 17, 2023	Preparatory Office, YYC Corp.	2nd degree kin relationship to responsible person	450,359	222

(3) Information on related parties involved in equity pledges: None.

**8. The top-10 shareholders who are the spouses or relatives within second-degree to each other**

April 27, 2024; 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		Notes
	Shares	% Ratio	Shares	% Ratio	Shares	%	Name	Relationship	
Yong Jiang Investment Co.	6,774,248	5.73%	0	0	0	0	Maxigen Biotech Inc. TCI Gene Inc.	Same authorized personnel	
TCI GENE INC.	4,500,000	3.81%	0	0	0	0	Maxigen Biotech Inc. Yong Jiang Investment Co.	Same authorized personnel	
Yang Guang Investment Co., Ltd.	4,427,053	3.74%	0	0	0	0	None	None	
Fubon Life Insurance Co., Ltd.	2,945,000	2.49%	0	0	0	0	None	None	
WK Development Corporation	2,676,000	2.26%	0	0	0	0	None	None	
Maxigen Biotech Inc.	2,531,000	2.14%	0	0	0	0	TCI Gene Inc. Yong Jiang Investment Co.	Same authorized personnel	
Baillie Gifford Global Equity Income Fund managed by HSBC	2,290,000	1.94%	0	0	0	0	None	None	
Ming-Lang Jhuang	1,911,000	1.62%	0	0	0	0	None	None	
Shuei-Cheng Tu	1,745,000	1.48%	0	0	0	0	None	None	
TransGlobe Life Insurance Inc.	1,742,000	1.47%	0	0	0	0	None	None	

**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**

April 27, 2024 ; Unit: Share ; %

Name	Investment by TCI		Investment by TCI's Directors, Supervisors, Mangers and its directly or indirectly controlled business		Total Investment	
	Shares	%	Shares	%	Shares	%
Taiwan TCI Firstek Corp.	214,885,489	100%	-	-	214,885,489	100%
TCI Gene Inc.	11,096,692	41.94	-	-	11,096,692	41.94%
BioCosme, BioTech Group	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%	-	-	6,592,950	100%
Quantum Biology Inc.	3,000,000	100%	-	-	3,000,000	100%
Maxigen Biotech Inc.	20,304,762	22.83%	-	-	20,304,762	22.83%
Petfood Biotechnology Co., Ltd.	3,360,000	56%	-	-	3,360,000	56%

Note 1: It is a limited company. 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

April 27, 2024; Unit: 1000 shares; NT\$ thousand

Year/ Month	Issue Price	Authorized Capital		Capital Stock		Remark		
		Shares	Amount	Shares	Amount	Source of Capital	Shares offset by property other than cash	Others
August 2006	10	12,000	120,000	5,380	53,800	Capitalization by Cash 10,000	-	Note 1
August 2007	10	12,000	120,000	6,380	63,800	Capitalization by Cash 10,000	-	Note 2
April 2008	12	12,000	120,000	7,380	73,800	Capitalization by Cash 10,000	-	Note 3
October 2009	10	12,000	120,000	8,618	86,180	Capitalization by Cash 5,000 Capitalization by Earnings 7,380	-	Note 4
August 2010	10	50,000	500,000	15,000	150,000	Capitalization by Cash 10,001 Capitalization by Earnings 53,819	-	Note 5
July 2011	10	50,000	500,000	20,042	200,420	Capitalization by Earnings 45,000 Capitalization by Employee Bonus 5,420	-	Note 6
December 2011	68	50,000	500,000	22,642	226,420	Capitalization by Cash 26,000	-	Note 7
September 2012	10 18	50,000	500,000	29,799	297,996	Capitalization by Earnings 67,926 Conversion by Stock Option 3,650	-	Note 8
April 2013	18	50,000	500,000	29,812	298,126	Conversion by Stock Option 130	-	Note 9
August 2013	10 18	50,000	500,000	39,423	394,234	Capitalization by Earnings 89,438 Conversion by Stock Option 6,670	-	Note 10
September 2013	93	50,000	500,000	43,880	438,804	Capitalization by Cash 44,570	-	Note 11
August 2014	10 18	100,000	1,000,000	51,024	510,244	Capitalization by Earnings 65,821 Conversion by Stock Option 5,620	-	Note 12
October 2014	72.3	100,000	1,000,000	55,624	556,244	Capitalization by Private Placement 46,000	-	Note 13
August 2015	10 18	100,000	1,000,000	61,202	612,028	Capitalization by Earnings 55,624 Conversion by Stock Option 160	-	Note 14
February 2016	36 88	100,000	1,000,000	65,276	652,764	Conversion by Stock Option 1,680 Conversion by Convertible Bonds 39,056	-	Note 15
May 2016	88	100,000	1,000,000	66,607	666,071	Conversion by Convertible Bonds 13,306	-	Note 16
August 2016	10 78.8	100,000	1,000,000	75,370	753,698	Capitalization by Earnings 78,332 Conversion by Convertible Bonds 3,295 Capitalization by Restricted Employee Shares 6,000	-	Note 17
October 2016	10 78.8	100,000	1,000,000	75,447	754,470	Conversion by Stock Option 10 Conversion by Convertible Bonds 761	-	Note 18
January 2017	10 78.8	100,000	1,000,000	75,621	756,213	Conversion by Stock Option 1,730 Conversion by Convertible Bonds 13	-	Note 19
April 2017	10 78.8	100,000	1,000,000	75,653	756,525	Conversion by Stock Option 300 Conversion by Convertible Bonds 13	-	Note 20
June 2017	10	100,000	1,000,000	75,669	756,685	Conversion by Stock Option 160	-	Note 21
July 2017	10	100,000	1,000,000	87,012	870,117	Capitalization by Earnings 113,432	-	Note 22
April 2018	10	100,000	1,000,000	87,070	870,701	Conversion by Convertible Bonds 584	-	Note 23
July 2018	10	200,000	2,000,000	100,122	1,001,219	Capitalization by Earnings 130,518	-	Note 24

Year/ Month	Issue Price	Authorized Capital		Capital Stock		Remark		
		Shares	Amount	Shares	Amount	Source of Capital	Shares offset by property other than cash	Others
November 2018	10	200,000	2,000,000	102,232	1,022,321	Conversion by Stock Option 5,260 Conversion by Convertible Bonds 15,842	-	Note 25
January 2019	10	200,000	2,000,000	102,608	1,026,076	Conversion by Stock Option 420 Conversion by Convertible Bonds 3,335	-	Note 26
April 2019	10	200,000	2,000,000	102,742	1,027,422	Conversion by Convertible Bonds 1,347	-	Note 27
August 2019	10	200,000	2,000,000	102,792	1,027,920	Conversion by Convertible Bonds 497	-	Note 28
August 2019	10	200,000	2,000,000	118,183	1,181,831	Capitalization by Earnings 153,911	-	Note 29
October 2019	10	200,000	2,000,000	119,598	1,195,981	Conversion by Stock Option 5,210 Capitalization by Restricted Employee Shares 8,940	-	Note 30
February 2020	10	200,000	2,000,000	119,617	1,196,171	Conversion by Stock Option 260 Cancellation of Restricted Employee Shares 70	-	Note 31
June 2020	10	200,000	2,000,000	117,610	1,176,101	Cancellation of Restricted Employee Shares 70 Cancellation of Treasury Shares 20,000	-	Note 32
August 2020	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
September 2020	10	300,000	3,000,000	117,607	1,176,071	Cancellation of Restricted Employee Shares 30	-	Note 34
November 2020	10	300,000	3,000,000	118,190	1,181,901	Conversion by Stock Option 589 Cancellation of Restricted Employee Shares 60	-	Note 35
January 2021	10	300,000	3,000,000	118,220	1,182,201	Conversion by Stock Option 360 Cancellation of Restricted Employee Shares 60	-	Note 36
July 2021	10	300,000	3,000,000	118,239	1,182,398	Cancellation of Restricted Employee Shares 40 Conversion by Stock Option 230 Conversion by Convertible Bonds 6,610	-	Note 37
December 2021	10	300,000	3,000,000	118,239	1,182,398	Business Item Registration	-	Note 38
January 2022	10	300,000	3,000,000	118,244	1,182,448	Conversion by Stock Option 420	-	Note 39
April 2022	10	300,000	3,000,000	118,260	1,182,608	Conversion by Stock Option 160	-	Note 40
October 2022	10	300,000	3,000,000	118,260	1,182,608	Business Item Registration	-	Note 41
July 2023	10	300,000	3,000,000	118,260	1,182,608	Amendments to the company's Articles of Incorporation, full re-election of directors	-	Note 42

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.  
 Note 41: The approval letter, the Letter No. Ministry-of-Economic-Affairs-Commerce-Department-11101187990 received on October 4, 2022.  
 Note 42: The approval letter, the Letter No. Ministry-of-Economic-Affairs-Commerce-Department-11230133320 received on July 25, 2023.

## B. Share Type

April 27, 2024; 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

April 27, 2024; Unit: Person; Share

Structure of Shareholder of Shares Subscribed	Government Agencies	Financial Institutions	Other Institutions	Individuals	Foreign Institutions & Individuals	Total
	0	0	260	33,339	170	33,769
Current Shareholding	0	0	32,932,865	67,692,632	17,635,333	118,260,830

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

April 27, 2024; Unit: Person; Share; %

Shareholder Ownership (Shares)			Number of Shareholders	Current Shareholding	%
1	to	999	20,858	1,082,217	0.92%
1,000	to	5,000	10,650	20,444,732	17.29%
5,001	to	10,000	1,218	9,328,579	7.89%
10,001	to	15,000	346	4,374,254	3.70%
15,001	to	20,000	199	3,586,828	3.03%
20,001	to	30,000	153	3,811,753	3.22%
30,001	to	40,000	91	3,236,856	2.74%
40,001	to	50,000	57	2,610,159	2.21%
50,001	to	100,000	109	7,736,523	6.54%
100,001	to	200,000	35	4,721,098	3.99%
200,001	to	400,000	24	6,619,764	5.60%
400,001	to	600,000	6	3,010,013	2.55%
600,001	to	800,000	2	1,482,000	1.25%
800,001	to	1,000,000	2	1,835,200	1.55%
Over 1,000,001			19	44,380,854	37.52%
Total			33,769	118,260,830	100%

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

April 27, 2024 ; Unit: Share ; %

Name	Shares	Current Shareholding	%
Yong Jiang Investment Co.		6,774,248	5.73%
TCI GENE INC.		4,500,000	3.81%
Yang Guang Investment Co., Ltd.		4,427,053	3.74%
Fubon Life Insurance Co., Ltd.		2,945,000	2.49%
WK Development Corporation		2,676,000	2.26%
Maxigen Biotech Inc.		2,531,000	2.14%
Baillie Gifford Global Equity Income Fund managed by HSBC		2,290,000	1.94%
Ming-Lang Jhuang		1,911,000	1.62%
Shuei-Cheng Tu		1,745,000	1.48%
TransGlobe Life Insurance Inc.		1,742,000	1.47%

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

Unit: NT\$; 1,000 shares

Item		Year		2022	2023	2024 (As of May 30, 2024)
Net Worth per Share	Before distribution			68.56	69.53	71.15
	After distribution			63.56	62.56	-
Earnings per Shares	Weighted Average Shares			117,717	115,961	115,198
	Earnings per Shares	Before adjustment		6.06	7.73	1.11
		After adjustment		6.06	7.73	1.11
Dividend per share	Cash dividend			5	7	-
	Stock Dividend from Retained Earnings			-	-	-
		Stock Dividend from Paid-In Capital			-	-
	Accumulative Unpaid Dividend			-	-	-

Note 1: The 2023 profit distribution has been approved by the Board of Directors.

Note 2: The financial report for the first quarter of 2024 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 annual report's publication date.

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 show a net profit after tax for the current period, taxes shall first be paid, and any past losses shall be made up. Ten percent of the remaining amount shall be allocated as legal reserve. However, if the accumulated legal reserve has already reached the total capital of the Company, this restriction does not apply. Next, a special reserve shall be allocated or reversed in accordance with relevant laws and regulations. If there is still a remaining balance, the distributable surplus, calculated by adding the undistributed earnings at the beginning of the period (including adjustments to the undistributed earnings), will be proposed by the Board of Directors for distribution, subject to approval by the shareholders' meeting.

The industry the Company is engaged in is at its growth stage and the competition is keener day by day. To maintain sustainable operation, growth of operation, capital needs and long-term financial planning as well as taking consideration of shareholders' interest, 30% to 80% distributable earnings each year will be provided for distribution as shareholders' dividends. The dividend for shareholders of the Company may be in stock dividend or in cash or a combination of them. Cash dividend for shareholders shall basically be no less than 10% of total dividend for shareholders; however, when the Company has higher earnings or capital funds are sufficient, cash dividend ratio for shareholders may be increased. It depends on the earnings of the year.

B. The proposed dividend distribution of the shareholders meeting

The Company's 2023 dividends have been approved by the Board of Directors on May 9, 2024. It has been decided to allocate NT\$824,101,810 from the 2023 profits, distributing a cash dividend of NT\$7 per share.

(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-1 When the Company still has accumulated losses (including adjustment of undistributed surplus amount), the amount of compensation should be retained in advance.

A-2 Five to fifteen percent of the employees are paid and no more than three percent is directors' compensation.

Employee's compensation may be distributed in the form of shares or in cash, and employees qualified to receive such compensation may include employees from affiliates companies who meet certain qualifications. The Board of Directors is authorized to determine the qualification of such employees. The remuneration to Directors shall be 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.

B-1 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-2 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 15, 2024, after resolution by the Board of Directors.

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

C-1 The amount of the proposed distribution of employee bonus and remuneration to directors is shown 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\$ thousand

Item	Amount
Compensation for Employees in 2023	117,054,175
Compensation for Directors in 2023	4,200,000

The amount of employee compensation and directors' compensation to be proposed is not different from the fees recognized in 2022.

C-2 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 15, 2024. 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:** None.

**3. Preferred Stock Issued:** None.

**4. Global Depository Receipts Issued:** None.

**5. Employees Stock Options Issued:** None.

**6. Restricted Employee Shares:** None.

**7. Merger or acquisition or transfer of shares of other companies to issue new shares:** None.

**8. Funding plan implementation:** Not applicable.

# V. Operational Highlights

## 1. Business Activities

### (1) Business scope

A. 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. E601010 Electric Appliance Construction.
23. IG03010 Energy Technical Services.
24. D101060 self-usage power generation equipment utilizing renewable energy industry.
25. A101030 Special Crops
26. A102050 Crops Cultivation
27. A102060 Grain Commerce
28. C201010 Prepared Animal Feeds Manufacturing
29. C201020 Pet Food Processing
30. C801110 Fertilizer Manufacturing
31. F101050 Wholesale of Aquatic Products

- 32. F101990 Wholesale of Other Agricultural, Husbandry and Aquatic Products
- 33. F103010 Wholesale of Animal Feeds
- 34. F106060 Wholesale of Pet Food and Appliances
- 35. F107050 Wholesale of Manure
- 36. F201010 Retail Sale of Agricultural Products
- 37. F201030 Retail Sale of Aquatic Products
- 38. F201990 Retail Sale of Other Agricultural, Husbandry and Aquatic Products
- 39. F202010 Retail Sale of Animal Feeds
- 40. F206050 Retail of Pet Food and Appliances
- 41. F207050 Retail Sale of Manure
- 42. J101020 Pathogen Controlling Services
- 43. 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 drinks, dietary supplements and skin care products.

#### B. Sales Mix

Unit: NT\$ thousand

Product category \ Year	2022		2023	
	Annual Revenue	%	Annual Revenue	%
Dietary Supplements	6,560,300	88.3%	7,100,193	88.6%
Skincare Product	513,087	6.9%	592,233	7.4%
Others	359,127	4.8%	323,223	4.0%
Total	7,432,514	100.0%	8,015,649	100.0%

#### 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 drinks include collagen drinks that supplement the loss of collagen; glucosamine drinks 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 plans 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.

However, TCI has been using liposome targeting technology to improve the problems of targeted cells. So far, TCI has completed 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 value 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.

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 fulfill our corporate mission: "Join & Delight Consumer's Life." The Company's products can be divided into functional drinks, dietary supplements, skin care products and other related products. Because functional drinks and dietary supplements are in the scope of functional foods, the analysis of functional food market and skin care market is shown as follows:

#### A-1 Functional food

##### 1) 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 provide nutritional supplements, improve health and delay aging. The consumption and the use of health care products and functional foods have become a trend, especially in Europe and the 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.

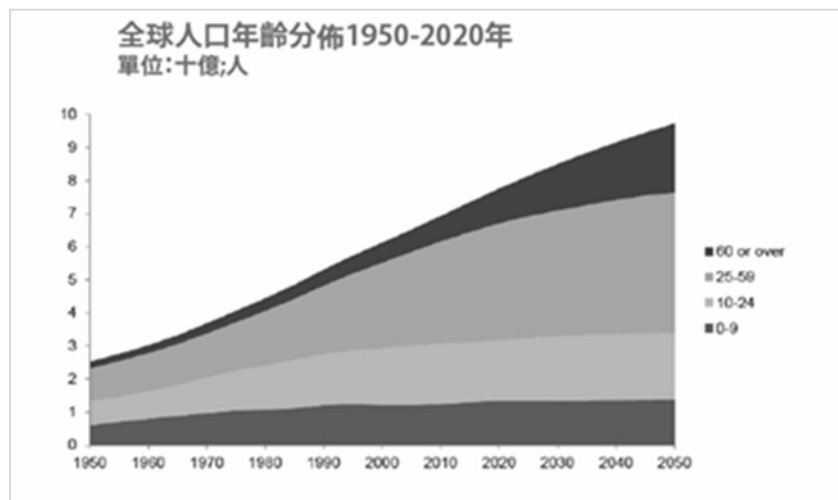
(US\$ Billions)

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%

(Source: Grand View Research, Statista)

## 2) Acceleration of Aging in the Global Population

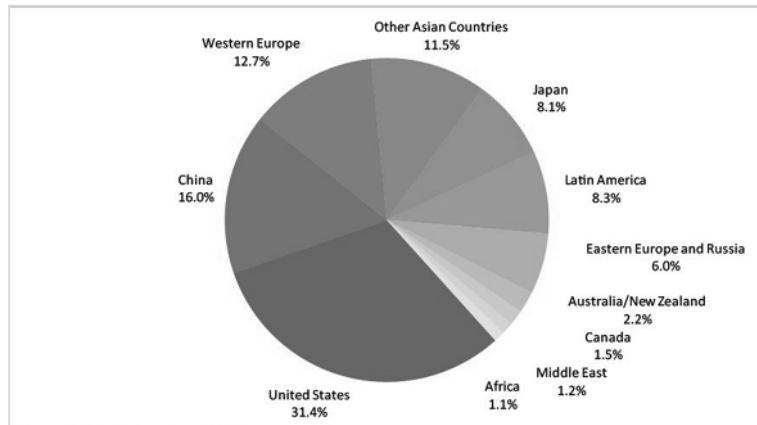
According to the latest UN report, the world population is estimated to reach 9.8 billion in 2050, of which more than 1.5 billion people will be over 65 years old, accounting for about 16% of the total population. Compared with the total population of 7.6 billion in 2017, the elderly population is 700 million, accounting for only 9% of the total population. The global 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 for consumers around the world.



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

## 3) Importance of Asia is Increasing

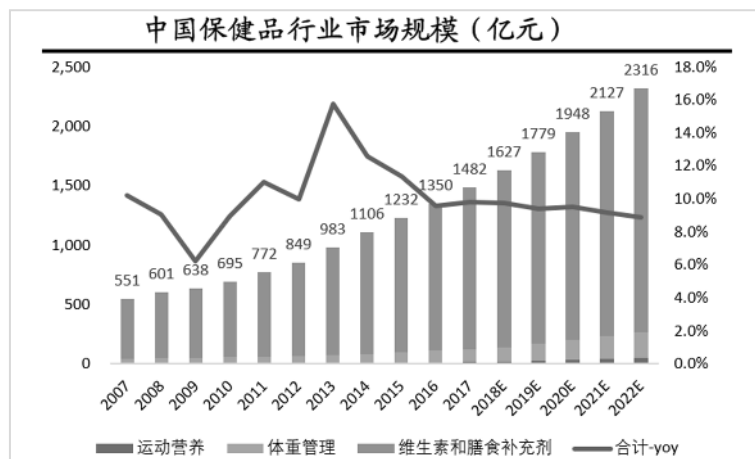
From the perspective of global health care products, the United States is still the world's largest health care market. According to data database established by the marketing research agency, Nutrition Business Journal, the US market share in the global market reached 31.4% in 2017. Asia has been developing 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 aging in China, consumers have strengthened their awareness of nutrition and health care. In the future, the population and penetration rate of health care products will likely to be further improved.



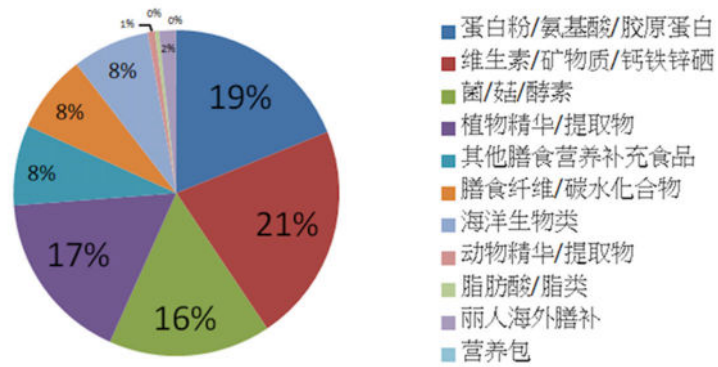
(Source: Nutrition Business Journal)

#### 4) Market Size of Health Care Industry in China is Growing Steadily

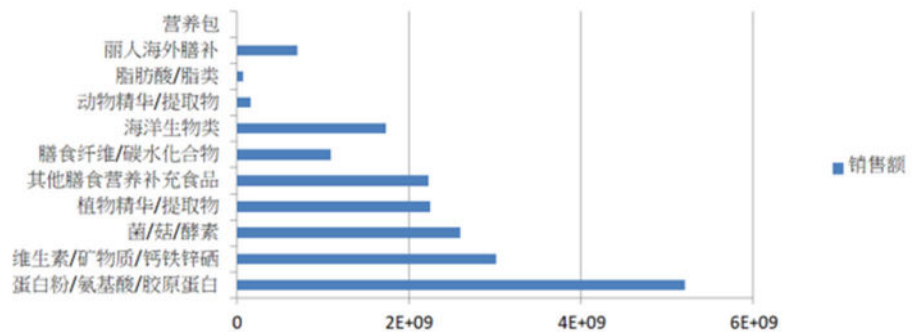
According to Euromonitor, the market size of China's health care products reached RMB 140 billion in 2019. In 2018, vitamins and dietary supplements accounted for the largest market share of 91.3% while the market shares of weight management and sports nutrition products were relatively small, 7.4% and 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 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



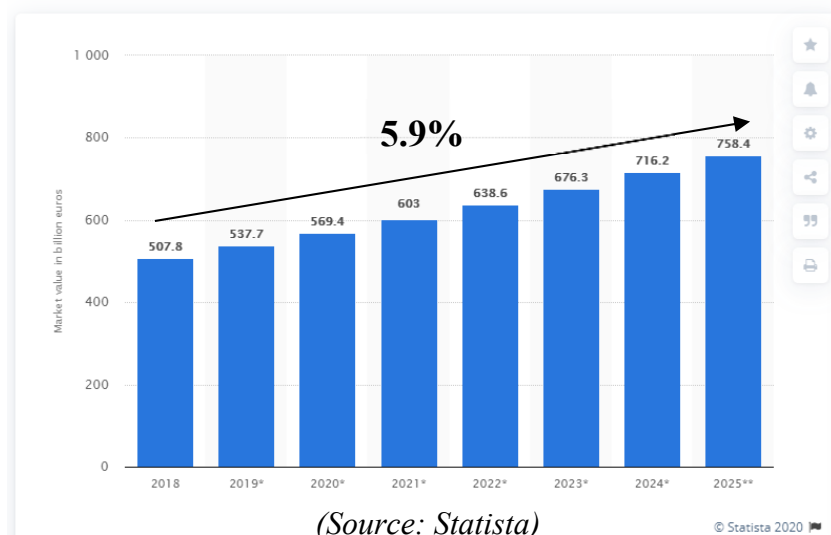
(Source: Euromonitor, NORTHEAST SECURITIES)

## A-2 Beauty Care Market

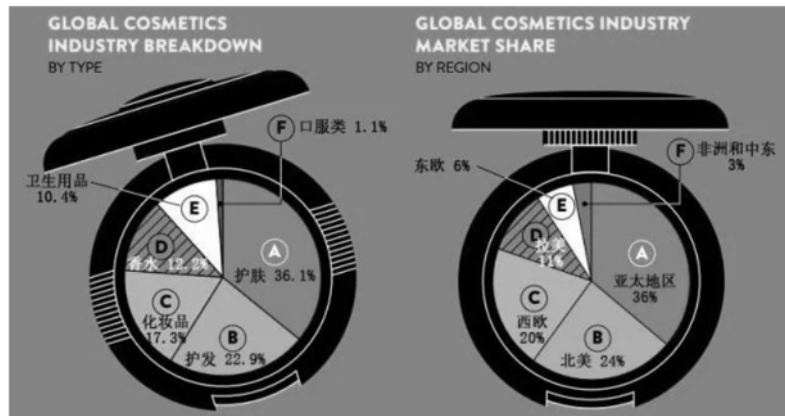
### 1) Accelerated Growth of the Global Beauty Care Market

Beauty and skin care have always been valued by female consumers. According to Statista, cosmetics industry is a vast global industry with 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)



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.

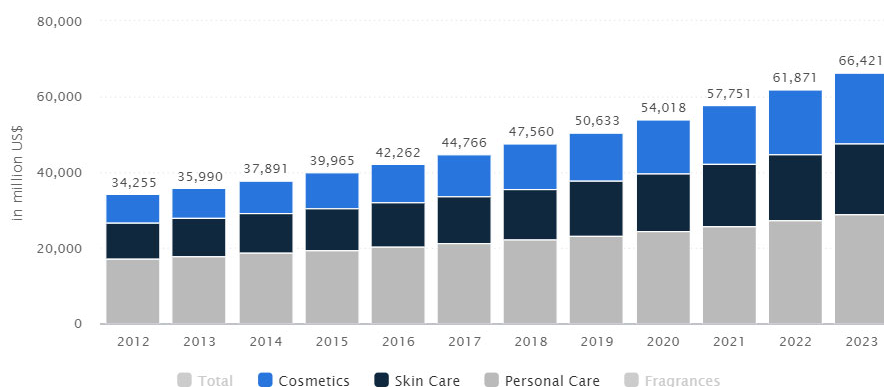


(Source IBIS World)

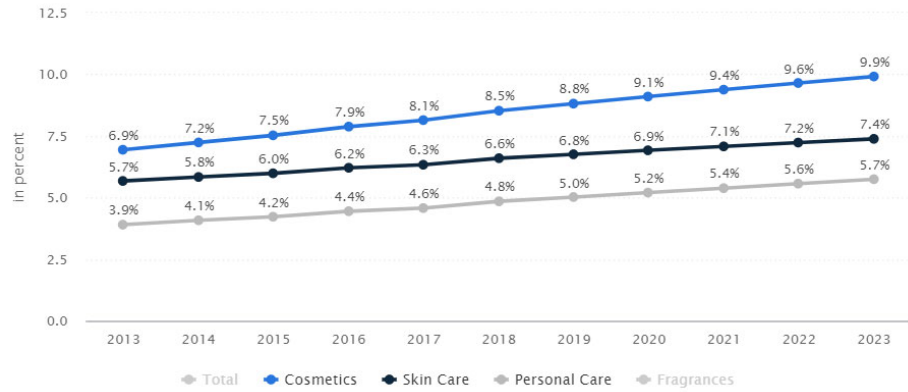
## 2) The Attention-catching Facial Mask Market in China

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



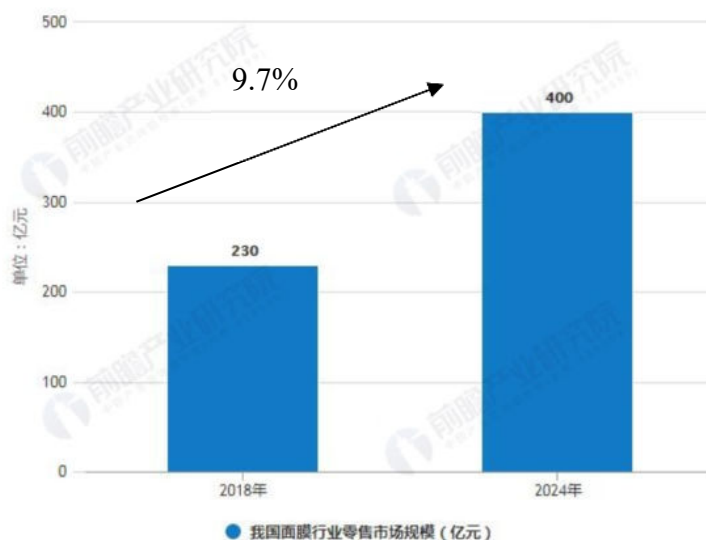
## Revenue Growth in the Beauty & Personal Care market in China



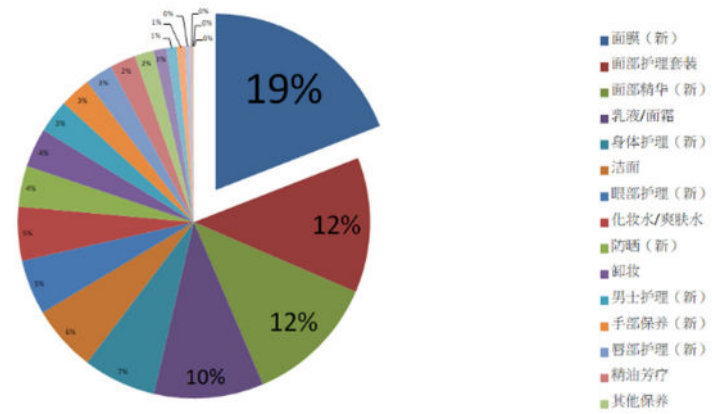
(Source: Statista)

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.

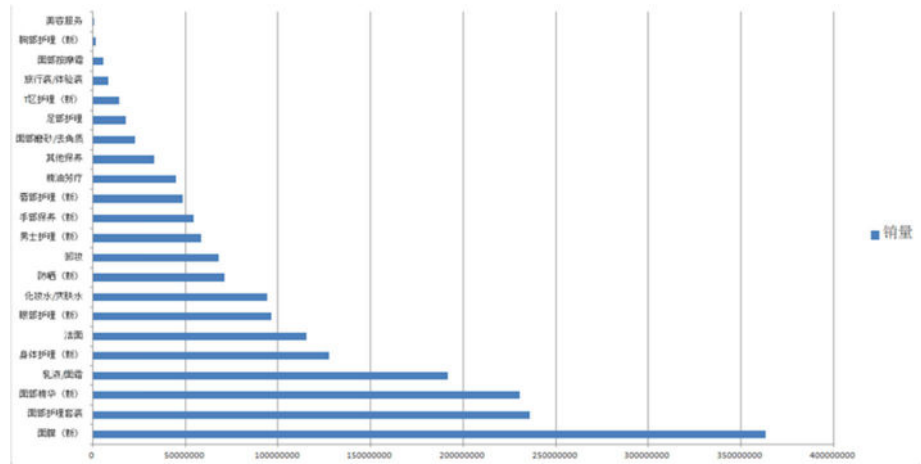
2018-2024年我国面膜行业零售市场规模统计情况及预测



## 2019 Tmall and Taobao Beauty Product Sales Ratio



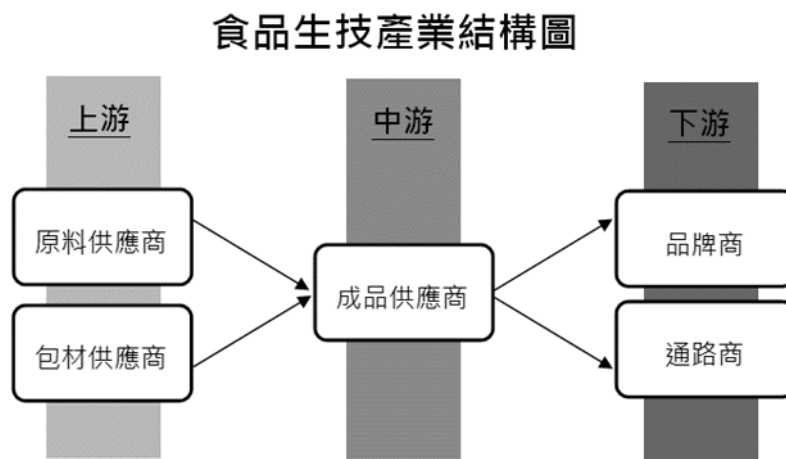
## Beauty Product Sales on Tmall and Taobao



(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:





## C. Development trends and forms of products

### C-1 Trends of Product Development

The company's scope of R&D mainly covers 3 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.



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, 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™ (Flammuliavelutipes 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® (Polygonatumkingianum Extract): increases male testosterone levels and helps improve sexual function
- (14) Soba!® (Polygonatumkingianum 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® (Fermented Dioscorea opposita): 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) RhizomaImperatae 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:

Snow Lotus	Orchid	Ice Plant	Tea Leaf
Peach Blossom	Camellia	Hibiscus	Polygonum
Lavender	Rosemary	Ginseng	Ginkgo
Dendrobium officinale	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 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 disease and health, the Company has paid more attention to the needs of the public and created many consumer genetic testing kits. Designed several 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 currently accumulated six thousand gene testing cases. 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.

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 a significant curative effect on initial degenerative arthritis. At the same time, through genetic research, TCI633 may slow down the initial degenerative arthritis swelling and pain by regulating the activity of osteoblast production. Our R&D team will develop a 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, 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 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 expression 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 (Conjugated Linoleic Acid) enhances the body's metabolic rate and helps prevent weight regain.
- (9) TCI515: provides two-way regulation of immunity, prevention of allergies, and enhancement of resistance

## C-2 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 from 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 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 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 processes. 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 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 to the data, we design different functional appeals including the formulation of skin, immune regulation, cardiovascular health, blood sugar, exercise performance, etc., to develop commercial dosage forms, and then evaluate 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 mastered 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, promotes the special function of collagen products, and promotes the healthy growth of the collagen peptide market. Accurate identification supports differences between collagen peptide sequences and creates 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 Research 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, Packaging Materials Lab (PACK Lab), Advanced chemical synthesis and engineering Lab (ACE Lab), Maxi Lab, Q-Pharm Lab, Anti-age Institute for Stem Cell Technology and Experimental Medicine Lab (AI-STEM 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.

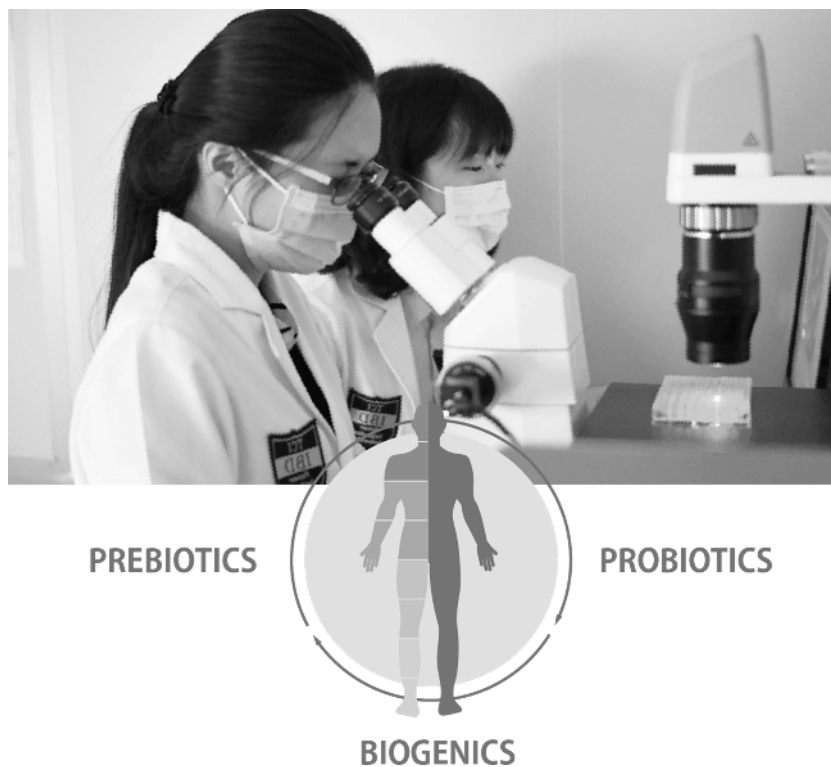
The brief introduction to the 12 major laboratories of the Company:

##### A-1 Next Lab:

Next Lab focuses on forward-looking and innovative research and development topics, leveraging Group resources and combining advanced academic technologies to continually create new R&D opportunities. We possess plant stem cell engineering technology that enhances the activity and quality stability of rare and precious herbal medicines through tissue culture and stem cell mass production processes. These advancements are then applied to health supplements. 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.

## A-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 microfloral adjustment and modification from selective bacterial manipulation truly benefits each individual and truly improves consumers' lives.



## A-3 Molecular Identification & Analysis Laboratory (MIA Lab)

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.

## A-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.

#### A-5 QODM 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.

#### A-6 ISO17025 Laboratory

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 data sheet documents are attached to the finished products to reassure the customers of product quality and safety.

#### A-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.



#### A-8 AI-STEM Lab (Anti-age Institute for Stem Cell Technology and Experimental Medicine)

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.

#### A-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.

#### A-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.

#### A-11 ACE Lab (Advanced chemical synthesis and engineering)

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.

#### A-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 include collagen extraction and reconstruction, collagen ceramic compounding and shaping, and hyaluronic acid blending and cross-linking.

#### B. Research and development personnel and their education

In terms of personnel quality, 71.7% of the total number of R&D personnel were master's degree or above as of May 29, 2023.

Unit: person / year

Item		Year		
		2021	2022	As of May 29, 2023
R&D Staff Education ratio	Ph.D	9	12	12
	Master	51	59	54
	College	33	29	26
	Below Senior High School (Included)	0	0	0
Total		93	100	92
Average Years of Service		3.4	3.2	3.7

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\$ thousand

Item		Year		
		2021	2022	2023
R&D Expenses (A)		572,395	670,095	573,009
Operating Revenue*		8,580,103	7,432,514	8,015,649
Ratio of Research and Development Expense to Operating Revenue (%) (A/B)		6%	9%	7%

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"> <li>1. Application research of young pear fruit extract in respiratory health care and detoxification products</li> <li>2. TCI378 reduced fat probiotics</li> <li>3. Black tomato extract in eye care health food application development</li> <li>4. Xueyan extract in the development of tight skin care products</li> <li>5. Sailboat grape extract in the development of the compact anti-aging effect</li> <li>6. Eclipta extract in the development of whitening skin care products</li> <li>7. Orange peel fermentation in body fat management product development</li> <li>8. Application of mango fruit extract to anti-glycation and fat-reducing products</li> <li>9. TCI711 detox probiotics</li> <li>10. Fucus algae extract that enhances skin elasticity and anti-aging</li> </ol>
2018	<ol style="list-style-type: none"> <li>1. Tree tomato extract in eye care health food application development</li> <li>2. Liulan extract in the development of moisturizing skin care products</li> <li>3. Cyperus rotundus extract for skin care products development</li> <li>4. Peach gum extract for the development of elastic care products</li> <li>5. Prickly pear extract in the application of full-effect antioxidant health food development</li> <li>6. Banana stamen extract in the development for hair care products</li> <li>7. Buckwheat hull extract in the development for anti-glycation health food</li> <li>8. Tenaka bark extract is used to prevent skin aging and skin care products development</li> <li>9. Red dragonfruit extract for anti-glycation health food application development</li> <li>10. Durian carpel extract in development for anti-fatigue health food applications</li> <li>11. Paramita white core extract in development for women's health care food applications</li> <li>12. Dendrobium candidum extract for skin care application development</li> <li>13. Kaempferia parviflora extract in the development for anti-aging products</li> <li>14. Daidai flower extract for the health food of beauty skin and fat loss development</li> <li>15. Jinhua tea extract is used in the application of the health food of skin fat reduction</li> <li>16. Purple citronella extract for Qingfei health food development</li> <li>17. Stem cells from tea trees are in development for skin care products</li> <li>18. Coffee cherry for the health food of beauty skin development</li> <li>19. TCI507 orange bacteria can reduce blood lipids and regulate intestinal bacteria</li> <li>20. TCI357 pear bacteria can repair lung epithelial cells and enhance the ability of macrophages to phagocytose PM2.5.</li> <li>21. TCI028 good heart bacteria can prevent atherosclerosis and reduce the risk of new blood vessel diseases</li> <li>22. Pomegranate fermented foods and skin care products for whitening and skin firming.</li> </ol>
2019	<ol style="list-style-type: none"> <li>1. Dill extract in brain health food application development</li> <li>2. Gold raspberry extract in the application of beauty health food application development</li> <li>3. Traveler tree extracts for anti-aging health food application development</li> <li>4. Wild cherry blossom extract is applied to the beauty health food application development</li> <li>5. Acerola Cherry Extract for Skin Care Food Application Development</li> <li>6. Indiana extract is applied to antioxidant health food application development</li> </ol>

Year	Major Achievements
	<p>7. Banana Extract in health food application development</p> <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>
2020	<p>1. Nostoc Commune Extract in beauty-care health food application development</p> <p>2. Cyclocarya Paliurus Extract in fat-reducing health food application development</p> <p>3. Blackberry Extract in beauty-care health food application development</p>



Year	Major Achievements
	<p>4. Dandelion Flower Extract in fat-reducing and edema-reducing health food application development</p> <p>5. Peony Flower Extract in beauty-care health food application development</p> <p>6. White currant extract in beauty-care health food application development</p> <p>7. Plum unripe fruit extract in fat-reducing health food application development</p> <p>8. Crystal Roselle Extract in beauty-care health food application development</p> <p>9. Persimmon Unripe Fruit in oral health food application development</p> <p>10. Pineapple custard apple extract in beauty-care health food application development</p> <p>11. KetoZyme Ferment in health food application development</p> <p>12. White Mulberry Ferment in health food application development</p> <p>13. Yellow Pitaya in health food application development</p> <p>14. Chiogga beetroot in health food application development</p> <p>15. Euterpe Oleracea Ferment in health food application development</p> <p>16. Elderberry Ferment in health food application development</p> <p>17. Guarana Ferment in health food application development</p> <p>18. Solanum muricatum ferment in health food application development</p> <p>19. Ancient Sleep Ferment in health food application development</p> <p>20. Prunus Domestica Ferment in health food application development</p> <p>21. Anti-Allergy Ferment in health food application development</p> <p>22. Annona Muricata Ferment in health food application development</p> <p>23. Lonicera japonica ferment in health food application development</p> <p>24. Red ferment in health food application development</p> <p>25. Magnetic Energy Ferment in health food application development</p> <p>26. Ginseng Cordyceps Complex Ferment in health food application development</p> <p>27. Indian Gooseberry Ferment in health food application development</p> <p>28. Citrus japonica complex fermentation in health food application development</p> <p>29. TCI999 in health food application development</p> <p>29. TCI515 in health food application development</p> <p>29. TCI604 in health food application development</p> <p>29. TCI275 in health food application development</p> <p>29. TCI366 in health food application development</p> <p>29. TCI250 in health food application development</p> <p>29. TCI058 in health food application development</p> <p>29. TCI188 in health food application development</p> <p>29. TCI803 in health food application development</p> <p>38. AKK formula in health food application development</p> <p>39. AKK plus W in health food application development</p> <p>40. AKK plus P in health food application development</p> <p>41. Golden formula in health food application development</p> <p>42. Black Widow Venom Peptide in skin care product application development</p> <p>43. Blue Ring Octopus Venom Peptide in skin care product application development</p> <p>44. TCI LPO in health food application development</p> <p>45. Diamond Bovine Collagen in health food application development</p>

Year	Major Achievements
2021	<ol style="list-style-type: none"> <li>1. Gentiana scabra Extract in health food application development</li> <li>2. Nepeta cataria Extract in health food application development</li> <li>3. Dioscoreapolystachya Extract in health food application development</li> <li>4. White jade pomegranate Extract in health food application development</li> <li>5. Queen Garnet Plum Extract in health food application development</li> <li>6. Blood peach Extract in health food application development</li> <li>7. Sophora japonica Extract in health food application development</li> <li>8. Mangosteen peel Extract in health food application development</li> <li>9. Hulless barley Extract in health food application development</li> <li>10. Black diamond apple Extract in health food application development</li> <li>11. Rose apple Extract in health food application development</li> <li>12. Terminalia catappaleaf Extract in skin care product application development</li> <li>13. Egyptian lotus Extract in skin care product application development</li> <li>14. Zinnia elegans Extract in skin care product application development</li> <li>15. French White Gold Enzyme in health food application development</li> <li>16. Golden melon Ferment in health food application development</li> <li>17. Noni Fruit Enzyme in health food application development</li> <li>18. Probio-Kombu black tea in health food application development</li> <li>19. Turmeric Enzyme in health food application development</li> <li>20. 3-in-1 Hyaluronic Acid Enzyme in health food application development</li> <li>21. White wax apple Enzyme in health food application development</li> <li>22. Lepteam Enzyme in health food application development</li> <li>23. Static Cocoa Enzyme in health food application development</li> <li>24. White cherry Enzyme in health food application development</li> <li>25. Rice green grain prebiotic in health food application development</li> <li>26. NMN in health food application development</li> <li>27. TCI943 in health food application development</li> <li>28. TCI357 in health food application development</li> <li>29. TCI507 in health food application development</li> <li>30. TCI007 in health food application development</li> <li>31. TCI904 in health food application development</li> <li>32. TCI405 in health food application development</li> <li>33. TCI988 in health food application development</li> <li>34. TCI904 in health food application development</li> <li>35. Swim bladder Extract</li> <li>36. MAXI Collagen</li> <li>37. Salmon milt in health food application development</li> <li>38. Gold Clams Peptide in health food application development</li> <li>39. Pigeon pea protein</li> <li>40. Pink algae protein</li> <li>41. Human-like Collagen</li> <li>42. White Collagen</li> <li>43. Pro-Skin Six Peptide</li> <li>44. Pineapple Enzyme in health food application development</li> </ol>

Year	Major Achievements
2022	<ol style="list-style-type: none"> <li>1. Kanzan cherry anti-glycation and skin beauty product</li> <li>2. Star apple bone protection health product</li> <li>3. Kiwi berry anti-aging skin beauty health product</li> <li>4. Giant pumpkin calcium absorption boosting health product</li> <li>5. Plant ceramide skin beauty and anti-aging product</li> <li>6. Chocolate habanero chili circulation promoting health product</li> <li>7. Ampelopsis grossedentata anti-aging health food</li> <li>8. Rosehip blood enriching, anti-aging, and skin beauty product</li> <li>9. Rockit apple fat loss and slimming health product</li> <li>10. Manor grape fermentation skin beauty and anti-aging health product</li> <li>11. TCI850 intestinal membrane protection and immune regulation probiotics</li> <li>12. TCI250 female intimate health probiotics</li> <li>13. TCI604 constipation relief and gut anti-inflammatory probiotics</li> <li>14. TCI188 oral health probiotics</li> <li>15. TCI907 Saccharomyces cerevisiae health product</li> <li>16. TCI007 allergy and immunomodulatory probiotics</li> <li>17. TCI153 Lactobacillus salivarius probiotics</li> <li>18. TCI943 Lactobacillus gasseri probiotics</li> <li>19. TCI904 metabolism promoting and fat burning probiotics</li> <li>20. TCI988 GABA sleep and mood enhancer probiotics</li> <li>21. Natural source NMN live yeast anti-aging product</li> <li>22. TCI727 calcium absorption promotion probiotics health product</li> <li>23. TCI147 spermidine-production anti-aging energy probiotics</li> <li>24. TCI757 irisin secretion promoting and sport performance improving probiotics</li> <li>25. TCI857 L-carnitine producing joint care probiotics</li> <li>26. TCI666 Chondroitin sulfate producing joint care probiotics</li> <li>27. TCI853 scalp care probiotics</li> <li>28. TCI anti-inflammatory and anti-bacterial compound health product</li> <li>29. TCI761 GLP-1 promoting appetite suppressing probiotics</li> <li>30. TCI083 teichoic acid producing cardiovascular health care probiotics</li> <li>31. TCI077 acne management probiotics</li> <li>32. V338 skin microbiota modulating and anti-aging skin care probiotics</li> <li>33. TCI999 hair growth probiotics ferment</li> <li>34. Vecollal plant-based biomimetic collagen product</li> <li>35. MAXI HA biosynthetic hyaluronic acid</li> <li>36. SlimBT Formula fat reduction and weight loss prebiotics</li> <li>37. ClpB appetite suppressing probiotics</li> <li>38. DelighTS Formula sleep aid and skin beauty prebiotics</li> <li>39. PV Formula Cardiovascular health prebiotics</li> <li>40. Longevity formula gut anti-aging prebiotics</li> </ol>
2023	<ol style="list-style-type: none"> <li>1. Development of Sea Grapes Extract for use in beauty care supplements</li> <li>2. Development of Ponkan Unripe Fruit Extract for use in weight loss supplements</li> <li>3. Development of Djulis Extract for use in beauty care supplements</li> </ol>

Year	Major Achievements
	<ol style="list-style-type: none"> <li>4. Development of Mango Unripe Fruit Extract for use in beauty care supplements</li> <li>5. Development of Buckwheat Husk for use in cardiovascular health supplements</li> <li>6. Development of Banana Stamen Extract for use in hair supplements</li> <li>7. Development of Wasabi Leaf Extract for use in beauty care supplements</li> <li>8. Development of Indian Jujube Unripe Fruit Extract for use in alcohol detoxification supplements</li> <li>9. Development of Probio-Kombu black tea for use in beauty supplements</li> <li>10. Development of Mango Unripe Fruit Extract for use in beauty and whitening supplements</li> <li>11. Development of Purple citronella Extract for use in immunity supplements</li> <li>12. Development of Paramita white core extract for use in women's health care supplements</li> <li>13. Development of Golden Champagne Extract Liquid for use in beauty supplements</li> <li>14. Development of cashew husks for use in hair health supplements</li> <li>15. Development of Kiwi Berry for use in beauty care supplements</li> <li>16. Development of Sparassis crispa for use in beauty care supplements</li> <li>17. Development of Potentilla glabra for use in womens' health care supplements</li> <li>18. Development of Queen Garnet Plum for use in beauty care supplements</li> <li>19. Development of Black Hulless Barley for use in immunity supplements</li> <li>20. Development of Xinjiang Red Pear for use in beauty care supplements</li> <li>21. Development of TCI604 for gut health</li> <li>22. Development of TCI147 spermidine-producing probiotic supplement for anti-aging</li> <li>23. Development of Antrodia Cinnamomea probiotic supplement for acne treatment</li> <li>24. Development of the Delight Formula prebiotic supplement for sleep aid</li> <li>25. Development of the PV Formula prebiotic supplement for cardiovascular health</li> <li>26. Human trials for VeCollal, a plant-based biomimetic collagen product</li> <li>27. Development of flounder collagen for use in beauty and muscle gain supplements</li> <li>28. Development of MAXI HA anti-inflammatory and immune boosting supplement</li> <li>29. Development of chlorella for use in beauty and iron supplement</li> <li>30. Development of fish collagen (Norwegian salmon collagen) for beauty and hair growth supplement</li> <li>31. Development of pollen peptide beauty and anti-aging supplement</li> <li>32. Development of krill peptide timeless anti-aging supplement</li> <li>33. ProtoCollal recombinant collagen skincare product</li> <li>34. Development of plant-based collagen (rice protein, pea protein, fava bean, chickpea, pumpkin)</li> <li>35. Development of TCI802 probiotic supplement</li> <li>36. Development of TCI818 probiotic supplement</li> <li>37. Development of TCI333 probiotic supplement</li> <li>38. Development of tangerine peel probiotic supplement for fat reduction and weight loss</li> <li>39. Development of active ginseng probiotic supplement for yin nourishment and beauty</li> </ol>

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

##### A. Short-Term Development Plans

- A-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.
- A-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.
- A-3 Devote to improving the product design capability and technical level of R&D personnel to increase market competitiveness.
- A-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, strengthen product efficiency and reduce production costs.

##### B. Long-term Development Plans

- B-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.
- B-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.
- B-3 Research and development of genetic testing, research on the relationship between genetic and genetic diseases, and related clinical trial projects.
- B-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\$ thousand, %

Region \ Year	2022		2023	
	Amount	%	Amount	%
Domestic Customers	1,150,027	15.47%	1,094,545	13.66%
Overseas Customers	6,282,487	84.53%	6,921,104	86.34%
Total	7,432,514	100.00%	8,015,649	100.00%

#### B. Market Share

Unit: US\$ billion

Item	The Company's Annual Revenue in 2023 (Note)	Market share
Dietary supplements and functional foods	2.28	0.09%
Skincare products	0.19	0.003%

Source: Grand View, mordorintelligence

Note: The currency exchange rate between US\$ and NT\$ was 1:31.1773.

#### 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 billion 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

##### D-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 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.

TCI focuses on new materials and extraction, and screening technology. Based on the extraction and screening conditions of raw materials, they are incorporated into 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 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.

#### D-2 Actively layout 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. Making 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 to gain the favor of local consumers.

The Company commits 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, US, Europe, Australia and India to expand our customer base.

#### D-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

### E-1 Favorable factors

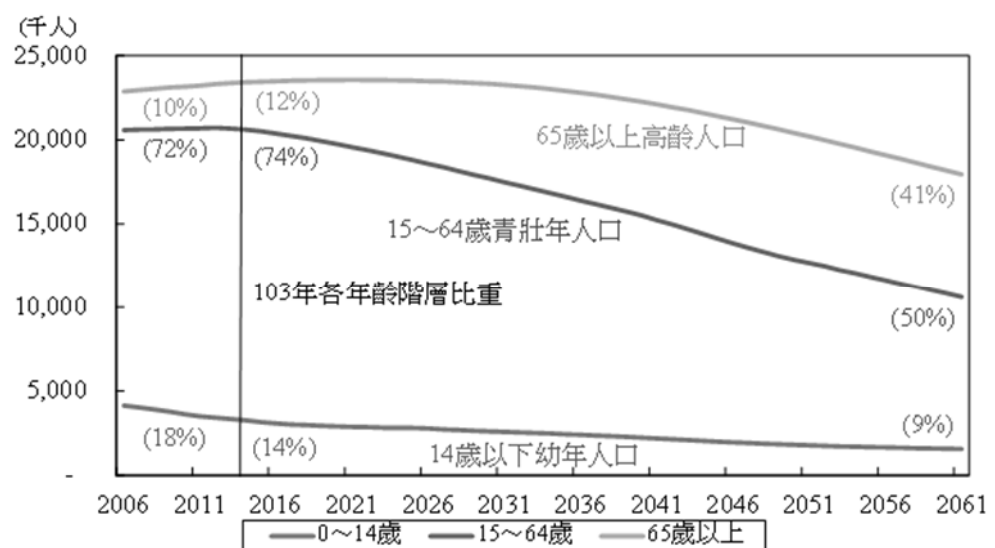
#### 1) Development of preventive medicine and adjuvant therapy

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.

#### 2) 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 singlism 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.

Taiwan's demographic trends



Source: Ministry of the Interior, R.O.C. (Taiwan)

Population estimation of the Republic of China: collected by Topology Research Institute, 2015/04



### 3) 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.

### 4) 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 are 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.

### 5) Increased female spending power

Women’s economic and life autonomy makes them invest more 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 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.

### 6) 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.

## E-2 Unfavorable factors and countermeasures:

- 1) 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) 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.

- b) 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.
  - c) 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 the most effective products.
  - d) The Company has applied for patents in Taiwan, the United States, China, South Korea, Hong Kong, Japan, Thailand, Malaysia, England, Germany, France, Spain, Russia, India, Singapore, Australia and Europe. Up to now, 596 patents have been approved and 323 applications have been approved to prevent research and development. Infringed by others, innovative products ensure the competitive advantage of the Company and its customers.
  - e) 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.
  - f) 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.
- 2) 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:

- a) 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) 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.

- c) 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 purchasing willingness.
  - d) The Company's Legal and Intellectual Property 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.
- 3) 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:

- a) 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.
- b) 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.

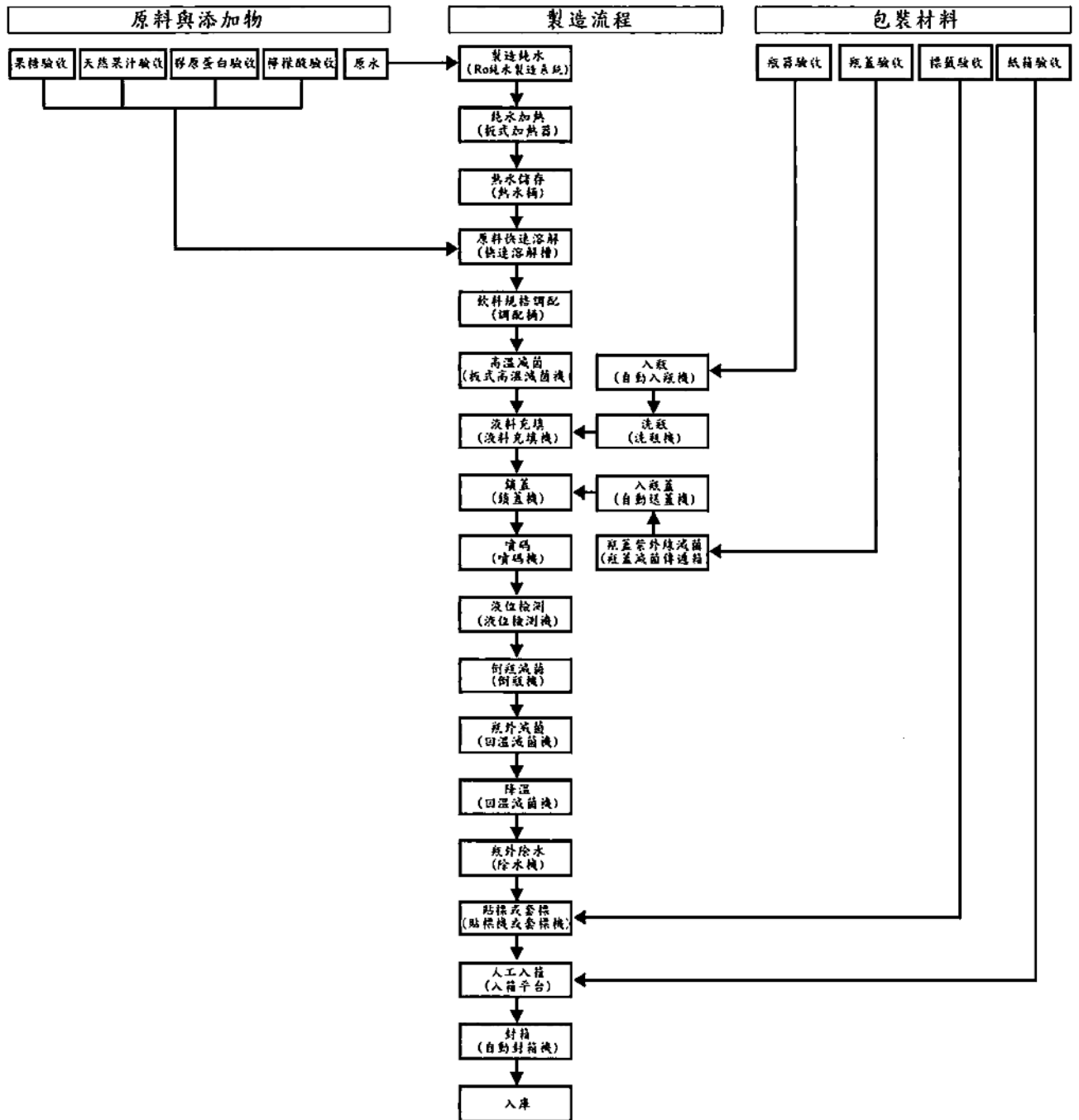
(2) Important use of the main products and production process

A. Major functionalities

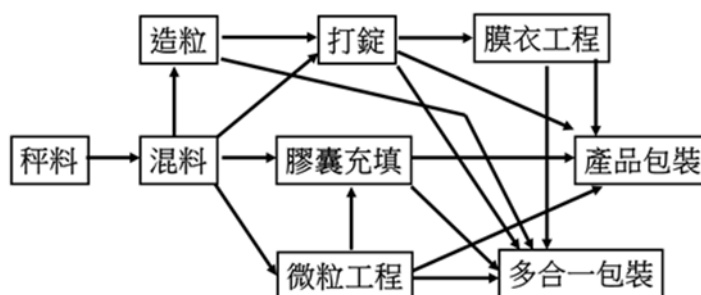
Product Category	Major functionalities
Functional Drink	Supplements the loss of body collagen, breast enlargement, whitening, slimming, lubricating joints, lowering blood fat and enhancing immunity
Dietary Supplements	Various types of whitening, anti-wrinkle, slimming, eye protection and immune enhancement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

## B. Production process

### B-1 Functional Drink



## B-2 Capsules, tablets, powders



### (3) Supply of main raw materials

The Company's raw materials are supplied by domestic and foreign manufacturers. 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 2021 and 2022. 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\$ thousand

Item	2022				2023			
	Name	Amount	%	Relationship	Name	Amount	%	Relationship
1	Customer M	1,015,075	13.66	None	Customer D	871,525	10.87	None
2	Others	6,417,439	86.34	-	Others	7,144,124	89.13	-
	Annual Revenue	7,432,514	100.00	-	Annual Revenue	8,015,649	100.00	-

#### Reasons for increase or decrease:

Customer D is an American customer. At the end of 2021, TCI established a factory in the United States, fully dedicating efforts to develop the American market. Revenue from the United States has grown year by year from 2021 to 2023.

(5) Sales and production quantity in the last two years

Unit: 1000 NT\$; 1,000 PCS

Year \ Product Category	2022			2023		
	Production Capacity	Production Quantity	Output Value	Production Capacity	Production Quantity	Output Value
Functional Drink	Note	Note	2,183,684	Note	Note	1,244,447
Dietary Supplements	Note	Note	394,065	Note	Note	451,224
Skincare Product	Note	Note	2,056,374	Note	Note	1,747,899
Total			4,634,123			3,443,570

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

Change analysis:

The primary reason for the decline in the output value of functional drinks and beauty care products is the pandemic. However, the sales of health supplements have increased due to their immune-boosting effects, leading to increased utilization of related production lines.

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

Unit: Thousand PCS; NT\$ thousand

Year \ Product Category	Year of 2022				Year of 2023			
	Domestic Customers		Overseas Customers		Domestic Customers		Overseas Customers	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Functional Drink	13,777	233,025	142,982	3,622,462	10,899	216,767	148,284	2,914,333
Dietary Supplements	Note	321,305	Note	2,180,640	Note	288,036	Note	3,086,719
Skincare Product	Note	62,167	Note	450,919	Note	79,574	Note	512,659
Others	Note	533,530	Note	28,466	Note	510,168	Note	407,393
Total		1,150,027		6,282,487		1,094,545		6,921,104

Note: Due to inconsistencies in product dosage units, sales volume calculations are not intended.

Change analysis:

With the development of clients holding a high market share in the European and American markets, revenue from these markets also saw a significant increase in 2023. This increase was influenced by client store expansions and the launch of new products, leading to a rise in demand and orders. Additionally, as the pandemic situation improved in China, the number of orders gradually returned to previous levels, resulting in an overall revenue increase in 2023 compared to the same period last year.

### 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

Year		2022	2023	As of April 30, 2024
Item				
No. of Employees	Support Staff	96	82	102
	Management Staff	69	92	64
	R&D Staff	93	86	94
	Salesperson	37	22	27
	Production Staff	341	293	251
	Total	636	575	538
Average Age		34.4	36.8	34.4
Average Years of Service		4.7	4.5	4.1
Education ratio (%)	Ph.D.	2.8%	2.4%	3.0%
	Master	25.6%	23.4%	31.0%
	College	50.5%	45.3%	48.2%
	Below Senior High School (Included)	21.1%	28.9%	17.8%
	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 factory 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 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 have been 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 factory 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 increase 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 office 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. 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, labor safety and health education training, professional courses, etc., and department heads and staff can also send staff as needed. Or self-study courses 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

To promote retirement 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 monthly 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. 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, 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.

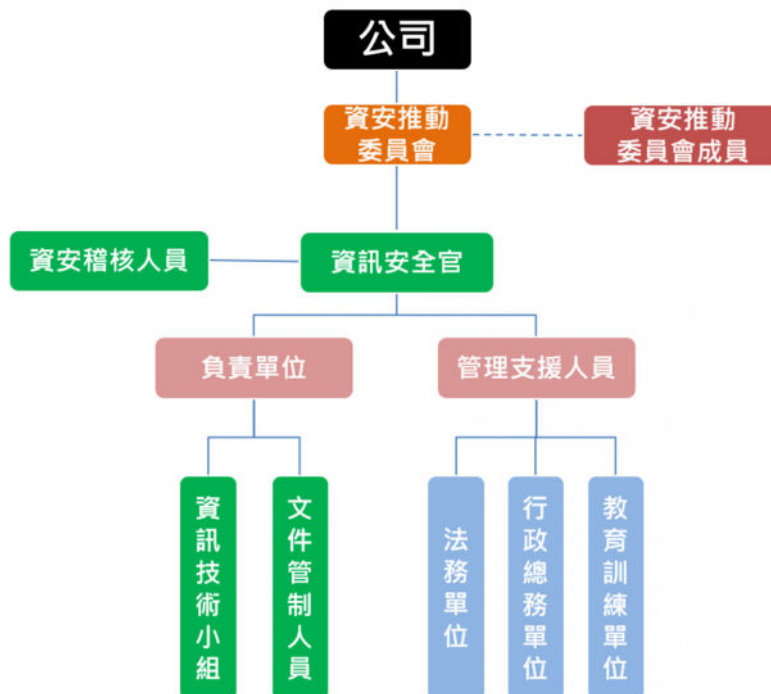
- (2) In the most recent year and the end of the annual report, the losses suffered by labor disputes, and the current and future estimated amounts and response measures may be disclosed. If it cannot be reasonably estimated, the facts that cannot be reasonably estimated should be stated.

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 information security risk management framework, information security policies, specific management plans, and resources devoted to information security management.
- (2) The Company shall set forth the losses, possible impacts, and responses to material information and communications security incidents in the most recent year and up to the date of printing of the annual report, and if the losses cannot be reasonably estimated, the facts that cannot be reasonably estimated.
- (3) The risk management framework for information and communications security, information and communications security policies, specific management plans and measures for information and communications security management.

### A. Risk Management Structure



### B. Security Policy

The 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.

To maintain the Company's competitive advantage, all employees are expected to manage themselves per 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. At the same time, 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 Management 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 the Company has not purchased information security insurance for the time being, it can still provide a safe and secure environment through the operation of the Information Security Management Committee and implementing information security policies to protect the information security of the Company's services. The next goal is to complete each factory's information security expert system 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, the Company plans to conduct training and certification so that the Company's information security can be complete and more reliable in terms of manpower and capability.

- (4) The loss suffered because of a material information security incident, the possible impact and the response measures for the most recent year and as of the printing date of the annual report, and if the loss cannot be reasonably estimated, the fact that it cannot be reasonably estimated: 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
Service contract	TCI	Level Biotechnology Inc.	October 5, 2023 - December 31, 2024	Conduct microbial and toxin testing on products	None
Procurement contract	TCI	Jidien Co., Ltd.	December 20, 2022 - April 28, 2024	Purchase of 4 robots for S16 factory	None
Service contract	TCI	TAIWAN FILLER TECH. CO., LTD.	February 16, 2023 - April 30, 2024	Installation of 2nd probiotics production line, workshop renovation, and necessary utility equipment configuration at S9 factory	None
Procurement contract	TCI	Bon-Light Enterprise Co., Ltd.	June 5, 2023 - June 4, 2024	Purchase of robotic arm accessories for the 400bpm line.	None
Service contract	TCI	Kyoto Seisakusho Co., Ltd.	November 10, 2023 - February 11, 2025	Purchase 30 sets of TDN1 molds	None
Service contract	TCI	Super Laboratory Co., Ltd.	December 13, 2023 - December 31, 2025	Conduct microbial and toxin testing on products	None
Procurement contract	TCI	VANTAGE MACHINERY TECHNOLOGY CO., LTD.	July 28, 2023 - October 31, 2024	Purchase of robotic arm conveyor system	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 - International Financial Reporting Standards (IFRS)

##### 1) Stand-alone Financial Statement

Unit: NT\$ thousand

Item	Year	Financial Information in the Last 5 Years				
		2019	2020	2021	2022	2023
Current Assets		2,655,330	2,106,491	2,557,387	3,554,204	3,063,869
Property, Plant and Equipment		1,883,457	2,985,462	3,391,980	3,575,910	3,759,382
Intangible Assets		19,532	13,477	13,946	15,169	7,859
Other Assets		5,817,718	5,844,835	6,666,533	4,964,762	4,607,725
Total Assets		10,376,037	10,950,265	12,629,846	12,110,045	11,438,835
Current Liabilities	Before distribution	2,781,495	3,428,644	3,510,975	3,677,631	2,439,784
	After distribution	3,822,117	4,469,399	4,560,989	4,268,935	3,263,886
Noncurrent Liabilities		461,467	21,585	1,002,444	323,867	775,994
Total Liabilities	Before distribution	3,242,962	3,450,229	4,513,419	4,001,498	3,215,778
	After distribution	4,283,584	4,490,984	5,563,433	4,592,802	4,039,880
Shareholder's Equity Attributable to Parent Company		-	-	-	-	-
Paid-in Capital		1,196,172	1,182,202	1,182,449	1,182,608	1,182,608
Capital Surplus		2,600,733	2,618,432	2,647,254	2,887,265	2,900,420
Retained Earnings	Before distribution	3,757,296	4,183,328	4,687,858	4,351,565	4,656,525
	After distribution	2,716,674	3,142,573	3,637,844	3,760,261	3,832,423
Other Equity Interests		(421,126)	(257,069)	(282,347)	(194,104)	(283,533)
Treasury Stock		-	(226,857)	(118,787)	(118,787)	(232,963)
Non-Controlling Interest		-	-	-	-	-
Total Equity	Before distribution	7,133,075	7,500,036	8,116,427	8,108,547	8,223,057
	After distribution	6,092,453	6,459,281	7,066,413	7,517,243	7,398,955

Source: Stand-alone financial statements audited by a certified public accountant.

Note: The distribution of earnings for 2023 has been approved by the board of directors.

## 2) Consolidated Financial Statement

Unit: NT\$ thousand

Item	Year	Financial Information in the Last 5 Years				
		2019	2020	2021	2022	2023
Current Assets		6,300,355	6,944,855	7,817,191	8,601,325	7,885,412
Property, Plant and Equipment		2,488,439	3,714,190	4,611,133	4,866,995	4,940,470
Intangible Assets		31,196	22,239	449,001	741,180	691,149
Other Assets		2,008,628	1,283,574	1,833,715	898,457	584,472
Total Assets		10,828,618	11,964,858	14,711,040	15,107,957	14,101,503
Current Liabilities	Before distribution	3,130,132	4,305,496	4,446,551	4,491,067	3,280,013
	After distribution	4,170,754	5,346,251	5,496,565	5,082,371	4,014,115
Noncurrent Liabilities		490,985	70,959	1,022,493	537,866	943,548
Total Liabilities	Before distribution	3,621,117	4,376,455	5,469,044	5,028,933	4,223,561
	After distribution	4,661,739	5,417,210	6,519,058	5,620,237	5,047,663
Shareholder's Equity Attributable to Parent Company		7,133,075	7,500,036	8,116,427	8,108,547	8,223,057
Paid-in Capital		1,196,172	1,182,202	1,182,449	1,182,608	1,182,608
Capital Surplus		2,600,733	2,618,432	2,647,254	2,887,265	2,900,420
Retained Earnings	Before distribution	3,757,296	4,183,328	4,687,858	4,351,565	4,656,525
	After distribution	2,716,674	3,142,573	3,637,844	3,760,261	3,832,423
Other Equity Interests		(421,126)	(257,069)	(282,347)	(194,104)	(283,533)
Treasury Stock		-	(226,857)	(118,787)	(118,787)	(232,963)
Non-Controlling Interest		74,426	88,367	1,125,569	1,970,477	1,654,885
Total Equity	Before distribution	7,207,501	7,588,403	9,241,996	10,079,024	9,877,942
	After distribution	6,166,879	6,547,648	8,191,982	9,487,720	9,053,840

Source: Consolidated financial statements audited by a certified public accountant.

Note: The distribution of earnings for 2023 has been approved by the board of directors.

## (2) Statements of Comprehensive Income

### A. Statements of Comprehensive Income - International Financial Reporting Standards (IFRS)

#### 1) Stand-alone Financial Statement

Unit: NT\$ thousand

Item \ Year	Financial Information in the Last 5 Years				
	2019	2020	2021	2022	2023
Net Revenue	6,332,067	6,068,526	5,717,576	4,957,274	4,994,176
Gross Profit	2,246,892	2,500,657	2,546,278	2,117,603	1,859,052
Operating Profit	979,472	1,316,834	1,232,110	1,041,837	821,351
Non-Operating Income and Expenses	1,245,313	760,307	615,660	(96,532)	227,937
Pre-tax Income	2,224,785	2,077,141	1,847,770	945,305	1,049,288
Net Income for Continuing Operations	2,016,129	1,838,792	1,545,758	713,494	896,258
Loss from Discontinued Operations	-	-	-	-	-
Net Income	2,016,129	1,838,792	1,545,758	713,494	896,258
Other Comprehensive Profit and Loss (after Tax)	(157,363)	81,009	(37,586)	88,470	(89,423)
Comprehensive Income	1,858,766	1,919,801	1,508,172	801,964	806,835
Earnings per Shares	17.02	15.69	13.17	6.06	7.73

Source: Stand-alone financial statements audited by a certified public accountant.



## 2) Consolidated Financial Statement

Unit: NT\$ thousand

Item	Year	Financial Information in the Last 5 Years				
		2019	2020	2021	2022	2023
Net Revenue		9,566,132	8,223,851	8,580,103	7,432,514	8,015,649
Gross Profit		4,015,487	3,589,728	3,724,832	3,135,467	3,216,535
Operating Profit		2,202,317	2,017,805	1,729,857	1,026,102	1,054,598
Non-Operating Income and Expenses		202,914	180,416	279,594	263,667	120,097
Pre-tax Income		2,405,231	2,198,221	2,009,451	1,289,769	1,174,695
Net Income for Continuing Operations		2,037,966	1,852,738	1,616,001	820,762	992,064
Loss from Discontinued Operations		-	-	-	-	-
Net Income		2,037,966	1,852,738	1,616,001	820,762	992,064
Other Comprehensive Profit and Loss (after Tax)		(157,509)	81,004	(32,056)	93,958	(81,883)
Comprehensive Income		1,880,457	1,933,742	1,583,945	914,720	910,181
Profit Attributable to Owners of the Parent Company		2,016,129	1,838,792	1,545,758	713,494	896,258
Net income attributable to noncontrolling interests		21,837	13,946	70,243	107,268	95,806
Total consolidated profit or loss attributable to owners of the parent company		1,858,766	1,919,801	1,508,172	801,964	806,835
Total consolidated profit or loss attributable to noncontrolling interests		21,691	13,941	75,773	112,756	103,346
Earnings per Shares		17.02	15.69	13.17	6.06	7.73

Source: Consolidated financial statements audited by a certified public accountant.

### (3) Independent auditors' names and their audit opinions in the last 5 years

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

Year	CPA Firm	CPA name	Auditor's Opinions
2019	PwC Taiwan	Ming-Chuan Hsu, Kuo-Hua Wang	No Special Opinions
2020	PwC Taiwan	Ming-Chuan Hsu, Bing-Jun Zhi	No Special Opinions
2021	PwC Taiwan	Ming-Chuan Hsu, Bing-Jun Zhi	No Special Opinions
2022	PwC Taiwan	Ming-Chuan Hsu, Bing-Jun Zhi	No Special Opinions
2023	PwC Taiwan	Ming-Chuan Hsu, Bing-Jun Zhi	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 - International Financial Reporting Standards (IFRS)

#### A. Stand-alone Financial Statement

Analysis items (Note 3)		Year	Financial Analysis within the Last 5 Years				
		2019	2020	2021	2022	2023	
Financial structure (%)	Liabilities to assets ratio	31.25	31.51	35.74	33.04	28.11	
	Long-term capital to property, plant and equipment	401.63	251.35	268.84	177.65	239.38	
Liquidity (%)	Current Ratio	95.46	61.44	72.84	82.23	125.58	
	Quick Ratio	63.38	47.81	51.20	64.87	96.92	
	Interest Coverage Ratio	548.98	160.67	85.76	32.67	27.90	
Operating Performance	Accounts Receivable Turnover (Times)	8.25	8.02	6.57	4.43	17.78	
	Average Collection Days	44	46	56	82	20.53	
	Inventory Turnover (times)	6.94	6.66	7.81	5.11	5.30	
	Accounts Payable Turnover (times)	3.68	4.52	4.74	5.26	5.89	
	Average Days Sales	53	55	47	71	69	
	Property, Plant and Equipment	3.68	2.49	1.79	1.42	1.36	
	Total Asset Turnover (times)	0.67	0.57	0.48	0.41	0.42	
Profitability	Return on Assets (%)	21.28	17.34	13.26	5.77	7.88	
	Return on Equity (%)	31.36	25.13	19.80	8.8	10.98	
	Ratio to paid-in capital (%)	Operating Profit	81.88	111.39	104.20	88.10	69.45
		Pretax Income	185.99	175.70	156.27	79.93	88.73
	Net Income Margin	31.84	30.30	27.04	14.39	17.95	
	Earnings per Share (NT\$) (Note 1)	17.02	15.69	13.17	6.06	7.73	
Cash Flow	Cash Flow Ratio (%)	53.52	40.70	24.59	16.29	52.24	
	Cash Flow Adequacy Ratio (%)	65.08	69.34	65.45	66.60	73.70	
	Cash Flow Investment Ratio (%)	9.58	4.31	-1.75	-4.09	6.37	
Leverage	Operating leverage	1.17	1.30	1.13	1.32	1.47	
	Financial leverage	1.00	1.01	1.02	1.03	1.05	

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

1. Debt-to-Asset Ratio: Decreased due to the repayment of short-term loans this year.
2. Current Ratio, Quick Ratio, Cash Flow Ratio, Accounts Receivable Turnover, Average Collection Period: Mainly due to increased sales activities at the end of the period, leading to an increase in accounts receivable.
3. Interest Coverage Ratio: Primarily affected by increased bank loan interest expenses due to new long-term borrowings this period.
4. Inventory Turnover, Average Selling Days: Mainly due to the development of many new clients in the European and American markets this period. As clients expanded stores and launched new products, product demand increased.
5. Fixed Asset Turnover, Total Asset Turnover: Mainly due to increased order demand and the purchase of more real estate, plant, and equipment this period.
6. Return on Assets (ROA), Return on Equity (ROE), Return on Paid-In Capital, Net Profit Margin, Earnings Per Share (EPS): Profitability for the entire year was higher than last year, primarily due to the development of many new clients in the European and American markets this period. As clients expanded stores and launched new products, product demand increased, leading to higher revenue compared to last year.
7. Cash Flow Ratio, Cash Reinvestment Ratio: Mainly due to the development of many new clients in the European and American markets this period. As clients expanded stores and launched new products, product demand increased, leading to higher revenue compared to last year, resulting in better operational cash inflow than last year.

## B. Consolidated Financial Statement

Analysis item		Year	Financial Analysis within the Last 5 Years				
		2019	2020	2021	2022	2023	
Financial structure (%)	Liabilities to assets ratio	33.44	36.58	37.18	33.29	29.95	
	Long-term Fund to Property, Plant, and Equipment Ratio	306.98	204.42	222.60	213.61	215.06	
Liquidity (%)	Current Ratio	201.28	161.30	175.80	179.72	240.41	
	Quick Ratio	157.92	142.16	149.57	151.55	207.2	
	Interest Coverage Ratio	484.56	162.96	86.23	38.28	26.34	
Operating Performance	Accounts Receivable Turnover (Times)	16.58	13.19	10.40	7.32	8.07	
	Average Collection Days	22	28	35	50	45	
	Inventory Turnover (times)	4.64	5.35	6.33	4.20	4.55	
	Accounts Payable Turnover (times)	4.37	5.46	6.03	5.4	6.55	
	Average Days Sales	79	68	58	87	80	
	Property, Plant and Equipment	4.33	2.65	2.06	1.55	1.62	
	Total Asset Turnover (times)	0.91	0.72	0.64	0.49	0.55	
Profitability	Return on Assets (%)	19.34	16.35	12.26	5.60	7.05	
	Return on Equity (%)	31.41	25.04	19.20	8.33	9.94	
	Ratio to paid-in capital (%)	Operating Profit	184.11	170.68	146.29	86.77	89.18
		Pretax Income	201.08	185.94	169.94	109.06	99.33
	Net Income Margin	21.30	22.53	18.83	11.04	12.38	
	Earnings per Share (NT\$) (Note 1)	17.02	15.69	13.17	6.06	7.73	
Cash flow	Cash Flow Ratio (%)	46.82	62.64	35.53	60.05	58.09	
	Cash Flow Adequacy Ratio (%)	113.46	120.61	112.45	105.44	98.05	
	Cash Flow Investment Ratio (%)	9.04	19.45	5.15	17.52	10.60	
Leverage	Operating leverage	1.14	1.19	1.30	1.90	1.65	
	Financial leverage	1.00	1.01	1.01	1.03	1.05	

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

1. Debt-to-Asset Ratio: Decreased due to the repayment of short-term loans this year.
2. Current Ratio, Quick Ratio, Cash Flow Ratio, Accounts Receivable Turnover, Average Collection Period: Mainly due to increased sales activities at the end of the period, leading to an increase in accounts receivable.
3. Interest Coverage Ratio: Primarily affected by increased bank loan interest expenses due to new long-term borrowings this period.
4. Inventory Turnover, Average Selling Days: Mainly due to the development of many new clients in the European and American markets this period. As clients expanded stores and launched new products, product demand increased.
5. Fixed Asset Turnover, Total Asset Turnover: Mainly due to increased order demand and the purchase of more real estate, plant, and equipment this period.
6. Return on Assets (ROA), Return on Equity (ROE), Return on Paid-In Capital, Net Profit Margin, Earnings Per Share (EPS): Profitability for the entire year was higher than last year, primarily due to the development of many new clients in the European and American markets this period. As clients expanded stores and launched new products, product demand increased, leading to higher revenue compared to last year.
7. Cash Flow Ratio, Cash Reinvestment Ratio: Mainly due to the development of many new clients in the European and American markets this period. As clients expanded stores and launched new products, product demand increased, leading to higher revenue compared to last year, resulting in better operational cash inflow than last year.

Source: Consolidated financial statements audited by a certified public accountant.

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 (including accounts payable and notes payable arising from business operations) = Cost of Goods Sold / Average Accounts Payable (including accounts payable and notes payable arising from business operations) for each period.
- (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 Report

The Board of Directors has prepared the Company's 2023 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  
2024 Annual Shareholders' Meeting of TCI Co., Ltd.

TCI Co., Ltd.

Chairman of the Audit Committee:

Sung-Yuan Liao



May 9, 2024

4. **Financial Statements of the most recent year:** Please refer to pages 161~249.
5. **The consolidated financial statements of the parent and subsidiary audited by the CPA in the most recent year:** Please refer to pages 250~324.
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\$ thousand

Item	Year	2023	2022	Difference	
				Amount	%
Current Assets		7,885,412	8,601,325	(715,913)	-8%
Financial assets measured at fair value through other comprehensive income		62,966	48,410	14,556	30%
Available-for-sale Financial Assets		-	-	-	-
Property, Plant and Equipment		4,940,470	4,866,995	73,475	2%
Intangible Assets		691,149	741,180	(50,031)	-7%
Other Assets		521,506	850,047	(328,541)	-39%
Total Assets		14,101,503	15,107,957	(1,006,454)	-7%
Current Liabilities		3,280,013	4,491,067	(1,211,054)	-27%
Long-term Liabilities		746,929	317,510	429,419	135%
Other Liabilities		196,619	220,356	(23,737)	-11%
Total Liabilities		4,223,561	5,028,933	(805,372)	-16%
Paid-in Capital		1,182,608	1,182,608	0	0%
Capital Surplus		2,900,420	2,887,265	13,155	0%
Legal Reserve		970,582	899,210	71,372	8%
Special Reserve		194,104	282,347	(88,243)	-31%
Retained Earnings		3,491,839	3,170,008	321,831	10%
Other Equity Interests		(283,533)	(194,104)	(89,429)	46%
Shareholder's Equity Attributable to Parent Company		8,223,057	8,108,547	114,510	1%
Total Equity		9,877,942	10,079,024	(201,082)	-2%
<p>Recently, the annual change has reached more than 20%, and the amount of change has reached NT\$10 million or more:</p> <p>(1) Financial assets measured at fair value through other comprehensive income: This is due to the revaluation of financial assets.</p> <p>(2) Other assets: As a result of the completion of acceptance of prepaid construction equipment during the period and its transfer to official assets</p> <p>(3) Long-term liabilities: Long-term loans are reclassified to long-term loans of one year or one operating cycle.</p> <p>(4) Statutory surplus: Due to the increase in net profit for the period.</p> <p>Future Response Plan: The above changes have no significant impact on the Company.</p>					

## 2. Financial Performance

### (1) Analysis of Financial Status

Unit: NT\$ thousand

Item \ Year	2023	2022	Increased or Decreased Amount	Change (%)
Net Revenue	8,015,649	7,432,514	583,135	8%
Operating Costs	(4,799,114)	(4,297,047)	(502,067)	12%
Gross Profit	3,216,535	3,135,467	81,068	3%
Operating Expenses	(2,161,937)	(2,109,365)	(52,572)	2%
Income from Operations	1,054,598	1,026,102	28,496	3%
Non-operating income	163,703	150,211	13,492	9%
Other Gains and Losses	10,223	152,930	(142,707)	-93%
Financial Costs	(46,350)	(34,599)	(11,751)	34%
Non-Operating Income and Expenses	120,097	263,667	(143,570)	-54%
Pre-tax Income	1,174,695	1,289,769	(115,074)	-9%
Income Tax Expense	(182,631)	(469,007)	286,376	-61%
Net Income	992,064	820,762	171,302	21%
<p>Recently, the annual change has reached more than 20%, and the amount of change has reached NT\$10 million or more:</p> <p>(1) Other Gains and Losses: Mainly influenced by foreign currency exchange gains and losses, resulting from fluctuations in the exchange rates of the Chinese Yuan (RMB) and the US Dollar (USD).</p> <p>(2) Finance Costs: Primarily due to the increased use of borrowings in this period.</p> <p>(3) Income Tax Expense: Attributable to the repatriation of funds from China this period.</p>				

### (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\$ thousand

Item \ Year	2023	2022	Increased or Decreased Amount	Change (%)
Cash Inflow (Outflow) from Operating Activities	1,905,226	955,636	949,590	99%
Cash Inflow (Outflow) from Investment Activities	(377,959)	488,535	(621,841)	-255%
Cash Inflow (Outflow) from Financing Activities	(1,973,702)	(832,616)	(1,141,086)	137%
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: Increase mainly due to the increase in financial assets measured at amortized cost.				
(3) Net cash outflow from financing activities: Mainly due to repayment of short-term borrowings during the period.				

#### (2) Analysis of changes in cash flow in the coming year

	Forecast Net Cash Inflow from Operating Activities	Forecast Net Cash Flow from Investing Activities	Forecast Net Cash Flow from Financing Activities	Forecast Cash Balance (Deficit)	Source of Funding for Negative Cash Balance	
					Investment Plan	Financial Plan
5,363,426	1,905,226	(377,959)	(1,973,702)	4,916,991	-	-
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 Reinvestment Policy, Main Reasons for Profit or Loss, Improvement Plan, and Investment Plan for the Next Year

##### (1) Recent Year's Reinvestment Policy:

In response to the development of global customers, the Company's investment strategy is to expand into overseas markets and deepen its presence in major countries to increase overseas revenue and market share.



(2) Main Reasons for Profit or Loss from Reinvestment Business in the Recent Year and Improvement Plan:

In 2023, TCI's reinvestment profit amounted to NT\$250,837 thousand. The primary reasons for this profit include strong momentum in the European and American markets throughout 2023 and the gradual recovery of shipment volumes in China as the overall economy improved.

(3) Investment Plan for the Next Year: None.

## 6. Risk Analysis and Assessment for the Recent Year and Up to the Annual Report Publication Date

(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 2022 and 2023 were NT\$34,599,000 and NT\$46,350,000 respectively, accounting for 1.36% and 3.37% 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\$ thousand

Item	2022	2023
Financial Costs	34,599	46,350
Operating Profit	1,026,102	1,054,598
Ratio between the Financial Cost and the Operating Profit	3.37%	4.40%

Source: The 2023 Financial Statements approved by CPAs

### B. Effect of currency exchange rates

The Company's foreign currency exchange gains amounted to \$128,814 thousand and \$17,740 thousand for 2022 and 2023, respectively, accounting for 1.73% and 0.22% 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 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, to mitigate the impact of exchange rate fluctuations on the Company's revenue and profit.

Unit: NT\$ thousand

Item	2022	2023
Net Exchange Loss/Profit	128,814	17,740
Operating Income	7,432,514	8,015,649
Ratio between the Net Exchange Loss/Profit and the Operating Revenue	1.73%	0.22%

Source: The 2023 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) The policy of engaging in high-risk, highly leveraged investments, lending of funds to others, endorsement and guarantee, and derivative transactions, the main reasons for profit or loss, and future measures to address them.

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 research and development plans and estimated investment in research and development

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 2023, it is estimated to invest NT\$600,000,000 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 domestic and international policy and legal changes on the Company's financial operations and measures to address them:

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 at 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) Impact of technological changes and industry changes on the Company's financial operations and measures to address them

The Company always pays attention to the development and changes of industry-related technology, understands 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) Impact of corporate image change on corporate crisis management and response measures

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, 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 annual report's publication date, there has been no such thing as affecting the corporate image of the Company.

- (7) Expected benefits, possible risks and countermeasures of mergers and acquisitions:

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 to 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. As we continue to develop new products in the future, TCI will gradually increase its supply sources to ensure a stable production capacity.

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: In the recent year and up to the date of this annual report publication, there have been no changes in the management control of the company. Therefore, this section is not applicable.

(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 each department's authority. 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. 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 it, and the central department supervisor approves the documents 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 there are no concerns about leaks of transaction information between the parties.

**7. Other Important Items:** None.

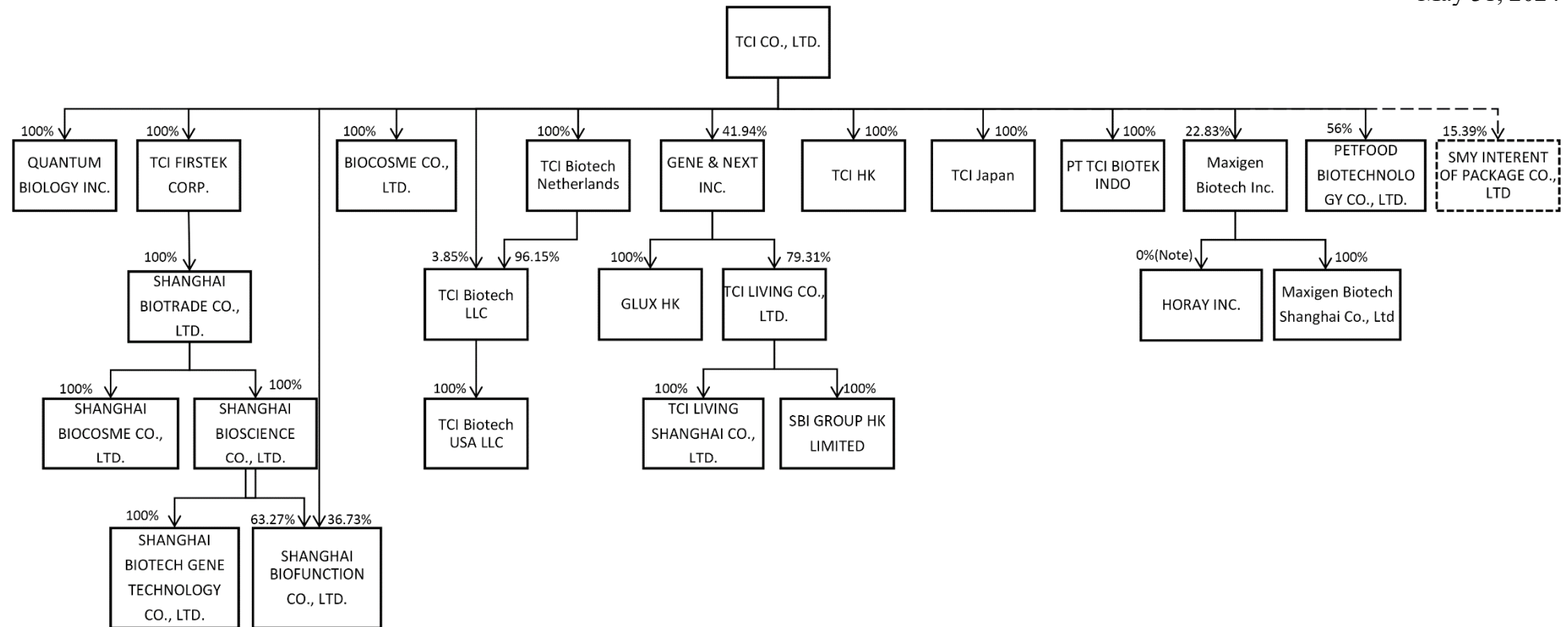
# VIII. Annotation

## 1. Information of the Company's Affiliates

### (1) Overview

#### A. Organizational Chart

May 31, 2024



Note: The company was in the process of dissolution in 2023, but the process had not been completed as of March 31, 2024.

## B. Affiliates' Profile

April 27, 2024; Unit: NT\$ thousand

Name	Date of incorporation	Address	Paid-in Capital	Business Scope
Taiwan TCI Firstek Corp.	November 9, 2004	8F, No. 189, Kang Chien Rd., Nei Hu Dist., Taipei, Taiwan	NT\$ 2,148,855,000	Wholesale and retail of health food and beauty products
BioTrade, Shanghai BioTech Group	September 20, 2005	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	September 1, 2011	No.100 Yutong Road, Shanghai, China	RMB \$6,000,000	Wholesale of health food, cosmetics and chemical products; entrusted processing business of cosmetics
BioCosme, Shanghai BioTech Group	December 12, 2012	No.9, Lane 285, Tiangong Rd., Jinshan Industrial Park, Shanghai, China	RMB \$33,000,000	Cosmetics manufacturing
BioCosme, Shanghai BioTech Group	July 31, 2018	10F, No. 185, Kang Chien Rd., Nei Hu Dist., Taipei, Taiwan	NT\$5,000,000	Health food and beauty care trade
TCI Gene Inc.	July 13, 2011	10F, No. 189, Kang Chien Rd., Nei Hu Dist., Taipei, Taiwan	NT\$264,585,000	Biotechnology and genetic research and development
GLUX HK LIMITED	January 15, 2014	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.	November 03, 2014	10F, No. 185, Kang Chien Rd., Nei Hu Dist., Taipei, Taiwan	NT\$34,800,000	Health food and beauty care trade
SBI GROUP HK LIMITED	January 18, 2016	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	May 22, 2012	District 24, Building 1, No.888 Yuegong Road, Jinshan Industrial Zone, Shanghai, China	RMB 256,447,000	Functional drink manufacturing
Genetech, Shanghai Biotech Group	January 10, 2019	16th Floor, No.127, Guotong Road, Yangpu District, Shanghai	RMB 10,000,000	Biotechnology and genetic research and development
TCI HK LIMITED	January 15, 2014	Room 1607, East Beauty Center, 43 Queen's Road East, Wanchai, Hong Kong	US\$ 700,000	Health food and beauty care trade
TCI BIOTECH LLC	September 26, 2017	737 East 1180 South, American Fork, Utah, U.S.A.	US\$ 7,800,000	Health food and beauty care trade
PT TCI BIOTEK INDO	September 13, 2018	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.	November 06, 2018	19F, Nakanoshima Sentoraturawa, 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 incorporation	Address	Paid-in Capital	Business Scope
TCI Biotech Netherlands B.V.	November 22, 2019	Wilhelminakade 173, 3072AP Rotterdam	EUR100,000; US\$7,500,000	Health food and beauty care trade
TCI LIVING Co., Ltd. (Shanghai)	July 10, 2020	Room 406, No.1, Lane 285, Tiangong Road, Jinshan Industrial Zone, Shanghai, China	US\$100,000; RMB1,295,000 US\$7,500,000	Health food and beauty care trade
Quantum Biology Inc.	November 23, 2020	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.	December 03, 1998	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 Inc. Shanghai	August 27, 2007	Room 801-6, 8F, No.100, Yutong Road, Jing'an District, Shanghai	US\$ 1,800,000	Trading of cosmetics and beauty care products
TCI BIOTECH USA LLC	September 15, 2021	737 East 1180 South, American Fork, Utah, U.S.A.	NT\$30,000,000	Health food production
Petfood Biotechnology Co., Ltd.	December 16, 2021	1st Floor, No.500, Section 2, Diding Avenue, Zhongshan District, Taipei City, TAIWAN,R.O.C.	NT\$30,000,000	Production and sales of pet food and supplies

(Note 1) As of December 31, 2023, no capital has been invested.

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

April 27, 2024

Name	Title	Person or Representative	Shareholding	
			Shares	%
Taiwan TCI Firstek Corp.	Chairman-cum-General Manager	Yung-Hsiang Lin	0	0.00%
	Director	Chih-Cheng Tsai	0	0.00%
	Director	Tian-Jian 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-Jyun Liou	0	0.00%
BioCosme, Shanghai BioTech Group	Executive Director	Yung-Hao Lin	0	0.00%
	Supervisor	Yi-Jyun Liou	0	0.00%
BioGene, Shanghai BioTech Group	Executive Director	Yung-Hsiang Lin	0	0.00%
	Supervisor	Yi-Jyun Liou	0	0.00%
TCI Gene Inc.	Chairman	Yung-Hsiang Lin	840,000	3.17%
	Director-cum-General Manager	Chen-Chen Fu	300,000	1.13%
	Director	COUNDE O'YANG	0	0.00%
	Director	Hong-Pei Yang	0	0.00%
	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-Jyun Liou	0	0.00%
BioCosme, Shanghai BioTech Group	Chairman-cum-General Manager	Yung-Hsiang Lin	0	0.00%
	Director	Yung-Hao Lin	0	0.00%
	Director	Chih-Cheng Tsai	0	0.00%
	Supervisor	Yi-Jyun Liou	0	0.00%
TCI Living Co., Ltd.	Chairman	Yung-Hsiang Lin	0	0.00%
	Director	Jui-Han Chang	67,800	1.72%
	Director	Chih-Cheng Tsai	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%

Name	Title	Person or Representative	Shareholding	
			Shares	%
TCI JAPAN CO., LTD.	Director	Yung-Hsiang Lin	0	0.00%
TCI Biotech Netherlands B.V.	Director	Yung-Hsiang Lin	0	0.00%
TCI BIOTECH LLC	Director	Yung-Hsiang Lin	0	0.00%
TCI BIOTECH USA LLC	Director	Yung-Hsiang Lin	0	0.00%
PT TCI BIOTEK INDO	Director	Cheng-Hsien Chiang	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	Shu-Ting Jhan	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	Xiu-Yuan Li	0	0.00%
	Director	Ching-Ting Chen	0	0.00%
	Director	Chen-Chen Fu	0	0.00%
	Director	Cong-Jie Qiu	0	0.00%
	Director	Shih-Ming Lai	0	0.00%
	Independent Director	Sung-Yuan Liao	0	0.00%
	Independent Director	Shih-Ming Li	0	0.00%
	Independent Director	Zhong-Ming Zeng	0	0.00%
Petfood Biotechnology Co., Ltd.	Chairman	Yung-Hsiang Lin	0	0.00%
	Director	Chih-Cheng Tsai	0	0.00%
	Director	Shu-Ting Jhan	0	0.00%
	Supervisor	Chen-Chen Fu	0	0.00%
Maxigen Biotech International Investment Corporation Limited	Director	Yung-Hsiang Lin	0	0.00%
Maxigen Biotech Inc. (Shanghai)	Director	Yung-Hsiang Lin	0	0.00%

## F. Affiliated Company's Operating Results

December 31, 2023; Unit: NT\$ Thousand

Name	Capital	Total Assets	Total Liabilities	Net Worth	Net Revenue	Operating Profit	Profit and loss for the period (after tax)	Earnings per share (after tax)
Taiwan TCI Firstek Corp.	2,148,855	2,815,855	89,675	2,726,180	363	(48)	180,278	0.84
BioTrade, Shanghai BioTech Group	14,117	2,777,971	57,050	2,720,921	346,154	(1,971)	177,167	Note 2
BioScience, Shanghai BioTech Group	26,064	2,357,613	9,144	2,348,469	13,490	620	174,265	Note 2
BioCosme, Shanghai BioTech Group	143,352	155,282	1,238	154,044	994	(3,604)	(224)	Note 2
TCI GENE INC.	264,585	1,054,188	67,676	986,512	87,370	(19,342)	11,673	0.44
BioFunction, Shanghai BioTech Group	1,131,425	3,701,939	1,500,679	2,201,261	2,506,457	195,896	274,459	Note 2
TCI HK LIMITED	20,741	87,168	61,643	25,525	98,906	3,214	6,568	Note 2
GLUX HK LIMITED	29,630	769	-	769	-	-	2	Note 2
TCI BIOTECH LLC	223,275	545,361	517,163	28,198	1,883,998	51,484	(47,843)	Note 2
BioCosme, Shanghai BioTech Group	5,000	5,042	-	5,042	-	-	27	-
Genetech, Shanghai Biotech Group	43,440	45,557	46	45,511	-	-	490	Note 2
TCI JAPAN CO., LTD.	15,131	40,192	37,849	2,343	8,419	(6,318)	(6,473)	Note 2
PT TCI BIOTEK INDO	Note 1	44,000	5,127	38,873	-	-	-	Note 2
TCI Biotech Netherlands B.V.	141,902	188,926	217,990	(29,065)	253,168	(13,472)	(48,653)	Note 2
TCI Living Co., Ltd.	39,324	201,500	86,080	115,420	247,288	26,234	25,525	3.04
SBI GROUP HK LIMITED	5,352	4,679	1,584	3,094	-	(68)	(68)	Note 2
TCI LIVING Co., Ltd. (Shanghai)	8,565	3,028	1,630	1,398	6,500	(895)	(884)	Note 2
Quantum Biology Inc.	30,000	11,513	-	11,513	-	(712)	(684)	(0.2)
Maxigen Biotech Inc.	889,571	1,548,624	187,522	1,361,102	612,554	184,605	165,828	1.65
Maxigen Biotech Inc. (Shanghai)	55,269	65,123	101,943	(36,819)	52,427	(37,108)	(34,938)	Note 2
TCI BIOTECH USA LLC	230,325	597,663	635,743	(38,080)	374,721	(98,764)	(101,608)	Note 2
Petfood Biotechnology Co., Ltd.	60,000	46,852	19,202	27,651	9,094	(17,986)	(18,526)	(4.61)

Note 1: The capital had not been invested as of December 31, 2021.

Note 2: It is a limited company. Therefore, no applicable.

- (2) Affiliated company consolidated financial statements: Not applicable
- (3) The companies that shall 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, 2023 and 2022, 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 material 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, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

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

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

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

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 2023 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 2023 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 America, Europe and Asia and cosmetic companies.

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

Please refer to Note 4(30) for accounting policies on revenue recognition and Note 6(23) for details of sales revenue.

#### How our audit addressed the matter

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

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

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

We have audited and expressed an unqualified opinion on the parent company only financial statements of TCI Co., Ltd. as at and for the years ended December 31, 2023 and 2022.

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

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

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

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

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

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and

obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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 15, 2024

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

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

TCI CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2023		December 31, 2022		
		AMOUNT	%	AMOUNT	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 5,363,426	38	\$ 5,932,794	39
1110	Financial assets at fair value through profit or loss - current	6(2)	79,330	1	184,805	1
1136	Current financial assets at amortised cost	6(4) and 8	212,066	1	25,696	-
1150	Notes receivable, net	6(5)	25,738	-	42,778	-
1170	Accounts receivable, net	6(5)	943,434	7	974,639	7
1180	Accounts receivable - related parties	7	107	-	268	-
1200	Other receivables		28,355	-	47,616	1
1210	Other receivables - related parties	7	68	-	45	-
130X	Inventories	6(6)	941,308	7	1,169,199	8
1410	Prepayments	6(7)	246,092	2	181,133	1
1470	Other current assets		45,488	-	42,352	-
11XX	<b>Total current assets</b>		<u>7,885,412</u>	<u>56</u>	<u>8,601,325</u>	<u>57</u>
<b>Non-current assets</b>						
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	62,966	1	48,410	1
1550	Investments accounted for using equity method	6(8)	19,896	-	27,375	-
1600	Property, plant and equipment	6(9) and 8	4,940,470	35	4,866,995	32
1755	Right-of-use assets	6(10)	192,605	1	199,663	1
1760	Investment property, net	6(11)	-	-	22,063	-
1780	Intangible assets	6(12)	691,149	5	741,180	5
1840	Deferred income tax assets	6(30)	31,950	-	26,627	-
1900	Other non-current assets	6(13)	277,055	2	574,319	4
15XX	<b>Total non-current assets</b>		<u>6,216,091</u>	<u>44</u>	<u>6,506,632</u>	<u>43</u>
1XXX	<b>Total assets</b>		<u>\$ 14,101,503</u>	<u>100</u>	<u>\$ 15,107,957</u>	<u>100</u>

(Continued)

**TCI CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2023		December 31, 2022		
		AMOUNT	%	AMOUNT	%	
<b>Current liabilities</b>						
2100	Short-term borrowings	6(14)	\$ 350,000	3	\$ 1,146,320	8
2130	Current contract liabilities	6(23)	496,528	4	454,107	3
2150	Notes payable		686	-	595	-
2170	Accounts payable		734,188	5	729,866	5
2180	Accounts payable - related parties	7	2,903	-	895	-
2200	Other payables	6(15)	764,932	5	691,132	5
2220	Other payables - related parties	7	-	-	1	-
2230	Current income tax liabilities		563,771	4	619,366	4
2280	Current lease liabilities		64,005	-	63,559	-
2320	Long-term liabilities, current portion	6(17)	200,000	1	650,000	4
2399	Other current liabilities, others		103,000	1	135,226	1
21XX	<b>Total current liabilities</b>		<u>3,280,013</u>	<u>23</u>	<u>4,491,067</u>	<u>30</u>
<b>Non-current liabilities</b>						
2540	Long-term borrowings	6(17)	746,929	5	317,510	2
2570	Deferred income tax liabilities	6(30)	83,303	1	97,625	-
2580	Non-current lease liabilities		106,806	1	111,306	1
2600	Other non-current liabilities		6,510	-	11,425	-
25XX	<b>Total non-current liabilities</b>		<u>943,548</u>	<u>7</u>	<u>537,866</u>	<u>3</u>
2XXX	<b>Total liabilities</b>		<u>4,223,561</u>	<u>30</u>	<u>5,028,933</u>	<u>33</u>
<b>Equity attributable to owners of parent</b>						
Share capital						
3110	Share capital - common stock	6(19)	1,182,608	8	1,182,608	8
Capital surplus						
3200	Capital surplus	6(20)	2,900,420	21	2,887,265	19
Retained earnings						
3310	Legal reserve	6(21)	970,582	7	899,210	6
3320	Special reserve		194,104	1	282,347	2
3350	Unappropriated retained earnings		3,491,839	25	3,170,008	21
Other equity interest						
3400	Other equity interest	6(22)	( 283,533)	( 2)	( 194,104)	( 1)
3500	Treasury shares	6(19)	( 232,963)	( 2)	( 118,787)	( 1)
31XX	<b>Equity attributable to owners of the parent</b>		<u>8,223,057</u>	<u>58</u>	<u>8,108,547</u>	<u>54</u>
36XX	Non-controlling interest		<u>1,654,885</u>	<u>12</u>	<u>1,970,477</u>	<u>13</u>
3XXX	<b>Total equity</b>		<u>9,877,942</u>	<u>70</u>	<u>10,079,024</u>	<u>67</u>
Significant contingent liabilities and unrecognised contract commitments						
3X2X	<b>Total liabilities and equity</b>		<u>\$ 14,101,503</u>	<u>100</u>	<u>\$ 15,107,957</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, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

Items	Notes	Year ended December 31			
		2023		2022	
		AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(23)	\$ 8,015,649	100	\$ 7,432,514	100
5000 Operating costs	6(6)(16)(28)(29) and 7	( 4,799,114)	( 60)	( 4,297,047)	( 58)
5900 Net operating margin		<u>3,216,535</u>	<u>40</u>	<u>3,135,467</u>	<u>42</u>
Operating expenses	6(9)(10)(11)(12)(2) 8)(29)				
6100 Selling expenses		( 780,423)	( 10)	( 731,303)	( 10)
6200 General and administrative expenses		( 803,715)	( 10)	( 672,150)	( 9)
6300 Research and development expenses		( 573,009)	( 7)	( 670,095)	( 9)
6450 Impairment loss determined in accordance with IFRS9	12(2)	( 4,790)	-	( 35,817)	-
6000 Total operating expenses		<u>( 2,161,937)</u>	<u>( 27)</u>	<u>( 2,109,365)</u>	<u>( 28)</u>
6900 Operating profit		<u>1,054,598</u>	<u>13</u>	<u>1,026,102</u>	<u>14</u>
Non-operating income and expenses					
7100 Interest income	6(24)	95,822	1	67,089	1
7010 Other income	6(25)	67,881	1	83,122	1
7020 Other gains and losses	6(26)	10,223	-	152,930	2
7050 Finance costs	6(27)	( 46,350)	( 1)	( 34,599)	( 1)
7060 Share of loss of associates and joint ventures accounted for using equity method	6(8)	( 7,479)	-	( 4,875)	-
7000 Total non-operating income and expenses		<u>120,097</u>	<u>1</u>	<u>263,667</u>	<u>3</u>
7900 <b>Profit before income tax</b>		<u>1,174,695</u>	<u>14</u>	<u>1,289,769</u>	<u>17</u>
7950 Income tax expense	6(30)	( 182,631)	( 2)	( 469,007)	( 6)
8200 <b>Profit for the year</b>		<u>\$ 992,064</u>	<u>12</u>	<u>\$ 820,762</u>	<u>11</u>
<b>Other comprehensive (loss) income</b>					
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>					
8311 Gains on remeasurements of defined benefit plans		\$ 28	-	\$ 1,127	-
8316 Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)(22)	10,987	-	( 2,590)	-
<b>Other comprehensive (loss) income that will be reclassified to profit or loss</b>					
8361 Financial statements translation differences of foreign operations	6(22)	( 92,898)	( 1)	95,421	1
8300 <b>Total other comprehensive (loss) income for the year</b>		<u>( \$ 81,883)</u>	<u>( 1)</u>	<u>\$ 93,958</u>	<u>1</u>
8500 <b>Total comprehensive income for the year</b>		<u>\$ 910,181</u>	<u>11</u>	<u>\$ 914,720</u>	<u>12</u>
Profit attributable to:					
8610 Owners of the parent		\$ 896,258	11	\$ 713,494	10
8620 Non-controlling interest		95,806	1	107,268	1
		<u>\$ 992,064</u>	<u>12</u>	<u>\$ 820,762</u>	<u>11</u>
Comprehensive income attributable to:					
8710 Owners of the parent		\$ 806,835	10	\$ 801,964	10
8720 Non-controlling interest		103,346	1	112,756	2
		<u>\$ 910,181</u>	<u>11</u>	<u>\$ 914,720</u>	<u>12</u>
Basic earnings per share (In dollars)	6(31)				
9750 Basic earnings per share		<u>\$ 7.73</u>		<u>\$ 6.06</u>	
9850 Diluted earnings per share		<u>\$ 7.68</u>		<u>\$ 6.03</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, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

Equity attributable to owners of the parent												
	Retained Earnings					Other equity interest						
	Share capital - common stock	Capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury shares	Total	Non-controlling interest	Total equity	
Notes												
<b>For the year ended December 31, 2022</b>												
		\$ 1,182,449	\$ 2,647,254	\$ 744,681	\$ 244,700	\$ 3,698,477	(\$ 283,329 )	\$ 982	(\$ 118,787 )	\$ 8,116,427	\$ 1,506,020	\$ 9,622,447
		-	-	-	-	713,494	-	-	-	713,494	107,268	820,762
	6(22)	-	-	-	-	257	95,421	( 7,208 )	-	88,470	5,488	93,958
	6(21)	-	-	-	-	713,751	95,421	( 7,208 )	-	801,964	112,756	914,720
Appropriations of 2021 earnings												
		-	-	154,529	-	( 154,529 )	-	-	-	-	-	-
		-	-	-	37,647	( 37,647 )	-	-	-	-	-	-
		-	-	-	-	( 1,050,014 )	-	-	-	( 1,050,014 )	-	( 1,050,014 )
		159	709	-	-	-	-	-	-	868	-	868
		-	5,030	-	-	-	-	-	-	5,030	-	5,030
		-	14,266	-	-	-	-	-	-	14,266	-	14,266
		-	204,044	-	-	-	-	-	-	204,044	( 204,044 )	-
		-	15,962	-	-	-	-	-	-	15,962	-	15,962
		-	-	-	-	-	-	-	-	-	577,500	577,500
		-	-	-	-	-	-	-	-	-	( 21,755 )	( 21,755 )
		-	-	-	-	( 30 )	-	30	-	-	-	-
		\$ 1,182,608	\$ 2,887,265	\$ 899,210	\$ 282,347	\$ 3,170,008	(\$ 187,908 )	(\$ 6,196 )	(\$ 118,787 )	\$ 8,108,547	\$ 1,970,477	\$ 10,079,024
<b>For the year ended December 31, 2023</b>												
		\$ 1,182,608	\$ 2,887,265	\$ 899,210	\$ 282,347	\$ 3,170,008	(\$ 187,908 )	(\$ 6,196 )	(\$ 118,787 )	\$ 8,108,547	\$ 1,970,477	\$ 10,079,024
		-	-	-	-	896,258	-	-	-	896,258	95,806	992,064
	6(22)	-	-	-	-	6	( 92,473 )	3,044	-	( 89,423 )	7,540	( 81,883 )
	6(21)	-	-	-	-	896,264	( 92,473 )	3,044	-	806,835	103,346	910,181
Appropriations of 2022 earnings												
		-	-	71,372	-	( 71,372 )	-	-	-	-	-	-
		-	-	-	( 88,243 )	88,243	-	-	-	-	-	-
		-	-	-	-	( 591,304 )	-	-	-	( 591,304 )	-	( 591,304 )
		-	5,017	-	-	-	-	-	-	5,017	-	5,017
		-	8,138	-	-	-	-	-	-	8,138	-	8,138
		-	-	-	-	-	-	-	( 114,176 )	( 114,176 )	( 385,908 )	( 500,084 )
		-	-	-	-	-	-	-	-	-	( 33,030 )	( 33,030 )
		\$ 1,182,608	\$ 2,900,420	\$ 970,582	\$ 194,104	\$ 3,491,839	(\$ 280,381 )	(\$ 3,152 )	(\$ 232,963 )	\$ 8,223,057	\$ 1,654,885	\$ 9,877,942

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, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2023	2022
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 1,174,695	\$ 1,289,769
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(9)(10)(11)(28)	590,798	556,473
Amortisation	6(12)(28)	51,314	70,970
Expected credit impairment loss	12(2)	4,790	35,817
Net loss (gain) on financial assets at fair value through profit or loss	6(2)(26)	7,793	( 14,598 )
Gain on disposal of property, plant and equipment	6(26)	( 10,731 )	( 6,786 )
Loss on disposal of investment property	6(26)	535	-
Loss (gain) on disposal of investments	6(26)	4,349	( 2,532 )
Interest income	6(24)	( 95,822 )	( 67,089 )
Dividend income	6(25)	( 14,368 )	( 5,471 )
Interest expense	6(27)	46,350	34,599
Compensation cost arising from employee stock options	6(18)(29)	14,194	19,434
Profit from lease modifications	6(10)(26)	( 149 )	( 409 )
Share of profit of associates and joint ventures accounted for under the equity method	6(8)	7,479	4,875
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		17,040	18,885
Accounts receivable		26,421	( 64,127 )
Accounts receivable - related parties		161	2,758
Other receivables		19,261	2,367
Other receivables - related parties		( 23 )	( 45 )
Inventories		227,891	( 291,827 )
Prepayments		( 65,082 )	95,527
Other current assets		( 3,136 )	28,444
Changes in operating liabilities			
Contract liabilities - current		42,421	( 37,032 )
Notes payable		91	( 2,390 )
Accounts payable		4,322	( 127,153 )
Accounts payable - related parties		2,008	( 6,467 )
Other payables		67,645	( 311,471 )
Other payables - related parties		( 1 )	( 7 )
Other current liabilities		( 32,226 )	36,624
Cash inflow generated from operations		2,088,020	1,259,138
Interest received		95,822	67,089
Dividends received		14,368	5,471
Interest paid		( 40,422 )	( 29,776 )
Income tax paid		( 252,562 )	( 346,286 )
Net cash flows from operating activities		<u>1,905,226</u>	<u>955,636</u>

(Continued)

TCI CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2023	2022
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Acquisition of non-current financial assets at fair value through other comprehensive income		\$ -	(\$ 10,000 )
Proceeds from disposal of non-current financial assets at fair value through other comprehensive income		-	9,970
Acquisition of property, plant and equipment	6(32)	( 153,210 )	( 129,454 )
Proceeds from disposal of property, plant and equipment		21,032	25,855
Proceeds from disposal of investment property		22,590	-
Decrease (increase) in refundable deposits	6(13)	3,664	( 55 )
Acquisition of intangible assets		( 964 )	( 8,781 )
Decrease in other non-current assets		5,011	5,616
Acquisition of financial assets at fair value through profit or loss		( 38,510 )	( 153,566 )
Proceeds from disposal of financial assets at fair value through profit or loss		131,844	119,754
(Increase) decrease in financial assets at amortised cost	6(4)	( 186,370 )	656,776
Increase in prepayments for purchase of equipment		( 183,046 )	( 264,033 )
Net cash inflow on acquisition of subsidiaries		-	19,600
Increase in investment accounted for using equity method		-	( 27,800 )
Net cash flows (used in) from investing activities		<u>( 377,959 )</u>	<u>243,882</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Proceeds from short-term borrowings		1,699,235	4,298,672
Repayments of short-term borrowings		( 2,495,555 )	( 4,600,590 )
Proceeds from long-term borrowings		197,802	-
Lease liabilities paid		( 76,098 )	( 59,702 )
Redemption of long-term borrowings		( 218,383 )	-
Decrease in guarantee deposits		( 4,915 )	( 477 )
Cash dividends paid		( 591,304 )	( 1,050,014 )
Employee stock options		-	868
Pension actuarial gains and losses		-	1,127
Proceeds from capital increase of non-controlling interests		15,600	577,500
Acquisition of the Company's share by subsidiaries recognized as treasury shares		( 500,084 )	-
Net cash flows used in financing activities		<u>( 1,973,702 )</u>	<u>( 832,616 )</u>
Effects due to changes in exchange rate		( 122,933 )	86,811
Net (decrease) increase in cash and cash equivalents		( 569,368 )	453,713
Cash and cash equivalents at beginning of year	6(1)	<u>5,932,794</u>	<u>5,479,081</u>
Cash and cash equivalents at end of year	6(1)	<u>\$ 5,363,426</u>	<u>\$ 5,932,794</u>

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

TCI CO., LTD. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

1. HISTORY AND ORGANIZATION

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 AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These consolidated financial statements were reported to the Board of Directors on March 15, 2024.

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®”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023
Amendments to IAS 12, ‘International tax reform - pillar two model rules’	May 23, 2023

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



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

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2024 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024

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) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 - comparative information'	January 1, 2023
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

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 MATERIAL ACCOUNTING POLICIES

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

(1) Compliance statement

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

“IFRSs”).

(2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
  - (b) Financial assets and liabilities at fair value through other comprehensive income.
  - (c) Liabilities on cash-settled share-based payment arrangements measured at fair value.
  - (d) Defined benefit liabilities recognized 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 unrealized 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 recognized 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 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 the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized 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, 2023	December 31, 2022	
TCI CO., LTD.	TCI FIRSTEK CORP.	Wholesale and retail of health foods and cosmetics	100	100	
TCI CO., LTD.	GENE & NEXT INC.	Research and development of biotechnology and genetics	41.94	41.94	
TCI CO., LTD.	SHANGHAI BIOSCIENCE CO., LTD.	Producing health foods	36.73	36.73	
TCI CO., LTD.	TCI HK LIMITED	Trading health foods and cosmetics	100	100	
TCI CO., LTD.	BIOCOSME CO., LTD.	Trading health foods and cosmetics	100	100	
TCI CO., LTD.	PETFOOD BIOTECHNOLOGY CO., LTD.	Trading health foods for pets	56	60	
TCI FIRSTEK CORP.	SHANGHAI BIOTRADE CO., LTD.	Wholesale of health foods, cosmetics and chemical productions; cosmetics manufacturing	100	100	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2023	December 31, 2022	
GENE & NEXT INC.	GLUX HK LIMITED	Trading health foods and cosmetics	100	100	
SHANGHAI BIOTRADE CO., LTD.	SHANGHAI BIOSCIENCE CO., LTD.	Wholesale of health foods, cosmetics and chemical productions; cosmetics manufacturing	100	100	
SHANGHAI BIOTRADE CO., LTD.	SHANGHAI BIOCOSME CO., LTD.	Producing cosmetics	100	100	
SHANGHAI BIOSCIENCE CO., LTD.	SHANGHAI BIOSCIENCE CO., LTD.	Producing health foods	63.27	63.27	
GENE & NEXT INC.	TCI LIVING CO., LTD.	Trading health foods and cosmetics	79.31	79.31	
TCI LIVING CO., LTD.	SBI GROUP HK LIMITED	Trading health foods and cosmetics	100	100	
TCI CO., LTD.	TCI JAPAN CO., LTD.	Trading health foods and cosmetics	100	100	
TCI CO., LTD.	PT TCI BIOTEK INDO	Trading health foods and cosmetics	100	100	Note 1
SHANGHAI BIOSCIENCE CO., LTD.	SHANGHAI BIOTECH GENE TECHNOLOGY CO., LTD.	Research and development of biotechnology and genetics	100	100	
TCI CO., LTD.	TCI BIOTECH NETHERLANDS B.V.	Trading health foods and cosmetics	100	100	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2023	December 31, 2022	
TCI LIVING CO., LTD.	TCI LIVING SHANGHAI CO., LTD.	Trading health foods and cosmetics	100	100	
TCI CO., LTD.	QUANTUM BIOLOGY INC.	Research and development of biotechnology	100	100	
TCI CO., LTD.	TCI BIOTECH LLC	Trading health foods and cosmetics	3.85	3.85	
TCI BIOTECH LLC	TCI BIOTECH USA LLC	Trading health foods and cosmetics	100	100	
TCI BIOTECH NETHERLANDS B.V.	TCI BIOTECH LLC	Trading health foods and cosmetics	96.15	96.15	
TCI CO., LTD.	Maxigen Biotech Inc.	Research and development, producing and sales of biotechnology and cosmetics	22.83	22.83	
Maxigen Biotech Inc.	HORAY INC.	Trading of cosmetics and package materials	-	100	Note 2
Maxigen Biotech Inc.	Maxigen Biotech Shanghai Co., Ltd.	Selling medical machinery and trading cosmetics	100	100	

Note 1: There was no capital injection as of December 31, 2023.

Note 2: The company was in the process of dissolution in 2023, but the process had not been completed as of December 31, 2023.

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

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

E. Significant restrictions:

Cash and short-term deposits of \$2,780,766 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, 2023		December 31, 2022	
		Amount	Ownership (%)	Amount	Ownership (%)
GENE & NEXT INC.	Taiwan	\$ 596,650	58.06%	\$ 583,714	58.06%
MAXIGEN BIOTECH INC.	Taiwan	1,046,070	77.17%	1,380,293	77.17%

Note 1: The Group's subsidiary, GENE & NEXT INC., raised additional capital amounting to \$577,500 by issuing 5,000 thousand common shares through private placement at an issuance price of \$115.5 (in dollars) per share with the effective date set on May 25, 2022. The Group's non-controlling interest increased by \$577,500.

Summarized financial information of the subsidiaries:

Balance sheets

	GENE & NEXT INC.	
	December 31, 2023	December 31, 2022
Current assets	\$ 1,068,720	\$ 1,076,053
Non-current assets	97,220	87,276
Current liabilities	( 155,548)	( 143,169)
Total net assets	\$ 1,010,392	\$ 1,020,160
	MAXIGEN BIOTECH INC.	
	December 31, 2023	December 31, 2022
Current assets	\$ 619,563	\$ 993,246
Non-current assets	873,423	454,477
Current liabilities	( 131,373)	( 151,500)
Non-current liabilities	( 510)	( 566)
Total net assets	\$ 1,361,103	\$ 1,295,657

Statements of comprehensive income

	GENE & NEXT INC.	
	Years ended December 31,	
	2023	2022
Revenue	\$ 333,855	\$ 424,022
Profit before income tax	8,775	90,131
Income tax benefit (expense)	8,179 (	15,794)
Profit for the period	16,954	74,337
Other comprehensive income, net of tax	17,214	10,497
Total comprehensive income for the period	<u>\$ 34,168</u>	<u>\$ 84,834</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 12,059</u>	<u>\$ 38,462</u>
Dividends paid to non-controlling interest	<u>\$ 30,724</u>	<u>\$ 31,148</u>
	MAXIGEN BIOTECH INC.	
	Years ended December 31,	
	2023	2022
Revenue	\$ 622,115	\$ 604,431
Profit before income tax	193,142	165,780
Income tax expense	( 27,314)	( 26,376)
Profit for the period	165,828	139,404
Other comprehensive (loss) income	( 66,683)	1,051
Total comprehensive income for the period, net of tax	<u>\$ 99,145</u>	<u>\$ 140,455</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 91,539</u>	<u>\$ 74,335</u>
Dividends paid to non-controlling interest	<u>\$ 32,681</u>	<u>\$ -</u>

Statements of cash flows

	GENE & NEXT INC.	
	Years ended December 31,	
	2023	2022
Net cash provided by operating activities	\$ 17,849	\$ 110,353
Net cash used in investing activities	( 203,862)	( 39,995)
Net cash (used in) provided by financing activities	( 50,644)	535,725
Effect of exchange rate changes on cash and cash equivalents	( 35)	468
(Decrease) increase in cash and cash equivalents	( 236,692)	606,551
Cash and cash equivalents at beginning of period	932,738	326,187
Cash and cash equivalents at end of period	<u>\$ 696,046</u>	<u>\$ 932,738</u>

	MAXIGEN BIOTECH INC.	
	Years ended December 31,	
	2023	2022
Net cash provided by operating activities	\$ 171,200	\$ 268,338
Net cash (used in) provided by investing activities	( 490,246)	10,432
Net cash used in financing activities	( 41,393)	( 1,051)
Effect of exchange rate changes on cash and cash equivalents	573	( 76)
(Decrease) increase in cash and cash equivalents	( 359,866)	277,643
Cash and cash equivalents at beginning of period	790,948	513,305
Cash and cash equivalents at end of period	<u>\$ 431,082</u>	<u>\$ 790,948</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 recognized 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 recognized 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 recognized 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 recognized 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 recognized 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 realized, 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 realized 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 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.

(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 amortized 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 recognized and derecognized using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.
- D. The Group recognizes 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 recognize 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 recognized and derecognized 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 recognized 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 recognized 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 recognized in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

(9) Financial assets at amortized cost

- A. Financial assets at amortized 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 amortized cost are recognized and derecognized 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 amortized cost, at each reporting date, the Group recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes 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 recognizes the impairment provision for lifetime ECLs.

(12) Derecognition of financial assets

The Group derecognizes 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 realizable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labor, 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 realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.

(15) Investments accounted for using equity method / associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.
- B. The Group's share of its associates' 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 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 recognize 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 recognizes the Group's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized 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 recognized 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 recognized 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 recognized 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 capitalized.
- B. Subsequent costs are included in the asset's carrying amount or recognized 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 derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

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

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

- A. Leases are recognized 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 recognized 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 amortized cost using the interest method

and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized 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 recognized 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 recognize 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 licenses acquired in a business combination are recognized at fair value at the acquisition date. Trademarks and royalties have a finite useful life and are amortized 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 amortized 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 recognized 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 amortized historical cost would have been if the impairment had not been recognized.

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 recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognized 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 recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(22) Notes and accounts payable

A. Notes and accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(23) Derecognition of financial liabilities

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

(24) Offsetting financial instruments

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

(25) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized 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 recognized 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 recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. Also, the related information is disclosed accordingly.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognizes expense as it can no longer withdraw an offer of termination benefits or it recognizes 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 recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(26) Employee share-based payment

- A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognized 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 recognized 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 recognized 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 recognizes 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 recognizes the payments from the employees who are expected to resign during the vesting period as liabilities at the grant date, and recognizes the payments from the employees who are expected to be eventually vested with the stocks in 'capital surplus – others'.

(27) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized 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 recognized, 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 and does not give rise to equal taxable and deductible temporary differences. 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 realized or the deferred tax liability is settled.

- D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized 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 recognized amounts and there is an intention to settle on a net basis or realize 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 realize the asset and settle the liability simultaneously.
- F. A deferred tax asset shall be recognized 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 utilized.
- G. The interim period income tax expense is recognized based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.
- H. If a change in tax rate is enacted or substantively enacted in an interim period, the Group recognizes the effect of the change immediately in the interim period in which the change occurs. The effect of the change on items recognized outside profit or loss is recognized in other comprehensive income or equity while the effect of the change on items recognized in profit or loss is recognized in profit or loss.

(28) Share capital

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

(29) Dividends

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

(30) Revenue recognition

- A. The Group manufactures and sells health foods and cosmetics products. Sales are recognized 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 recognized 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 recognized 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 recognized 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 recognized at a point in time in which the services are rendered.
- D. Rental revenue  
Rental revenue from an operating lease is recognized in profit or loss on a straight-line basis over the lease term.

(31) Government grants

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

(32) Business combinations

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

(33) Operating segments

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

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

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

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

None.

(2) Critical accounting estimates and assumptions

None.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and revolving funds	\$ 15,517	\$ 13,107
Checking accounts and demand deposits	2,758,561	3,576,067
Time deposits	<u>2,801,414</u>	<u>2,369,316</u>
	5,575,492	5,958,490
Less: Shown as 'current financial assets at amortised cost'	( 208,066)	( 21,696)
Less: Shown as 'current financial assets at amortised cost - pledged'	<u>( 4,000)</u>	<u>( 4,000)</u>
	<u>\$ 5,363,426</u>	<u>\$ 5,932,794</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, 2023 and 2022, the Group recognized time deposits with maturity over 3 months of \$212,066 and \$25,696, respectively, and shown as 'current financial assets at amortized cost'.

C. The Group complies with the IFRSs Q&A regulations revised by the competent authorities on January 5, 2024. Reclassify the unused balance in the special fund account repatriated under the "The Management, Utilization, and Taxation of Repatriated Offshore Funds Act" from financial assets measured non-current financial assets at amortized cost into cash and equivalents cash and adjusted retroactively to January 1, 2022. As of December 31, 2022, the bank deposits amounting to \$530,031, have been transferred to non-current financial assets at amortized cost.

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

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

Items	December 31, 2023	December 31, 2022
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ 82,787	\$ 180,469
Valuation adjustment	( 3,457)	4,336
	<u>\$ 79,330</u>	<u>\$ 184,805</u>

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

	Years ended December 31,	
	2023	2022
Financial assets/liabilities mandatorily measured at fair value through profit or loss		
Equity instruments	(\$ 7,793)	\$ 14,598

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

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

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

<u>Items</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Non-current items:		
Equity instruments		
Listed stocks	\$ 12,604	\$ 12,604
Unlisted stocks	<u>27,054</u>	<u>27,054</u>
	39,658	39,658
Valuation adjustment	<u>23,308</u>	<u>8,752</u>
	<u>\$ 62,966</u>	<u>\$ 48,410</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 \$62,966 and \$48,410 as at December 31, 2023 and 2022, respectively.
- B. As of December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group amounted to \$62,966 and \$48,410, respectively.
- C. The Group's financial assets at fair value through other comprehensive income were not pledged to others as collateral.
- D. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).

(4) Financial assets at amortized cost

<u>Items</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current items:		
Time deposits	<u>\$ 212,066</u>	<u>\$ 25,696</u>

- A. Amounts recognized in profit or loss in relation to financial assets at amortized cost are listed below:

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Interest income	<u>\$ 1,383</u>	<u>\$ 405</u>

- B. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortized cost held by the Group was \$212,066 and \$25,696 respectively.
- C. Details of the Group's financial assets at amortized cost pledged to others as collateral are provided in Note 8.
- D. Information relating to credit risk of financial assets at amortized cost is provided in Note 12(2). The counterparties of the Group's investments in certificates of deposit are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(5) Notes and accounts receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes receivable	\$ 25,738	\$ 42,778
Less: Allowance for uncollectible accounts	<u>-</u>	<u>-</u>
	<u>\$ 25,738</u>	<u>\$ 42,778</u>
Accounts receivable	\$ 1,010,797	\$ 1,037,218
Less: Allowance for uncollectible accounts	<u>(67,363)</u>	<u>(62,579)</u>
	<u>\$ 943,434</u>	<u>\$ 974,639</u>

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Not past due	\$ 799,950	\$ 689,823
Up to 30 days	49,451	134,236
31 to 90 days	101,652	130,557
Over 90 days	<u>18,119</u>	<u>62,801</u>
	<u>\$ 969,172</u>	<u>\$ 1,017,417</u>

The above ageing analysis was based on past due date.

B. As of December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable amounted to \$25,738 and \$42,778; \$943,434 and \$974,639, respectively.

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

(6) Inventories

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 484,016	(\$ 49,086)	\$ 434,930
Work in progress	190,219	( 13,051)	177,168
Finished goods	354,094	( 29,227)	324,867
Inventory in transit	4,343	-	4,343
	<u>\$ 1,032,672</u>	<u>(\$ 91,364)</u>	<u>\$ 941,308</u>

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 743,881	(\$ 22,872)	\$ 721,009
Work in progress	42,010	( 7)	42,003
Finished goods	425,914	( 19,727)	406,187
	<u>\$ 1,211,805</u>	<u>(\$ 42,606)</u>	<u>\$ 1,169,199</u>

The cost of inventories recognized as expense for the years ended December 31, 2023 and 2022, were \$4,799,114 and \$4,297,047, respectively, including the amount of \$70,893 and \$9,278 respectively, that the Group wrote down from cost to net realizable value accounted for as cost of goods sold.

(7) Prepayments

	December 31, 2023	December 31, 2022
Prepaid expenses	\$ 148,022	\$ 95,863
Prepayments to suppliers	45,406	17,343
Excess business tax paid (or Net Input VAT)	52,664	67,927
	<u>\$ 246,092</u>	<u>\$ 181,133</u>

(8) Investments accounted for using equity method

	2023	2022
At January 1	\$ 27,375	\$ 2,396
Increase in investments accounted for using equity method	-	33,434
Disposal of investments accounted for using equity method	- (	3,580)
Share of loss of investments accounted for using equity method	( 7,479)	( 4,875)
At December 31	<u>\$ 19,896</u>	<u>\$ 27,375</u>
	December 31, 2023	December 31, 2022
Associates	<u>\$ 19,896</u>	<u>\$ 27,375</u>



(9) Property, plant and equipment

	Land	Buildings and structures	Machinery	Machinery for lease	Office equipment	Others	Unfinished construction	Total
<u>At January 1, 2023</u>								
Cost	\$ 962,162	\$2,426,176	\$2,293,253	\$ 35,982	\$ 672,628	\$ 416,789	\$ 21,601	\$ 6,828,591
Accumulated depreciation	-	( 411,947)	( 994,633)	( 35,951)	( 244,863)	( 274,202)	-	( 1,961,596)
	<u>\$ 962,162</u>	<u>\$2,014,229</u>	<u>\$1,298,620</u>	<u>\$ 31</u>	<u>\$ 427,765</u>	<u>\$ 142,587</u>	<u>\$ 21,601</u>	<u>\$ 4,866,995</u>
<u>2023</u>								
At January 1	\$ 962,162	\$2,014,229	\$1,298,620	\$ 31	\$ 427,765	\$ 142,587	\$ 21,601	\$ 4,866,995
Additions	-	5,092	53,697	-	54,937	10,198	23,131	147,055
Disposals	( 4,190)	( 3,860)	( 1,681)	-	( 307)	( 263)	-	( 10,301)
Transfers	-	-	42,340	-	73,045	1,014	348,141	464,540
Depreciation charge	-	( 92,884)	( 287,968)	( 31)	( 86,156)	( 50,872)	-	( 517,911)
Net exchange differences	-	( 5,423)	( 4,211)	-	37	( 311)	-	( 9,908)
At December 31	<u>\$ 957,972</u>	<u>\$1,917,154</u>	<u>\$1,100,797</u>	<u>\$ -</u>	<u>\$ 469,321</u>	<u>\$ 102,353</u>	<u>\$ 392,873</u>	<u>\$ 4,940,470</u>
<u>At December 31, 2023</u>								
Cost	\$ 957,972	\$2,419,408	\$2,371,004	\$ 35,982	\$ 798,239	\$ 421,919	\$ 392,873	\$ 7,397,397
Accumulated depreciation	-	( 502,254)	( 1,270,207)	( 35,982)	( 328,918)	( 319,566)	-	( 2,456,927)
	<u>\$ 957,972</u>	<u>\$1,917,154</u>	<u>\$1,100,797</u>	<u>\$ -</u>	<u>\$ 469,321</u>	<u>\$ 102,353</u>	<u>\$ 392,873</u>	<u>\$ 4,940,470</u>
	Land	Buildings and structures	Machinery	Machinery for lease	Office equipment	Others	Unfinished construction	Total
<u>At January 1, 2022</u>								
Cost	\$937,190	\$ 2,371,606	\$ 1,944,240	\$ 35,982	\$ 514,966	\$442,600	\$ 18,793	\$ 6,265,377
Accumulated depreciation	-	( 325,272)	( 729,217)	( 23,768)	( 176,301)	( 274,512)	-	( 1,529,070)
	<u>\$937,190</u>	<u>\$ 2,046,334</u>	<u>\$ 1,215,023</u>	<u>\$ 12,214</u>	<u>\$ 338,665</u>	<u>\$168,088</u>	<u>\$ 18,793</u>	<u>\$ 4,736,307</u>
<u>2022</u>								
At January 1	\$937,190	\$ 2,046,334	\$ 1,215,023	\$ 12,214	\$ 338,665	\$168,088	\$ 18,793	\$ 4,736,307
Additions	-	13,557	38,152	-	19,143	14,584	4,101	89,537
Disposals	( 2,238)	( 7,898)	( 5,678)	-	( 779)	( 2,476)	-	( 19,069)
Transfers	27,210	43,307	311,993	-	140,763	16,323	( 1,293)	538,303
Depreciation charge	-	( 85,865)	( 271,828)	( 12,183)	( 75,060)	( 54,500)	-	( 499,436)
Net exchange differences	-	4,794	10,958	-	5,033	568	-	21,353
At December 31	<u>\$962,162</u>	<u>\$ 2,014,229</u>	<u>\$ 1,298,620</u>	<u>\$ 31</u>	<u>\$ 427,765</u>	<u>\$142,587</u>	<u>\$ 21,601</u>	<u>\$ 4,866,995</u>
<u>At December 31, 2022</u>								
Cost	\$962,162	2,426,176	\$ 2,293,253	\$ 35,982	\$ 672,628	\$416,789	\$ 21,601	\$ 6,828,591
Accumulated depreciation	-	( 411,947)	( 994,633)	( 35,951)	( 244,863)	( 274,202)	-	( 1,961,596)
	<u>\$962,162</u>	<u>\$ 2,014,229</u>	<u>\$ 1,298,620</u>	<u>\$ 31</u>	<u>\$ 427,765</u>	<u>\$142,587</u>	<u>\$ 21,601</u>	<u>\$ 4,866,995</u>

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

(10) Leasing arrangements-lessee

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

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 26,365	\$ 27,549
Buildings	166,240	172,114
	<u>\$ 192,605</u>	<u>\$ 199,663</u>

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 688	\$ 692
Buildings	72,191	56,314
	<u>\$ 72,879</u>	<u>\$ 57,006</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, 2023 and 2022, the additions to right-of-use amounted to \$89,210 and \$176,592, respectively.
- E. The information on profit and loss accounts relating to lease contracts is as follows:

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 5,916	\$ 4,823
Expense on short-term lease contracts	\$ 42,955	\$ 44,139
Expense on leases of low-value assets	\$ 1,743	\$ 2,603
Gain or loss on lease modification	\$ 149	\$ 409

For the years ended December 31, 2023 and 2022, the Group's total cash outflow for leases amounted to \$120,796 and \$106,444, respectively.

(11) Investment property

	2023		
	Land	Buildings and structures	Total
At January 1			
Cost	\$ 21,190	\$ 1,572	\$ 22,762
Accumulated depreciation and impairment	-	( 699)	( 699)
	<u>\$ 21,190</u>	<u>\$ 873</u>	<u>\$ 22,063</u>
Opening net book amount as at January 1	\$ 21,190	\$ 873	\$ 22,063
Disposals	( 21,190)	( 865)	( 22,055)
Depreciation charge	-	( 8)	( 8)
Closing net book amount as At December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
At December 31			
Cost	\$ -	\$ -	\$ -
Accumulated depreciation and impairment	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
	2022		
	Land	Buildings and structures	Total
At January 1			
Cost	\$ 21,190	\$ 1,572	\$ 22,762
Accumulated depreciation and impairment	-	( 668)	( 668)
	<u>\$ 21,190</u>	<u>\$ 904</u>	<u>\$ 22,094</u>
Opening net book amount as at January 1	\$ 21,190	\$ 904	\$ 22,094
Depreciation charge	-	( 31)	( 31)
Closing net book amount as At December 31	<u>\$ 21,190</u>	<u>\$ 873</u>	<u>\$ 22,063</u>
At December 31			
Cost	\$ 21,190	\$ 1,572	\$ 22,762
Accumulated depreciation and impairment	-	( 699)	( 699)
	<u>\$ 21,190</u>	<u>\$ 873</u>	<u>\$ 22,063</u>

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

	Years ended December 31,	
	2023	2022
Rental income from investment property	\$ -	\$ 238
Direct operating expenses arising from the investment property that generated rental income during the period	\$ -	\$ 16
Direct operating expenses not arising from the investment property that generated rental income during the period	\$ 8	\$ 15

B. The fair value of the investment property held by the Group as at December 31, 2023 and 2022 were \$0 and \$22,839, respectively, which was valued based on the average transaction price in local area, and was categorized as Level 3 in the fair value hierarchy.

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

(12) Intangible assets

	Customer						
	<u>Goodwill</u>	<u>Trademarks</u>	<u>relation</u>	<u>Software</u>	<u>Royalty</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2023</u>							
Cost	\$ 299,689	\$ 132,722	\$ 220,000	\$ 34,985	\$ 7,400	\$ 143,836	\$ 838,632
Accumulated amortisation	-	( 12,111)	( 33,000)	( 18,284)	( 6,288)	( 27,769)	( 97,452)
	<u>\$ 299,689</u>	<u>\$ 120,611</u>	<u>\$ 187,000</u>	<u>\$ 16,701</u>	<u>\$ 1,112</u>	<u>\$ 116,067</u>	<u>\$ 741,180</u>
<u>2023</u>							
At January 1	\$ 299,689	\$ 120,611	\$ 187,000	\$ 16,701	\$ 1,112	\$ 116,067	\$ 741,180
Additions—							
acquired separately	-	-	-	964	-	-	964
Transfers	-	-	-	409	-	-	409
Amortisation charge	-	( 6,963)	( 22,000)	( 8,609)	( 260)	( 13,482)	( 51,314)
Net exchange differences	-	( 2)	-	( 69)	-	( 19)	( 90)
At December 31	<u>\$ 299,689</u>	<u>\$ 113,646</u>	<u>\$ 165,000</u>	<u>\$ 9,396</u>	<u>\$ 852</u>	<u>\$ 102,566</u>	<u>\$ 691,149</u>
<u>At December 31, 2023</u>							
Cost	\$ 299,689	\$ 132,720	\$ 220,000	\$ 36,358	\$ 7,400	\$ 143,817	\$ 839,984
Accumulated amortisation	-	( 19,074)	( 55,000)	( 26,962)	( 6,548)	( 41,251)	( 148,835)
	<u>\$ 299,689</u>	<u>\$ 113,646</u>	<u>\$ 165,000</u>	<u>\$ 9,396</u>	<u>\$ 852</u>	<u>\$ 102,566</u>	<u>\$ 691,149</u>

	<u>Goodwill</u>	<u>Trademarks</u>	<u>Customer relation</u>	<u>Software</u>	<u>Royalty</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2022</u>							
Cost	\$ 299,689	\$ 132,719	\$ 220,000	\$ 41,688	\$ 7,400	\$ 147,769	\$ 849,265
Accumulated amortisation	-	( 1,981)	-	( 27,247)	( 6,028)	( 14,698)	( 49,954)
	<u>\$ 299,689</u>	<u>\$ 130,738</u>	<u>\$ 220,000</u>	<u>\$ 14,441</u>	<u>\$ 1,372</u>	<u>\$ 133,071</u>	<u>\$ 799,311</u>
<u>2022</u>							
At January 1	\$ 299,689	\$ 130,738	\$ 220,000	\$ 14,441	\$ 1,372	\$ 133,071	\$ 799,311
Additions—							
acquired separately	-	-	-	8,681	-	100	8,781
Transfers	-	-	-	1,476	-	2,561	4,037
Amortisation charge	-	( 10,130)	( 33,000)	( 7,899)	( 260)	( 19,681)	( 70,970)
Net exchange differences	-	3	-	2	-	16	21
At December 31	<u>\$ 299,689</u>	<u>\$ 120,611</u>	<u>\$ 187,000</u>	<u>\$ 16,701</u>	<u>\$ 1,112</u>	<u>\$ 116,067</u>	<u>\$ 741,180</u>
<u>At December 31, 2022</u>							
Cost	\$ 299,689	\$ 132,722	\$ 220,000	\$ 34,985	\$ 7,400	\$ 143,836	\$ 838,632
Accumulated amortisation	-	( 12,111)	( 33,000)	( 18,284)	( 6,288)	( 27,769)	( 97,452)
	<u>\$ 299,689</u>	<u>\$ 120,611</u>	<u>\$ 187,000</u>	<u>\$ 16,701</u>	<u>\$ 1,112</u>	<u>\$ 116,067</u>	<u>\$ 741,180</u>

Details of amortisation on intangible assets are as follows:

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Overhead	\$ 11,057	\$ 13,287
Selling expenses	3,313	3,698
Administrative expenses	33,695	48,434
Research and development expenses	3,249	5,551
	<u>\$ 51,314</u>	<u>\$ 70,970</u>

(13) Other non-current assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Prepayments for construction business facilities	\$ 232,057	\$ 520,734
Guarantee deposits paid	40,917	44,581
Net defined benefit asset	4,081	3,993
Other non-current assets	-	5,011
	<u>\$ 277,055</u>	<u>\$ 574,319</u>

(14) Short-term borrowings

<u>Type of Borrowings</u>	<u>December 31, 2023</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	<u>\$ 350,000</u>	1.57%	None
<u>Type of Borrowings</u>	<u>December 31, 2022</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	<u>\$ 1,146,320</u>	1.185%~2.30%	None

(15) Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Employee bonus payable	\$ 328,801	\$ 215,824
Salaries and bonuses payable	268,395	207,654
Payable on machinery and equipment	10,127	16,282
Tax payables	19,873	22,193
Other payables	<u>137,736</u>	<u>229,179</u>
	<u>\$ 764,932</u>	<u>\$ 691,132</u>

(16) Pensions

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

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligations	(\$ 137)	(\$ 127)
Fair value of plan assets	<u>4,218</u>	<u>4,120</u>
Net defined benefit liability	<u>\$ 4,081</u>	<u>\$ 3,993</u>

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

	2023		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	(\$ 127)	\$ 4,120	\$ 3,993
Interest (expense) income	( 2)	61	59
	( 129)	4,181	4,052
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	36	36
Change in financial assumptions	( 2)	-	( 2)
Experience adjustments	( 6)	-	( 6)
	( 8)	36	28
Pension fund contribution	-	1	1
At December 31	(\$ 137)	\$ 4,218	\$ 4,081
	2022		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	(\$ 2,715)	\$ 5,616	\$ 2,901
Interest (expense) income	( 21)	42	21
Settlement profit or loss	1,604	( 1,661)	( 57)
	( 1,132)	3,997	2,865
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	427	427
Change in financial assumptions	184	-	184
Experience adjustments	516	-	516
	700	427	1,127
Pension fund contribution	-	1	1
Paid pension	305	( 305)	-
At December 31	(\$ 127)	\$ 4,120	\$ 3,993

- (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 utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization 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 securitization products, etc.). With regard to the utilization 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, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.
- (e) The principal actuarial assumptions used were as follows:

	<u>Years ended December 31, 2023</u>	
	<u>2023</u>	<u>2022</u>
Discount rate	<u>1.375%</u>	<u>1.50%</u>
Future salary increases	<u>2.00%</u>	<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>Discount rate</u>		<u>Future salary increases</u>	
	<u>Increase 25%</u>	<u>Decrease 25%</u>	<u>Increase 25%</u>	<u>Decrease 25%</u>
<u>December 31, 2023</u>				
Effect on present value of defined benefit obligation	(\$ <u>4</u> )	<u>\$ 4</u>	<u>\$ 4</u>	(\$ <u>4</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>
<u>December 31, 2022</u>				
Effect on present value of defined benefit obligation	(\$ <u>4</u> )	<u>\$ 4</u>	<u>\$ 4</u>	(\$ <u>4</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, 2024 amount to \$1.
  - (g) As of December 31, 2023, the weighted average duration of the retirement plan is 12 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, 2023 and 2022 were \$56,291 and \$54,443, respectively.
- C. The Group’s mainland China subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China (PRC) are based on certain percentage of employees’ monthly salaries and wages. The contribution percentage for the years ended December 31, 2023 and 2022, were both 16%. Other than the monthly contributions, the Group has no further obligations.

(17) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2023</u>
Long-term bank borrowings				
Unsecured borrowings	Borrowing period is from March 3, 2020, to January 15, 2028; interest is repayable monthly.	1.75%	None	\$ 99,127
Secured borrowings	Borrowing period is from December 3, 2021, to September 11, 2024; interest is repayable monthly.	1.8831%	Factory	200,000
Secured borrowings	Borrowing period is from March 29, 2023, to August 14, 2038; interest is repayable monthly.	2%	Land and Building	<u>647,802</u>
				946,929
Less: Current portion				<u>( 200,000)</u>
				<u>\$ 746,929</u>

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2022</u>
Long-term bank borrowings				
Unsecured borrowings	Borrowing period is from March 3, 2020, to January 15, 2028; interest is repayable monthly.	1.625%	None	\$ 117,510
Secured borrowings	Borrowing period is from March 29, 2021, to March 29, 2023; interest is repayable monthly.	1.9649%	Land and Building	330,000
Secured borrowings	Borrowing period is from December 3, 2021, to September 11, 2024; interest is repayable monthly.	1.603%	"	200,000
Secured borrowings	Borrowing period is from October 6, 2021, to October 6, 2023; interest is repayable monthly.	1.6615%	"	170,000
Secured borrowings	Borrowing period is from March 29, 2021, to September 11, 2023; interest is repayable monthly.	1.7488%	"	<u>150,000</u>
				967,510
Less: Current portion				( <u>650,000</u> )
				<u>\$ 317,510</u>

(18) Share-based payment

A. For the years ended December 31, 2023 and 2022, 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%

Type of arrangement	Issuance date	Quantity granted	Contract period	Vesting conditions
Employee stock options	2021.11.03	2,630	6 years	Employees with 2 service years are entitled to 40% Employees with 3 service years are entitled to 80% Employees with 4 service years are entitled to 100%
Employee stock options	2022.08.03	770	6 years	Employees with 2 service years are entitled to 40% Employees with 3 service years are entitled to 80% Employees with 4 service years are entitled to 100%

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

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

	Years ended December 31,			
	2023		2022	
	No. of options	Weighted-average exercise price (in dollars)	No. of options	Weighted-average exercise price (in dollars)
Options outstanding at January 1	-	\$ 100	21	\$ 100
Options expired	-	-	( 5)	-
Options exercised	-	-	( 16)	100
Options outstanding at the end of the period	-	\$ 100	-	\$ 100
Options exercisable at the end of the period	-	\$ 100	-	\$ 100

	Years ended December 31,			
	2023		2022	
	No. of options	Weighted-average exercise price (in dollars)	No. of options	Weighted-average exercise price (in dollars)
Options outstanding at January 1	1,493	\$ 448	1,617	\$ 448
Options expired	( 108)	-	( 124)	448
Options outstanding at the end of the period	<u>1,385</u>	<u>\$ 448</u>	<u>1,493</u>	<u>\$ 448</u>
Options exercisable at the end of the period	<u>1,385</u>	<u>\$ 448</u>	<u>1,493</u>	<u>\$ 448</u>

	Years ended December 31,			
	2023		2022	
	No. of options	Weighted-average exercise price (in dollars)	No. of options	Weighted-average exercise price (in dollars)
Options outstanding at January 1	3,035	\$ 48.62	2,630	\$ 50.80
Options granted	-	-	770	41.20
Options exercised	( 23)	51.00	-	-
Options expired	( 250)	47.00	( 365)	48.70
Options outstanding at the end of the period	<u>2,762</u>	<u>\$ 49.17</u>	<u>3,035</u>	<u>\$ 48.62</u>
Options exercisable at the end of the period	<u>2,762</u>	<u>\$ 49.17</u>	<u>3,035</u>	<u>\$ 48.62</u>

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

Issue date approved	Expiry date	December 31, 2023		December 31, 2022	
		No. of shares (in thousands)	Exercise price (in dollars)	No. of shares (in thousands)	Exercise price (in dollars)
2016.07.01	2022.06.30	-	\$ 100	-	\$ 100
2018.05.15	2024.05.14	1,385	448	1,493	448
2021.11.03	2027.11.02	2,122	50.8	2,345	50.8
2022.08.03	2028.08.03	640	41.2	690	41.2

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

Type of arrangement	Issuance date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility (%)	Expected option life (year)	Expected dividends	Risk-free interest rate(%)	Fair value per unit (in dollars)
Employee stock options	2016.07.01	\$ 145.50	\$ 100	32.73	4-5	-	0.605~ 0.719	\$ 41.55~ 45.10
Restricted stocks to employee	2016.07.20	\$ 139.00	\$ 10	-	-	-	0.52	\$ 111.65
Employee stock options	2018.05.15	\$ 440.00	\$ 448	26.10~ 30.25	5.75	-	0.5636~ 0.6814	\$ 63.16~ 106.15
Restricted stocks to employee	2019.09.30	\$ 282.00	\$ 10	-	0.25	-	-	\$ 272
Employee stock options	2021.7.31	\$ 25.25	\$ 20	22.95	0.13	-	0.11	\$ 5.25
Employee stock options	2021.11.03	\$ 50.80	\$ 50.80	43.63~ 47.84	5.00	-	0.41~ 0.44	\$ 18.94~ 19.37
Employee stock options	2022.08.03	\$ 41.20	\$ 41.20	45.89~ 48.46	5.00	-	1.00~ 1.03	\$ 15.11~ 16.98

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

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

	Years ended December 31,	
	2023	2022
Equity-settled	\$ 14,194	\$ 19,434

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

(19) Share capital

A. As of December 31, 2023, the Company's authorized capital was \$3,000,000, and the paid-in capital was \$1,182,608, with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

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

	<u>2023</u>	<u>2022</u>
	Unrestricted shares	Unrestricted shares
At January 1	118,261	118,245
Employee stock options exercised	-	16
At December 31	<u>118,261</u>	<u>118,261</u>

B. Treasury shares

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

Name of company holding the shares	Reason for reacquisition	<u>December 31, 2023</u>	
		Number of shares	Carrying amount(Note)
The Company	To be reissued to employees	532,000	\$ 118,787
Subsidiary- MAXIGEN BIOTECH INC.	To improve the group's operational efficiency	2,531,000	500,084
Less:Non-controlling interest			( 385,908)
			<u>\$ 232,963</u>
		<u>December 31, 2022</u>	
Name of company holding the shares	Reason for reacquisition	Number of shares	Carrying amount
The Company	To be reissued to employees	532,000	<u>\$ 118,787</u>

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

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

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



(20) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(21) Retained earnings

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

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

B. The Company's dividend policy is summarized below: as the Company operates in a volatile business environment and is in the stable growth stage, the residual dividend policy is adopted taking into consideration the Company's financial structure, operating results and future expansion plans, and cash dividends shall account for at least 10% of the total dividends distributed. However, if the Company has sufficient retained earnings and capital, the Company may increase cash dividends in proportion to total dividends.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

D. Special reserve

(a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

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

disposed of or reclassified subsequently.

E. On June 29, 2022, the shareholders at the shareholders' meeting approved the distribution of dividends from the 2021 earnings in the amount of \$1,050,014, with cash dividends of \$8.88 (in dollars) per share. On June 27, 2023, the shareholders at the shareholders' meeting approved the distribution of dividends from the 2022 earnings in the amount of \$591,304, with cash dividends of \$5 (in dollars) per share.

(22) Other equity items

	2023		
	Unrealised gains (losses) on valuation	Currency translation	Total
At January 1	(\$ 6,196)	(\$ 187,908)	(\$ 194,104)
Currency translation differences	-	( 92,473)	( 92,473)
Subsidiaries accounted for using equity method	5,737	-	5,737
Revaluation - gross	( 2,693)	-	( 2,693)
At December 31	<u>(\$ 3,152)</u>	<u>(\$ 280,381)</u>	<u>(\$ 283,533)</u>
	2022		
	Unrealised gains (losses) on valuation	Currency translation	Total
At January 1	\$ 982	(\$ 283,329)	(\$ 282,347)
Currency translation differences	-	95,264	95,264
Subsidiaries accounted for using equity method	3,336	157	3,493
Revaluation - gross	( 10,544)	-	( 10,544)
Revaluation transferred to retained earnings	30	-	30
At December 31	<u>(\$ 6,196)</u>	<u>(\$ 187,908)</u>	<u>(\$ 194,104)</u>

(23) Operating revenue

	Years ended December 31,	
	2023	2022
Revenue from contracts with customers	\$ 8,015,649	\$ 7,412,107
Others—rent revenue	-	20,407
	<u>\$ 8,015,649</u>	<u>\$ 7,432,514</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, 2023	Europe and America region	Asia Pacific region	Total
Segment revenue	\$ 4,904,880	\$ 6,586,683	\$ 11,491,563
Inter-segment revenue	( 1,850,634)	( 1,625,280)	( 3,475,914)
Revenue from external customer contracts	<u>\$ 3,054,246</u>	<u>\$ 4,961,403</u>	<u>\$ 8,015,649</u>
Year ended December 31, 2022	Europe and America region	Asia Pacific region	Total
Segment revenue	\$ 4,106,784	\$ 7,271,953	\$ 11,378,737
Inter-segment revenue	( 1,658,881)	( 2,307,749)	( 3,966,630)
Revenue from external customer contracts	<u>\$ 2,447,903</u>	<u>\$ 4,964,204</u>	<u>\$ 7,412,107</u>

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

B. Contract assets and liabilities

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Contract liabilities			
– advance sales receipts	<u>\$ 496,528</u>	<u>\$ 454,107</u>	<u>\$ 491,139</u>

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

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

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Advance sales receipts	<u>\$ 322,930</u>	<u>\$ 360,199</u>

(24) Interest income

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Interest income from bank deposits (Note)	<u>\$ 95,822</u>	<u>\$ 67,089</u>

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

(25) Other income

	Years ended December 31,	
	2023	2022
Dividend income	\$ 14,368	\$ 5,471
Subsidy income	27,385	296
Other income - others	26,128	77,355
	<u>\$ 67,881</u>	<u>\$ 83,122</u>

(26) Other gains and losses

	Years ended December 31,	
	2023	2022
Gains on disposal of property, plant and equipment	\$ 10,731	\$ 6,786
Gains on disposals of investment property	535	-
(Losses) gains on disposal of investments	( 4,349)	2,532
Gains arising from lease modifications	149	409
Foreign exchange gains	17,740	128,814
Net (losses) gains on financial assets at fair value through profit or loss	( 7,793)	14,598
Miscellaneous disbursements	( 6,790)	( 209)
	<u>\$ 10,223</u>	<u>\$ 152,930</u>

(27) Finance costs

	Years ended December 31,	
	2023	2022
Interest expense		
Bank borrowings	\$ 40,422	\$ 29,776
Interest from lease liabilities	5,916	4,823
Imputed interest on rent deposit	12	-
	<u>\$ 46,350</u>	<u>\$ 34,599</u>

(28) Expenses by nature

	Years ended December 31,	
	2023	2022
Employee benefit expense	\$ 1,511,438	\$ 1,256,563
Depreciation charges on property, plant and equipment and depreciation charges on right-of-use assets	590,790	556,442
Depreciation charges on investment property	8	31
Amortisation charges on intangible assets	51,314	70,970

(29) Employee benefit expense

	Years ended December 31,	
	2023	2022
Wages and salaries	\$ 1,273,052	\$ 1,015,623
Employee stock options (Note)	14,194	19,434
Labour and health insurance fees	119,329	118,925
Pension costs	56,232	54,479
Other personnel expenses	48,631	48,102
	<u>\$ 1,511,438</u>	<u>\$ 1,256,563</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, 2023 and 2022, employees' compensation was accrued at \$117,054 and \$49,974, respectively; while directors' and supervisors' remuneration was accrued at \$4,200 and \$4,200, respectively. The aforementioned amounts were recognized in salary expenses.
- C. The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 5%~15% and not be higher than 3% of distributable profit of current year for the years ended December 31, 2023. The Board of Directors resolved that the actual distribution amount is \$117,054 and \$4,200, and the employees' compensation was distributed in the form of cash.
- D. Employees' compensation and directors' and supervisors' remuneration of 2022 as resolved by the Board of Directors were \$49,974 and \$4,200, respectively, and the employees' compensation was distributed in the form of cash.
- E. Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(30) Income tax

A. Income tax expense

Components of income tax expense:

	Years ended December 31,	
	2023	2022
Current tax:		
Current tax on profits for the year	\$ 232,814	\$ 292,521
Tax on undistributed surplus earnings	9,670	16,791
Effect from investment tax credits	( 9,112)	( 10,847)
Prior year income tax under (over) estimation	( 31,096)	( 53,172)
Total current tax	<u>202,276</u>	<u>245,293</u>
Deferred tax:		
Origination and reversal of temporary differences	( 19,645)	4,814
Remittance of earnings	-	218,900
Total deferred tax	<u>( 19,645)</u>	<u>223,714</u>
Income tax expense	<u>\$ 182,631</u>	<u>\$ 469,007</u>

B. Reconciliation between income tax expense and accounting profit:

	Years ended December 31,	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate	\$ 268,739	\$ 214,628
Effect from items not recognised in accordance with tax regulation	( 66,327)	41,954
Use of unrecognized deferred tax assets in previous years	-	( 1,060)
Effect from investment tax credits	( 9,112)	( 10,847)
Tax on undistributed earnings	9,670	16,791
Prior year income tax overestimation	( 31,096)	( 53,172)
Change in assessment of realization of deferred tax assets	( 12,259)	( 2,878)
Taxable loss not recognised as deferred tax assets	23,016	40,572
Remittance of earnings	-	218,900
Others	-	4,119
Income tax expense	<u>\$ 182,631</u>	<u>\$ 469,007</u>

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

	2023		
	January 1	Recognised in profit or loss	December 31
Temporary differences:			
-Deferred tax assets:			
Allowance for obsolescence and decline in market value of inventories	\$ 6,431	\$ 2,840	\$ 9,271
Unused vacation time bonus tax differences	203	41	244
Unrealised exchange loss	28	4,498	4,526
Unrealised gross profit	17,353	( 1,980)	15,373
Others	2,612	( 76)	2,536
	<u>\$ 26,627</u>	<u>\$ 5,323</u>	<u>\$ 31,950</u>
-Deferred tax liabilities:			
Pension tax differences	(\$ 479)	(\$ 12)	(\$ 491)
Unrealised exchange gain	( 5,321)	5,321	-
Others	( 91,825)	9,013	( 82,812)
	<u>(\$ 97,625)</u>	<u>\$ 14,322</u>	<u>(\$ 83,303)</u>
	<u>(\$ 70,998)</u>	<u>\$ 19,645</u>	<u>(\$ 51,353)</u>
	2022		
	January 1	Recognised in profit or loss	December 31
Temporary differences:			
-Deferred tax assets:			
Allowance for obsolescence and decline in market value of inventories	\$ 6,562	(\$ 131)	\$ 6,431
Pension tax differences	( 476)	476	-
Unused vacation time bonus tax differences	275	( 72)	203
Unrealised exchange loss	266	( 238)	28
Unrealised gross profit	22,676	( 5,323)	17,353
Others	4,430	( 1,818)	2,612
	<u>\$ 33,733</u>	<u>(\$ 7,106)</u>	<u>\$ 26,627</u>
-Deferred tax liabilities:			
Pension tax differences	\$ -	(\$ 479)	(\$ 479)
Unrealised exchange gain	( 5,183)	( 138)	( 5,321)
Others	( 104,362)	12,537	( 91,825)
	<u>(\$ 109,545)</u>	<u>\$ 11,920</u>	<u>(\$ 97,625)</u>
	<u>(\$ 75,812)</u>	<u>\$ 4,814</u>	<u>(\$ 70,998)</u>

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Deductible temporary differences	\$ 227,168	\$ 240,875

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

(31) Earnings per share

	<u>Year ended December 31, 2023</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to the parent	\$ 896,258	115,961	\$ 7.73
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 896,258		
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	745	
Employee stock options	-	15	
Shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 896,258	116,721	\$ 7.68



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

(32) Supplemental cash flow information

Investing activities with partial cash payments

	Year ended December 31,	
	2023	2022
Purchase of property, plant and equipment	\$ 147,055	\$ 89,537
Add: Opening balance of payable on equipment	16,282	56,199
Less: Ending balance of payable on equipment	(10,127)	(16,282)
Cash paid during the period	\$ 153,210	\$ 129,454

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

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

(2) Significant related party transactions

A. Operating revenue:

	Years ended December 31,	
	2023	2022
Sales of goods:		
Other related parties	\$ 8,284	\$ 4,607
Associates	34	-
	<u>\$ 8,318</u>	<u>\$ 4,607</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,	
	2023	2022
Purchase and processing fees:		
Other related parties	\$ 4,035	\$ 12,792
Associates	229	-
	<u>\$ 4,264</u>	<u>\$ 12,792</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,	
	2023	2022
Rent income:		
Associates	<u>\$ 31</u>	<u>\$ 77</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, 2023	December 31, 2022
Accounts receivable:		
Other related parties	\$ 98	\$ 268
Associates	9	-
	<u>107</u>	<u>268</u>
Other receivables:		
Associates	<u>\$ 68</u>	<u>\$ 45</u>
	<u>\$ 175</u>	<u>\$ 313</u>

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

E. Payables to related parties:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts payable:		
Other related parties	\$ 11	\$ 895
Associates	2,892	-
	<u>\$ 2,903</u>	<u>\$ 895</u>
Other payables:		
Other related parties	\$ -	\$ 1
	<u>\$ 2,903</u>	<u>\$ 896</u>

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

(3) Key management compensation

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Salaries and other short-term employee benefits	\$ 101,249	\$ 93,824
Share-based payments	6,678	12,515
	<u>\$ 107,927</u>	<u>\$ 106,339</u>

8. PLEGGED 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, 2023</u>	<u>December 31, 2022</u>	
Property, plant and equipment	\$ 1,829,734	\$ 1,923,743	Short-term and long-term borrowings
Current financial assets at amortised cost	4,000	4,000	Contract security deposit account for government grants and performance guarantee
	<u>\$ 1,833,734</u>	<u>\$ 1,927,743</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, 2023</u>	<u>December 31, 2022</u>
Property, plant and equipment	\$ 97,516	\$ 123,226

B. As of December 31, 2023 and 2022, the Group's total unused letters of credit was \$945 and \$0, respectively.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

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

## (2) Financial instruments

### A. Financial instruments by category

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss - current	\$ 79,330	\$ 184,805
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	\$ 62,966	\$ 48,410
Financial assets at amortised cost/Loans and receivables		
Cash and cash equivalents	\$ 5,363,426	\$ 5,932,794
Financial assets at amortised cost-current	212,066	25,696
Notes receivable	25,738	42,778
Accounts receivable	943,434	974,639
Accounts receivable - related parties	107	268
Other receivables	28,355	47,616
Other receivables - related parties	68	45
Guarantee deposits paid	40,917	44,581
	<u>\$ 6,614,111</u>	<u>\$ 7,068,417</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 350,000	\$ 1,146,320
Notes payable	686	595
Accounts payable	734,188	729,866
Accounts payable - related parties	2,903	895
Other accounts payable	764,932	691,132
Other accounts payable - related parties	-	1
Long-term borrowings (including current portion)	946,929	967,510
Deposits received	6,491	11,406
	<u>\$ 3,006,129</u>	<u>\$ 3,547,725</u>
Lease liability	<u>\$ 170,811</u>	<u>\$ 174,865</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, 2023		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	USD	29,567	30.705 \$ 907,855
RMB:NTD	RMB	196,539	4.327 850,424
EUR:NTD	EUR	5,137	33.98 174,555
JPY:NTD	JPY	298,545	0.2172 64,844
<u>Financial liabilities</u>			
<u>Monetary items</u>			
JPY:NTD	JPY	489,203	0.2172 \$ 106,255
RMB:NTD	RMB	25,524	4.327 110,442
USD:NTD	USD	2,755	30.705 84,592
EUR:NTD	EUR	1,893	33.98 64,324

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

iii. The total exchange (loss) gain, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2023 and 2022, amounted to \$17,740 and \$128,814, respectively.

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

		Year ended December 31, 2023		
		Sensitivity analysis		
(Foreign currency: functional currency)		Degree of variation	Effect on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD		1%	\$ 9,079	-
RMB:NTD		"	8,504	-
EUR:NTD		"	1,746	-
JPY:NTD		"	648	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
JPY:NTD		1%	\$ 1,063	-
RMB:NTD		"	1,104	-
USD:NTD		"	846	-
EUR:NTD		"	643	-

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

#### 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, 2023 and 2022 would have increased/decreased by \$793 and \$1,848, 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 \$630 and \$484, 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, 2023 and 2022, the Group's borrowings at variable rate were denominated in New Taiwan dollars and Chinese Renminbi.
- ii. If the borrowing interest rate of New Taiwan dollars had increased/decreased by 0.1% with all other variables held constant, profit, net of tax for the the years ended December 31, 2023 and 2022 would have increased/decreased by \$1,038 and \$1,691, 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 amortized 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 analyzing 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 utilization 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, 2023 and 2022, the loss rate methodology is as follows:

<u>At December 31, 2023</u>	<u>Group A</u>	<u>Group B</u>	<u>Group C</u>	<u>Group D</u>	<u>Total</u>
Expected loss rate	0%~1.44%	0%~20.23%	0%~100%	100.00%	
Total book value	\$ 800,074	\$ 152,051	\$ 20,489	\$ 63,921	\$ 1,036,535
Loss allowance	\$ 4,118	\$ 4,024	\$ 9,206	\$ 50,015	\$ 67,363
<u>At December 31, 2022</u>	<u>Group A</u>	<u>Group B</u>	<u>Group C</u>	<u>Group D</u>	<u>Total</u>
Expected loss rate	0%~0.23%	0%~20.23%	0%~100%	100.00%	
Total book value	\$ 690,282	\$ 265,993	\$ 110,565	\$ 13,156	\$ 1,079,996
Loss allowance	\$ 323	\$ 7,254	\$ 41,846	\$ 13,156	\$ 62,579

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

	2023	
	<u>Accounts receivable</u>	<u>Notes receivable</u>
At January 1	\$ 62,579	\$ -
Provision for impairment	4,790	-
Effect of foreign exchange	( 6)	-
At December 31	<u>\$ 67,363</u>	<u>\$ -</u>
	2022	
	<u>Accounts receivable</u>	<u>Notes receivable</u>
At January 1	\$ 27,533	\$ -
Provision for impairment	35,817	-
Write-offs	( 1,676)	-
Effect of foreign exchange	905	-
At December 31	<u>\$ 62,579</u>	<u>\$ -</u>

(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, 2023 and 2022, the Group has undrawn borrowing facilities of \$7,978,371 and \$7,581,429, 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:

<u>December 31, 2023</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>
Short-term borrowings	\$ 350,000	\$ -	\$ -
Notes payable	686	-	-
Accounts payable (including related parties)	737,091	-	-
Other payables	764,932	-	-
Lease liability	64,005	60,365	46,441
Guarantee deposits received	-	6,491	-
Long-term borrowings (including current portion)	200,000	-	746,929

Non-derivative financial liabilities:

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

(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:

December 31, 2023	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 79,330	\$ -	\$ -	\$ 79,330
Financial assets at fair value through other comprehensive income				
Equity securities	5,346	-	57,620	62,966
	<u>\$ 84,676</u>	<u>\$ -</u>	<u>\$ 57,620</u>	<u>\$ 142,296</u>
December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 184,805	\$ -	\$ -	\$ 184,805
Financial assets at fair value through other comprehensive income				
Equity securities	4,184	-	44,226	48,410
	<u>\$ 188,989</u>	<u>\$ -</u>	<u>\$ 44,226</u>	<u>\$ 233,215</u>

(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	Listed shares 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, 2023 and 2022, there was no transfer between Level 1 and Level 2.

E. The following chart is the movement of Level 3 for the years ended December 31, 2023 and 2022:

	<u>Non-derivative equity instrument</u>	
	<u>2023</u>	<u>2022</u>
At January 1	\$ 44,226	\$ 46,044
Gain or loss recognized in other comprehensive income	13,394	( 1,818)
Acquired in the period	-	10,000
Sold in the period	-	( 10,000)
At December 31	<u>\$ 57,620</u>	<u>\$ 44,226</u>

F. Financial segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

G. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value At December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 57,620	Discounted cash flow	Long-term revenue growth rate Weighted average cost of capital	2% 8.85%	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, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 44,226	Discounted cash flow	Long-term revenue growth rate Weighted average cost of capital	2% 8.69%	The higher the long-term revenue growth rate, the higher the fair value; the higher the discount rate, the lower the fair value.

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, 2023					
				Recognised in		Recognised in other	
				profit or loss		comprehensive income	
				Favourable	Unfavourable	Favourable	Unfavourable
				change	change	change	change
	Input	Change					
Financial assets							
Equity instrument	Discount for lack of marketability	±5%	\$	-	\$	-	\$ 2,881 (\$ 2,881)
		December 31, 2022					
				Recognised in		Recognised in other	
				profit or loss		comprehensive income	
				Favourable	Unfavourable	Favourable	Unfavourable
				change	change	change	change
	Input	Change					
Financial assets							
Equity instrument	Discount for lack of marketability	±5%	\$	-	\$	-	\$ 2,211 (\$ 2,211)

(4) Other matter

In response to the Covid-19 outbreak, the Group had adopted related preventive measures and complied with various guidelines imposed by the government. Based on the Group's assessment, there was no significant impact on the Group's operation and business for the year ended December 31, 2023.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: Table 4.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 5.

H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 6.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Please refer to table 7.

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 9.

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

(4) Major shareholders information

Major shareholders information: None.

14. SEGMENT INFORMATION

(1) General information

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

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

(2) Measurement of segment information

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



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

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

	Taiwan	Asia	America	Other	Adjustment and reversal	Total
<u>Year ended</u>						
<u>December 31, 2023</u>						
Revenue from external customers	\$ 3,105,095	\$ 2,762,027	\$ 1,897,281	\$ 251,246	\$ -	\$ 8,015,649
Revenue from internal customers	<u>2,856,260</u>	<u>223,472</u>	<u>396,182</u>	<u>-</u>	<u>( 3,475,914)</u>	<u>-</u>
Segment revenue	<u>\$ 5,961,355</u>	<u>\$ 2,985,499</u>	<u>\$ 2,293,463</u>	<u>\$ 251,246</u>	<u>(\$ 3,475,914)</u>	<u>\$ 8,015,649</u>
Segment (loss) income	<u>\$ 1,241,709</u>	<u>\$ 631,144</u>	<u>(\$ 48,579)</u>	<u>(\$ 48,284)</u>	<u>(\$ 783,926)</u>	<u>\$ 992,064</u>
Segment income / loss, including:						
Depreciation and amortisation	<u>\$ 479,734</u>	<u>\$ 98,472</u>	<u>\$ 63,212</u>	<u>\$ 4,538</u>	<u>(\$ 3,844)</u>	<u>\$ 642,112</u>
Interest income	<u>33,697</u>	<u>61,833</u>	<u>-</u>	<u>292</u>	<u>-</u>	<u>95,822</u>
Interest expense	<u>40,841</u>	<u>938</u>	<u>4,463</u>	<u>108</u>	<u>-</u>	<u>46,350</u>
Income tax expense	<u>172,264</u>	<u>18,113</u>	<u>-</u>	<u>-</u>	<u>( 7,746)</u>	<u>182,631</u>
Investment profit or loss which is adopting equity method	<u>243,011</u>	<u>169,585</u>	<u>( 103,171)</u>	<u>( 46,709)</u>	<u>( 270,195)</u>	<u>( 7,479)</u>
Segment total assets	<u>\$ 15,764,958</u>	<u>\$ 9,151,501</u>	<u>\$ 1,181,104</u>	<u>\$ 188,926</u>	<u>(\$ 12,184,986)</u>	<u>\$ 14,101,503</u>
Segment assets including:						
Investment which is adopting equity method	<u>\$ 4,521,500</u>	<u>\$ 1,363,075</u>	<u>(\$ 38,080)</u>	<u>\$ 27,113</u>	<u>(\$ 5,853,712)</u>	<u>\$ 19,896</u>
Capital expenditure of non-current asset	<u>170,854</u>	<u>78,194</u>	<u>88,172</u>	<u>-</u>	<u>-</u>	<u>337,220</u>
Segment total liabilities	<u>\$ 3,437,339</u>	<u>\$ 1,667,659</u>	<u>\$ 1,152,906</u>	<u>\$ 217,990</u>	<u>(\$ 2,252,333)</u>	<u>\$ 4,223,561</u>
	Taiwan	Asia	America	Other	Adjustment and reversal	Total
<u>Year ended</u>						
<u>December 31, 2022</u>						
Revenue from external customers	\$ 2,708,371	\$ 3,007,369	\$ 1,559,669	\$ 157,105	\$ -	\$ 7,432,514
Revenue from internal customers	<u>3,283,156</u>	<u>328,476</u>	<u>354,998</u>	<u>-</u>	<u>( 3,966,630)</u>	<u>-</u>
Segment revenue	<u>\$ 5,991,527</u>	<u>\$ 3,335,845</u>	<u>\$ 1,914,667</u>	<u>\$ 157,105</u>	<u>(\$ 3,966,630)</u>	<u>\$ 7,432,514</u>
Segment (loss) income	<u>\$ 697,792</u>	<u>\$ 245,360</u>	<u>(\$ 141,218)</u>	<u>(\$ 178,765)</u>	<u>\$ 197,593</u>	<u>\$ 820,762</u>
Segment income / loss, including:						
Depreciation and amortisation	<u>\$ 494,181</u>	<u>\$ 95,286</u>	<u>\$ 40,288</u>	<u>\$ 1,555</u>	<u>(\$ 3,867)</u>	<u>\$ 627,443</u>
Interest income	<u>16,815</u>	<u>50,270</u>	<u>1</u>	<u>3</u>	<u>-</u>	<u>67,089</u>
Interest expense	<u>31,237</u>	<u>1,587</u>	<u>1,738</u>	<u>37</u>	<u>-</u>	<u>34,599</u>
Income tax expense	<u>476,406</u>	<u>2,843</u>	<u>527</u>	<u>-</u>	<u>( 10,769)</u>	<u>469,007</u>
Investment profit or loss which is adopting equity method	<u>( 238,060)</u>	<u>68,050</u>	<u>( 151,206)</u>	<u>( 135,788)</u>	<u>452,129</u>	<u>( 4,875)</u>
Segment total assets	<u>\$ 16,277,603</u>	<u>\$ 8,487,136</u>	<u>\$ 1,373,407</u>	<u>\$ 253,909</u>	<u>(\$ 11,284,098)</u>	<u>\$ 15,107,957</u>
Segment assets including:						
Investment which is adopting equity method	<u>\$ 4,414,935</u>	<u>\$ 1,239,168</u>	<u>\$ 63,539</u>	<u>\$ 73,130</u>	<u>(\$ 5,763,397)</u>	<u>\$ 27,375</u>
Capital expenditure of non-current asset	<u>278,824</u>	<u>16,426</u>	<u>54,871</u>	<u>52,147</u>	<u>-</u>	<u>402,268</u>
Segment total liabilities	<u>\$ 4,264,702</u>	<u>\$ 1,518,413</u>	<u>\$ 1,297,354</u>	<u>\$ 233,344</u>	<u>(\$ 2,284,880)</u>	<u>\$ 5,028,933</u>

For the years ended December 31, 2023 and 2022, sales to Europe and America of reporting department-Taiwan amounted to \$678,982 and \$ 512,526, respectively, and sales to Europe and America of reporting department-Asia and others amounted to \$2,375,264 and \$1,935,376, 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, 2023 and 2022.

(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, 2023 and 2022 is as follows:

	Years ended December 31,			
	2023		2022	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	\$ 3,105,095	\$ 5,067,099	\$ 2,708,371	\$ 5,405,453
Mainland China	2,758,854	723,050	3,003,715	712,391
USA	1,897,281	299,584	1,559,669	268,545
Others	254,419	43,496	160,759	44,458
	<u>\$ 8,015,649</u>	<u>\$ 6,133,229</u>	<u>\$ 7,432,514</u>	<u>\$ 6,430,847</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, 2023 and 2022 is as follows:

	Years ended December 31,			
	2023		2022	
	Revenue	Segment	Revenue	Segment
A	\$ 871,525	USA	\$ 248,410	USA
B	\$ 609,790	Asia	\$ 1,098,148	Asia
C	383,200	USA	578,494	USA
	<u>\$ 1,864,515</u>		<u>\$ 1,925,052</u>	

TCI CO., LTD.  
Loans to others  
Year ended December 31, 2023

Table 1

Expressed in thousands of NTD  
(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended December 31, 2023 (Note 3)	Balance at December 31, 2023	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for uncollectible accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
1	TCI BIOTECH LLC	TCI BIOTECH USA LLC	Other receivables - related parties	Y	\$ 17,441	\$ 6,853	\$ 6,853	0.02	2	\$ -	For operating capital	-	None	-	\$ 5,640	\$ 5,640	Notes 6 · 7 and 11
2	SHANGHAI BIOFUNCTION CO., LTD.	TCI BIOTECH USA LLC	Other receivables - related parties	Y	591,200	591,200	335,343	0.012	2	-	For operating capital	-	None	-	1,761,008	1,761,008	Notes 8 · 9 · 10 and 11

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, 2023. The amount is calculated at the closing rate of USD\$1:NTD\$30.7050; RMBS\$1:NTD\$4.3270, the exchange rate used in original transaction shall be adopted if there was no movement.

Note 4: For lending funds to other entities, ceiling on total loans granted by the Company's subsidiary to others is 20% of the subsidiary's net assets based on the latest financial statements, and limit on loans granted by the Company's subsidiary to a single party is 20% of the subsidiary's net assets based on the latest financial statements.

Note 5: For lending funds to 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: For short-term financing with other entities, ceiling on total loans granted by the Company's subsidiary to others is 20% of the subsidiary's net assets based on the latest financial statements, and limit on loans granted by the Company's subsidiary to a single party is 20% of the subsidiary's net assets based on the latest financial statements.

Note 7: For short-term financing with other entities, ceiling on total loans granted by the Company's subsidiary to others is 40% of the subsidiary's net assets based on the latest financial statements, and limit on loans granted by the Company's subsidiary to a single party is 20% of the subsidiary's net assets based on the latest financial statements.

Note 8: For lending funds or 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 9: For lending funds or short-term financing with other entities, ceiling on total loans granted by the Company's subsidiary to others is 40% 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 10: Non-Taiwan companies that directly and indirectly hold 100% of the voting shares of the same ultimate parent company as our company are not subject to the restrictions of Notes 5, 8, and 9 when engaging in fund lending. The total amount of loans and the limit of loans to a single enterprise must not exceed the loan limit. It is limited to 80% of the net worth of the enterprise.

Note 11: The amounts were approved by the Board of Directors.

TCI CO., LTD.

Provision of endorsements and guarantees to others

Year ended December 31, 2023

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount	Outstanding endorsement/ guarantee amount	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company (%)	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to (Note 4)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 4)	Provision of endorsements/ guarantees to the party in Mainland China (Note 4)	Footnote
		Relationship with the endorser/ guarantor (Note 2)	Company name											
0	TCI CO., LTD.	TCI BIOTECH LLC	2	\$ 1,644,611	\$ 16,154	\$ 15,353	\$ 15,353	\$ -	0.19	\$ 4,111,529	Y	N	N	Note 3
0	TCI CO., LTD.	TCI BIOTECH USA LLC	2	1,644,611	145,390	138,173	138,173	-	1.67	4,111,529	Y	N	N	Note 3

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

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

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

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

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

Note 4: In accordance with the Company and subsidiary's policy, the total guarantee amount shall not exceed 50% of Company's net assets based on the latest financial statements, and the guarantee to a single party shall not exceed 30% of the Company's net assets.

Note 5: The financial report is prepared in accordance with the International Financial Reporting Standards, and the term "net value" refers to the equity attributable to the owner of the parent company on the balance sheet stipulated in the Financial Reporting Standards of the securities issuer.

TCI CO., LTD.

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

Year ended December 31, 2023

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2023				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
TCI CO., LTD.	BILLION ELECTRIC CO., LTD.	None	Financial assets at fair value through other comprehensive income - non-current	125,039	\$ 5,346	0.11	\$ 5,346	
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	11,285	9.17	11,285	
TCI LIVING CO., LTD.	CHUN LING INTERNATIONAL CO., LTD.	None	Financial assets at fair value through other comprehensive income - non-current	774,046	45,963	18.62	45,963	
MAXIGEN BIOTECH INC.	TCI CO., LTD.	Parent company	Financial assets at fair value through other comprehensive income - non-current	2,531,000	432,800	2.14	432,800	
TCI CO., LTD.	Globus Medical Inc	None	Financial assets at fair value through profit or loss - current	525	859	0.00	859	Note 1
TCI CO., LTD.	SEIKAGAKU CORPORATION	None	Financial assets at fair value through profit or loss - current	78,500	12,975	0.14	12,975	
TCI CO., LTD.	Abnova Holding Corporation	None	Financial assets at fair value through profit or loss - current	1,866,000	65,496	3.08	65,496	

Note 1: NuVasive INC was eliminated after the merger by Globus Medical Inc on September 1, 2023. It originally held 700 shares of NuVasive INC, but the merger converted to hold 525 shares of Globus Medical Inc.

TCI CO., LTD.

Accumulative purchase or sale of the same securities amounted to NTS300 million or more than 20% of the paid-in capital

Year ended December 31, 2023

Table 4

Expressed in thousands of NTD  
(Except as otherwise indicated)

Securities bought by	Marketable securities	General ledger account	Counterparty	Relationship	As of January 1, 2023		Bought		sold		As of December 31, 2023	
					Number of shares	Book value	Number of shares	Book value	Number of shares	Book value	Number of shares	Book value
MAXIGEN BIOTECH INC.	TCI CO., LTD.	Financial assets at fair value through other comprehensive income - non-current	None	None	-	\$ -	2,531,000	\$ 500,084	-	\$ -	2,531,000	\$ 432,800

Note 1: The ending amount includes unrealized gains and losses on financial assets.

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, 2023

Table 5

Expressed in thousands of NTD  
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
TCI CO., LTD.	SHANGHAI BIOFUNCTION CO., LTD.	Subsidiary	(Sales)	\$ 958,777	( 19.20)	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.	\$ 138,763	12.57	
TCI CO., LTD.	SHANGHAI BIOTRADE CO., LTD	Subsidiary	(Sales)	244,384	( 4.89)	60-90 days	The prices and terms of sales and purchases are available to third parties.	Terms for collections are approximately the same as those with third parties.	7,877	0.71	
TCI CO., LTD.	TCI BIOTECH LLC	Subsidiary	(Sales)	1,265,516	( 25.34)	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.	294,621	26.69	
TCI CO., LTD.	TCI BIOTECH NETHERLANDS B.V.	Subsidiary	(Sales)	185,290	( 3.71)	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.	181,488	16.44	
TCI BIOTECH USA LLC	TCI BIOTECH LLC	Subsidiary	(Sales)	369,067	( 97.00)	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.	89,103	89.68	

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

Year ended December 31, 2023

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty		Balance as at December 31, 2023	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
						Amount	Action taken		
TCI CO., LTD.	SHANGHAI BIOFUNCTION CO., LTD.	Subsidiary	Accounts receivable	\$ 138,763	0.12	-	-	\$ 138,763	\$ -
TCI CO., LTD.	TCI BIOTECH LLC	Subsidiary	Accounts receivable	294,621	0.25	-	-	294,621	-
TCI CO., LTD.	TCI BIOTECH NETHERLANDS B.V.	Subsidiary	Accounts receivable	181,488	0.15	-	-	181,488	-
TCI BIOTECH USA LLC	TCI BIOTECH LLC	Subsidiary	Accounts receivable	89,103	1.30	-	-	89,103	-

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, 2023

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	TCI CO., LTD.	SHANGHAI BIOTRADE CO., LTD.	1	Sales of goods	\$ 244,384	The prices and terms of sales and purchases are available to third parties.	3.05
0	TCI CO., LTD.	SHANGHAI BIOTRADE CO., LTD.	1	Accounts receivable	7,877	The prices and terms of sales and purchases are available to third parties.	0.06
0	TCI CO., LTD.	SHANGHAI BIOFUNCTION CO., LTD.	1	Sales of goods	958,777	The prices and terms of sales and purchases are available to third parties.	11.96
0	TCI CO., LTD.	SHANGHAI BIOFUNCTION CO., LTD.	1	Accounts receivable	138,763	The prices and terms of sales and purchases are available to third parties.	0.98
0	TCI CO., LTD.	TCI BIOTECH LLC	1	Sales of goods	1,265,516	The prices and terms of sales and purchases are available to third parties.	15.79
0	TCI CO., LTD.	TCI BIOTECH LLC	1	Accounts receivable	294,621	The prices and terms of sales and purchases are available to third parties.	2.09
0	TCI CO., LTD.	TCI BIOTECH NETHERLANDS B.V.	1	Sales of goods	185,290	The prices and terms of sales and purchases are available to third parties.	2.31
0	TCI CO., LTD.	TCI BIOTECH NETHERLANDS B.V.	1	Accounts receivable	181,488	The prices and terms of sales and purchases are available to third parties.	1.29
3	TCI BIOTECH USA LLC	TCI BIOTECH LLC	2	Sales of goods	369,067	The prices and terms of sales and purchases are available to third parties.	4.60
3	TCI BIOTECH USA LLC	TCI BIOTECH LLC	2	Accounts receivable	89,103	The prices and terms of sales and purchases are available to third parties.	0.63

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, 2023

Table 8

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income(loss) recognised by the Company for the year ended December 31, 2023	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
TCI CO., LTD.	TCI FIRSTEK CORP.	Taiwan	Wholesale and retail of health foods and cosmetics	\$ 43,685	\$ 43,685	214,885,489	100.00	\$ 2,673,888	\$ 180,278	\$ 180,278	None
TCI CO., LTD.	GENE & NEXT INC.	Taiwan	Research and development of biotechnology and genetics	32,963	32,963	11,096,692	41.94	413,744	11,673	4,896	None
TCI CO., LTD.	TCI HK LIMITED	Hong Kong	Trading health foods and cosmetics	21,046	21,046	-	100.00	25,525	6,568	6,568	None
TCI CO., LTD.	TCI BIOTECH LLC	U.S.A.	Trading health foods and cosmetics	8,778	8,778	300	3.85	1,085 (	48,579) (	1,868)	None
TCI CO., LTD.	BIOSME CO., LTD.	Taiwan	Trading health foods and cosmetics	5,000	5,000	500,000	100.00	5,042	27	27	None
TCI CO., LTD.	TCI JAPAN CO., LTD.	JAPAN	Trading health foods and cosmetics	15,626	15,626	5,500	100.00	2,343 (	6,473) (	6,473)	None
TCI CO., LTD.	PT TCI BIOTEK INDO	Indonesia	Trading health foods and cosmetics	-	-	-	100.00	78	-	-	Note 3
TCI CO., LTD.	TCI BIOTECH NETHERLANDS B.V.	Netherlands	Trading health foods and cosmetics	210,955	210,955	6,592,950	100.00 (	29,065) (	48,284) (	48,284)	None
TCI CO., LTD.	SMY INTERENT OF PACKAGE CO., LTD.	Taiwan	Producing, manufacturing and selling of packaging containers	1,900	1,900	190,000	15.39	4,347	1,121	172	None
TCI CO., LTD.	QUANTUM BIOLOGY INC.	Taiwan	Research and development of biotechnology	30,000	30,000	3,000,000	100.00	7,263 (	684) (	684)	None
TCI CO., LTD.	MAXIGEN BIOTECH INC.	Taiwan	Wholesale of cosmetics and research and development, producing and sales of biologicals	480,478	480,478	20,304,762	22.83	576,935	165,828	27,355	None
TCI CO., LTD.	PETFOOD BIOTECHNOLOGY CO.,	Taiwan	Producing and sales of pet supplies	33,600	18,000	3,360,000	56.00	15,484 (	18,526) (	10,735)	None
TCI CO., LTD.	VEGAN JOY GLOBAL COMPANY LIMITED	Taiwan	Wholesale and retail of food, grocery and beverage	3,800	3,800	380,000	19.00	862 (	9,420) (	1,790)	None
TCI BIOTECH NETHERLANDS B.V.	TCI BIOTECH LLC	U.S.A	Trading health foods and cosmetics	207,588	207,588	7,500	96.15	27,111 (	48,579) (	46,711)	None
TCI BIOTECH LLC	TCI BIOTECH LLC USA	U.S.A	Producing and manufacturing health foods and cosmetics	207,588	207,588	7,500	100.00 (	38,079) (	103,171) (	103,171)	None

TCI CO., LTD.  
Information on investees  
Year ended December 31, 2023

Table 8

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income(loss) recognised by the Company for the year ended December 31, 2023	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
GENE & NEXT INC.	GLUX HK LIMITED	Hong Kong	Trading health foods and cosmetics	29,542	29,542	-	100.00	769	2	2	None
GENE & NEXT INC.	TCI LIVING CO., LTD.	Taiwan	Trading health foods and cosmetics	43,175	43,175	2,760,000	79.31	93,007	25,525	20,243	None
GENE & NEXT INC.	ASIA PATHOGENOMIC CO., LTD.	Taiwan	Wholesale of chemical industrial and medical devices	24,000	24,000	1,600,000	20.00	14,687 (	29,304) (	5,861)	None
TCI LIVING CO., LTD.	SBI GROUP HK LIMITED	Hong Kong	Trading health foods and cosmetics	5,847	5,847	-	100.00	3,094	74	74	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, 2023' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column.
- (2)The 'Net profit (loss) of the investee for the year ended December 31, 2023' column should fill in amount of net profit (loss) of the investee for this period.
- (3)The 'Investment income (loss) recognised by the Company for the year ended December 31, 2023' column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

Note 3: There was no capital injection as of December 31, 2023.

TCI CO., LTD.  
Information on investments in Mainland China  
Year ended December 31, 2023

Table 9

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee as of December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
SHANGHAI BIOTRADE CO., LTD.	Wholesale of health foods, cosmetics and chemical productions; cosmetic manufacturing	\$ 14,117	Note 3	\$ 15,440	\$ -	\$ -	\$ 15,440	\$ 179,882	100.00	\$ 179,882	\$ 2,720,921	\$ 1,383,547	Note 5 Note 6
SHANGHAI BIOSCIENCE CO., LTD.	Wholesale of health foods, cosmetics and chemical productions; cosmetics manufacturing	26,064	Note 2	-	-	-	-	176,935	100.00	176,935	2,348,469	-	Note 5 Note 6
SHANGHAI BIOCOSME CO., LTD.	Producing cosmetics	143,352	Note 2	-	-	-	( 227)	( 227)	100.00	( 227)	154,044	-	Note 5 Note 6
SHANGHAI BIOFUNCTION CO., LTD.	Producing health foods	1,131,425	Note 1	438,307	-	-	438,307	274,459	100.00	274,459	2,201,261	942,055	Note 5 Note 6
SHANGHAI BIOTECHGENE TECHNOLOGY CO., LTD.	Research and development of biotechnology and genetics	43,440	Note 4	-	-	-	-	497	100.00	497	45,511	-	Note 5 Note 6
TCI LIVING SHANGHAI CO., LTD.	Trading health foods and cosmetics	8,916	Note 3	8,916	-	-	8,916	( 884)	79.31	( 701)	1,398	-	Note 5 Note 6
Hekang Biotech Shanghai Co., Ltd.	Selling medical machinery and trading cosmetics	USDS\$1,800	Note 3	58,193	-	-	58,193	( 34,938)	100.00	( 34,938)	( 36,819)	-	Note 5 Note 6

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

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

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

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

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

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
TCI FIRSTEK CORP.	15,440	15,440	1,635,708
MAXIGEN BIOTECH INC.	58,193	55,269	816,662
TCI LIVING CO., LTD.	8,916	31,484	58,903

Note 6 : The numbers in this table are expressed in New Taiwan dollars, except for: assets and liabilities presented at RMB\$1 : NTD\$4.3270, USDS\$1 : NTD\$30.7050; income presented at RMB\$1 : NTD\$4.3933, USDS\$1 : NTD\$31.1773;

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, 2023

Table 10

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals			Financing			Others
	Amount	%	Amount	%	Balance at December 31, 2023	%	Balance at December 31, 2023	Purpose	Maximum balance during the year ended December 31, 2023	Balance at December 31, 2023	Interest rate	Interest during the year ended December 31, 2023	
SHANGHAI BIOTRADE CO., LTD.	\$ 244,384	4.89	\$ -	-	\$ 7,877	0.71	\$ -	-	\$ -	\$ -	-	\$ -	-
SHANGHAI BIOFUNCTION CO., LTD.	958,777	19.20	-	-	138,763	12.57	-	-	-	-	-	-	-

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.

## 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, 2023 and 2022, 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 material 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, 2023 and 2022, 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 and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

### ***Basis for opinion***

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the 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 2023 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 2023 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 America, Europe and Asia and cosmetic companies.

With the expansion of direct marketing companies in America, 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(27) for accounting policies on revenue recognition and Note 6(21) for details of sales revenue and Note 6(7) 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 the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of 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 the 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 Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.



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

1. Identify and assess the risks of material misstatement of the 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 15, 2024

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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, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2023		December 31, 2022		
		AMOUNT	%	AMOUNT	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 1,024,426	9	\$ 1,162,811	10
1110	Financial assets at fair value through profit or loss - current	6(2)	79,330	1	184,805	1
1136	Current financial assets at amortised cost	6(4)	6,966	-	10,380	-
1150	Notes receivable, net	6(5)	10,887	-	11,184	-
1170	Accounts receivable, net	6(5)	330,298	3	209,408	2
1180	Accounts receivable - related parties	7	762,843	7	1,041,513	9
1200	Other receivables		18,896	-	31,106	-
1210	Other receivables - related parties	7	90,114	1	97,047	1
130X	Inventories	6(6)	552,080	5	638,612	5
1410	Prepayments		147,070	1	134,358	1
1470	Other current assets		40,959	-	32,980	-
11XX	<b>Total current assets</b>		<u>3,063,869</u>	<u>27</u>	<u>3,554,204</u>	<u>29</u>
<b>Non-current assets</b>						
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	17,003	-	19,696	-
1550	Investments accounted for using equity method	6(7)	4,533,360	40	4,443,318	37
1600	Property, plant and equipment	6(8)	3,759,382	33	3,575,910	30
1755	Right-of-use assets	6(9)	1,059	-	7,414	-
1780	Intangible assets	6(10)	7,859	-	15,169	-
1840	Deferred income tax assets	6(28)	23,581	-	20,823	-
1900	Other non-current assets	6(11)	32,722	-	473,511	4
15XX	<b>Total non-current assets</b>		<u>8,374,966</u>	<u>73</u>	<u>8,555,841</u>	<u>71</u>
1XXX	<b>Total assets</b>		<u>\$ 11,438,835</u>	<u>100</u>	<u>\$ 12,110,045</u>	<u>100</u>

(Continued)

TCI CO., LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
<b>Current liabilities</b>						
2100	Short-term borrowings	6(12)	\$ 350,000	3	\$ 1,146,320	10
2130	Current contract liabilities	6(21)	225,373	2	217,957	2
2150	Notes payable		52	-	-	-
2170	Accounts payable		506,651	4	565,061	5
2180	Accounts payable - related parties	7	89,802	1	146,496	1
2200	Other payables	6(13)	543,701	5	419,364	3
2220	Other payables - related parties	7	35,222	-	30,994	-
2230	Current income tax liabilities		422,051	4	458,401	4
2280	Current lease liabilities		1,103	-	6,557	-
2320	Long-term liabilities, current portion	6(14)	200,000	2	650,000	5
2399	Other current liabilities, others		65,829	-	36,481	-
21XX	<b>Total current liabilities</b>		<u>2,439,784</u>	<u>21</u>	<u>3,677,631</u>	<u>30</u>
<b>Non-current liabilities</b>						
2540	Long-term borrowings	6(14)	746,929	7	317,510	3
2570	Deferred income tax liabilities	6(28)	-	-	5,254	-
2580	Non-current lease liabilities		-	-	1,103	-
2600	Other non-current liabilities	6(7)	29,065	-	-	-
25XX	<b>Total non-current liabilities</b>		<u>775,994</u>	<u>7</u>	<u>323,867</u>	<u>3</u>
2XXX	<b>Total liabilities</b>		<u>3,215,778</u>	<u>28</u>	<u>4,001,498</u>	<u>33</u>
<b>Equity</b>						
Share capital 6(17)						
3110	Share capital - common stock		1,182,608	10	1,182,608	10
Capital surplus 6(18)						
3200	Capital surplus		2,900,420	25	2,887,265	24
Retained earnings 6(19)						
3310	Legal reserve		970,582	8	899,210	7
3320	Special reserve		194,104	2	282,347	2
3350	Unappropriated retained earnings		3,491,839	31	3,170,008	26
Other equity interest 6(20)						
3400	Other equity interest		( 283,533)	( 2)	( 194,104)	( 1)
3500	Treasury shares	6(17)	( 232,963)	( 2)	( 118,787)	( 1)
3XXX	<b>Total equity</b>		<u>8,223,057</u>	<u>72</u>	<u>8,108,547</u>	<u>67</u>
3X2X	<b>Total liabilities and equity</b>		<u>\$ 11,438,835</u>	<u>100</u>	<u>\$ 12,110,045</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, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

	Items	Notes	Year ended December 31			
			2023		2022	
			AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(21) and 7	\$ 4,994,176	100	\$ 4,957,274	100
5000	Operating costs	6(6)(15)(26)(27) and 7	( 3,155,777)	( 63)	( 2,880,108)	( 58)
5900	Net operating margin		1,838,399	37	2,077,166	42
5910	Unrealized profit from sales	6(7)	( 52,292)	( 1)	( 72,945)	( 1)
5920	Realized profit on from sales	6(7)	72,945	1	113,382	2
5950	Net operating margin		1,859,052	37	2,117,603	43
	Operating expenses	6(15)(26)(27) and 7				
6100	Selling expenses		( 258,657)	( 5)	( 330,116)	( 7)
6200	General and administrative expenses		( 426,070)	( 9)	( 394,811)	( 8)
6300	Research and development expenses		( 348,473)	( 7)	( 350,839)	( 7)
6450	Impairment loss determined in accordance with IFRS 9	12(2)	( 4,501)	-	-	-
6000	Total operating expenses		( 1,037,701)	( 21)	( 1,075,766)	( 22)
6900	Operating profit		821,351	16	1,041,837	21
	Non-operating income and expenses					
7100	Interest income	6(22)	11,008	-	10,150	-
7010	Other income	6(23) and 7	18,266	1	21,809	1
7020	Other gains and losses	6(24)	( 13,174)	-	111,037	2
7050	Finance costs	6(25)	( 39,000)	( 1)	( 29,852)	( 1)
7070	Share of profit (loss) of associates and joint ventures accounted for using equity method	6(7)	250,837	5	( 209,676)	( 4)
7000	Total non-operating income and expenses		227,937	5	( 96,532)	( 2)
7900	<b>Profit before income tax</b>		1,049,288	21	945,305	19
7950	Income tax expense	6(28)	( 153,030)	( 3)	( 231,811)	( 5)
8200	<b>Profit for the year</b>		\$ 896,258	18	\$ 713,494	14
	<b>Other comprehensive income (loss)</b>					
	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>					
8316	Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income	6(3)(20)	( \$ 2,693)	-	( \$ 10,544)	-
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(20)	5,743	-	3,593	-
	<b>Other comprehensive (loss) income that will be reclassified to profit or loss</b>					
8361	Financial statements translation differences of foreign operations	6(20)	( 92,473)	( 2)	95,421	2
8300	<b>Other comprehensive (loss) income for the year</b>		( \$ 89,423)	( 2)	\$ 88,470	2
8500	<b>Total comprehensive income for the year</b>		\$ 806,835	16	\$ 801,964	16
	Earnings per share (In dollars)	6(29)				
9750	Basic earnings per share	6(29)	\$ 7.73		\$ 6.06	
9850	Diluted earnings per share		\$ 7.68		\$ 6.03	

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, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

	Notes	Share capital - common stock	Capital surplus, additional paid- in capital	Retained Earnings		Unappropriated retained earnings	Other equity interest		Treasury shares	Total equity
				Legal reserve	Special reserve		Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income		
<u>For the year ended December 31, 2022</u>										
Balance at January 1, 2022		\$ 1,182,449	\$ 2,647,254	\$ 744,681	\$ 244,700	\$ 3,698,477	(\$ 283,329)	\$ 982	(\$ 118,787)	\$ 8,116,427
Profit for the year		-	-	-	-	713,494	-	-	-	713,494
Other comprehensive income (loss) for the year	6(20)	-	-	-	-	257	95,421	( 7,208 )	-	88,470
Total comprehensive income (loss)		-	-	-	-	713,751	95,421	( 7,208 )	-	801,964
Appropriations of 2021 earnings										
Legal reserve		-	-	154,529	-	( 154,529 )	-	-	-	-
Special reserve		-	-	-	37,647	( 37,647 )	-	-	-	-
Cash dividends		-	-	-	-	( 1,050,014 )	-	-	-	( 1,050,014 )
Exercise of employee stock purchase plans	6(16)	159	709	-	-	-	-	-	-	868
Share-based payments	6(16)	-	5,030	-	-	-	-	-	-	5,030
Disposal of investment in equity instrument at fair value through other comprehensive income		-	-	-	-	( 30 )	-	30	-	-
Changes in equity of associates and joint ventures		-	14,266	-	-	-	-	-	-	14,266
Difference between consideration and carrying amount of subsidiaries acquired or disposed		-	15,962	-	-	-	-	-	-	15,962
Adjustment not proportionately to shareholding ratio		-	204,044	-	-	-	-	-	-	204,044
Balance at December 31, 2022		\$ 1,182,608	\$ 2,887,265	\$ 899,210	\$ 282,347	\$ 3,170,008	(\$ 187,908)	(\$ 6,196)	(\$ 118,787)	\$ 8,108,547
<u>For the year ended December 31, 2023</u>										
Balance at January 1, 2023		\$ 1,182,608	\$ 2,887,265	\$ 899,210	\$ 282,347	\$ 3,170,008	(\$ 187,908)	(\$ 6,196)	(\$ 118,787)	\$ 8,108,547
Profit for the year		-	-	-	-	896,258	-	-	-	896,258
Other comprehensive income (loss) for the year	6(20)	-	-	-	-	6	( 92,473 )	3,044	-	( 89,423 )
Total comprehensive income (loss)		-	-	-	-	896,264	( 92,473 )	3,044	-	806,835
Appropriations of 2022 earnings										
Legal reserve		-	-	71,372	-	( 71,372 )	-	-	-	-
Special reserve		-	-	-	( 88,243 )	88,243	-	-	-	-
Cash dividends		-	-	-	-	( 591,304 )	-	-	-	( 591,304 )
Share-based payments	6(16)	-	5,017	-	-	-	-	-	-	5,017
Changes in equity of associates and joint ventures		-	8,138	-	-	-	-	-	-	8,138
Acquisition of parent company's share by subsidiaries recognized as treasury shares		-	-	-	-	-	-	-	( 114,176 )	( 114,176 )
Balance at December 31, 2023		\$ 1,182,608	\$ 2,900,420	\$ 970,582	\$ 194,104	\$ 3,491,839	(\$ 280,381)	(\$ 3,152)	(\$ 232,963)	\$ 8,223,057

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, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2023	2022
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 1,049,288	\$ 945,305
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(9)(26)	383,193	363,501
Amortisation	6(10)(26)	7,310	7,072
Expected credit impairment loss	12(2)	4,501	-
Net loss (gain) on financial assets at fair value through profit or loss	6(2)(24)	7,793	( 17,195 )
Interest expense	6(25)	39,000	29,852
Interest income	6(22)	( 11,008 )	( 10,150 )
Dividend income	6(23)	( 4,558 )	( 4,893 )
Compensation cost arising from employee stock options	6(16)(27)	6,501	5,950
Share of (profit) loss of subsidiaries accounted for under equity method	6(7)	( 250,837 )	209,676
Gain on disposal of property, plant and equipment	6(24)	( 10,244 )	( 5,529 )
Decrease (increase) in investments accounted for using equity method	6(24)	4,349	( 2,532 )
Realized profit from sales	6(7)	( 20,653 )	( 40,437 )
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		297	2,850
Accounts receivable		( 125,391 )	87,470
Accounts receivable - related parties		278,670	( 376,091 )
Other receivables		12,210	( 14,047 )
Other receivables - related parties		6,933	( 69,545 )
Inventories		86,532	( 150,173 )
Prepayments		( 12,712 )	( 1,361 )
Other current assets		( 7,979 )	20,967
Changes in operating liabilities			
Contract liabilities - current		7,416	39,157
Notes payable		52	( 1,440 )
Accounts payable		( 58,410 )	36,615
Accounts payable - related parties		( 56,694 )	( 62,182 )
Other payables		126,179	( 197,038 )
Other payables - related parties		4,228	( 12,949 )
Other current liabilities		29,348	3,897
Cash inflow generated from operations		1,495,314	786,750
Interest received		11,008	10,150
Dividends received		4,558	4,893
Interest paid		( 38,923 )	( 29,665 )
Income tax paid		( 197,392 )	( 173,838 )
Net cash flows from operating activities		<u>1,274,565</u>	<u>598,290</u>

(Continued)

TCI CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of non-current financial assets at fair value through other comprehensive income		\$ -	(\$ 10,000 )
Proceeds from disposal of non-current financial assets at fair value through other comprehensive income		-	9,970
Increase in investments accounted for under equity method	6(7)	( 15,600 )	( 73,933 )
Earnings distribution of investments accounted for using equity method	6(7)	31,862	901,196
Proceeds from disposal of investments accounted for using the equity method		-	19,541
Acquisition of property, plant and equipment	6(30)	( 122,854 )	( 73,617 )
Proceeds from disposal of property, plant and equipment		19,155	18,675
Acquisition of intangible assets	6(10)	-	( 6,818 )
Acquisition of financial assets at fair value through profit or loss		( 38,510 )	( 153,566 )
Proceeds from disposal of financial assets at fair value through profit or loss		131,844	119,754
Decrease (increase) in financial assets at amortised cost	6(4)	3,414	( 10,380 )
Increase in prepayments for purchase of equipment		( 11,825 )	( 184,652 )
Decrease in refundable deposits	6(11)	4,403	256
Net cash flows from investing activities		<u>1,889</u>	<u>556,426</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Repayments of short-term borrowings		( 2,495,555 )	( 4,600,080 )
Repayments of long-term borrowings		( 218,383 )	-
Proceeds from short-term borrowings		1,699,235	4,298,162
Lease liabilities paid		( 6,634 )	( 6,993 )
Proceeds from long-term borrowings		197,802	-
Cash dividends paid		( 591,304 )	( 1,050,014 )
Employee stock options		-	868
Net cash flows used in financing activities		( <u>1,414,839</u> )	( <u>1,358,057</u> )
Net decrease in cash and cash equivalents		( 138,385 )	( 203,341 )
Cash and cash equivalents at beginning of year	6(1)	<u>1,162,811</u>	<u>1,366,152</u>
Cash and cash equivalents at end of year	6(1)	<u>\$ 1,024,426</u>	<u>\$ 1,162,811</u>

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, 2023 AND 2022

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

1. HISTORY AND ORGANIZATION

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 AUTHORIZATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These parent company only financial statements were authorized for issuance by the Board of Directors on March 15, 2024.

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®”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023
Amendments to IAS 12, ‘International tax reform - pillar two model rules’	May 23, 2023

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

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2024 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024

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) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

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 MATERIAL 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 that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the 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 recognized 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 recognized 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 recognized 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 recognized 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 recognized 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 realized, 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 realized 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 amortized 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 recognized and derecognized using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognizes 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 recognize 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 recognized and derecognized 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 recognized 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 recognized 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 recognized in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

(8) Financial assets at amortized cost

- A. Financial assets at amortized 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 amortized cost are recognized and derecognized 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 amortized cost, at each reporting date, the Company recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes 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 recognizes the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

The Company derecognizes 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 realizable 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 realizable value. Net realizable 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 capitalized.
- B. Subsequent costs are included in the asset's carrying amount or recognized 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 derecognized. 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 recognized 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 recognized 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;
- (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;
  - (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 recognized as an adjustment to the right-of-use asset.  
modifications.



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 recognize the difference between remeasured lease liability in profit or loss.

(16) Intangible assets

A. Licenses

Separately acquired licenses are stated at historical cost. Licenses acquired in a business combination are recognized at fair value at the acquisition date. Licenses have a finite useful life and are amortized 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 amortized 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 recognized 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 amortized historical cost would have been if the impairment had not been recognized.

(18) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized 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) Derecognition of financial liabilities

A financial liability is derecognized when the obligation specified in the contract is either discharged or cancelled or expires.

(21) 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 recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(22) 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 recognized as expense in that period when the employees render service.

B. Pensions

Defined contribution plans

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

(23) 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 recognized 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 recognized 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 recognized 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 recognizes the payments from the employees who are expected to resign during the vesting period as liabilities at the grant date, and recognizes the payments from the employees who are expected to be eventually vested with the stocks in 'capital surplus – others'.

(24) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized 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 recognized, 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 and does not give rise to equal taxable and deductible temporary differences. 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 realized or the deferred tax liability is settled.

- D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized 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 recognized amounts and there is an intention to settle on a net basis or realize 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 realize 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.

(25) 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.

(26) 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.

(27) Revenue recognition

- A. The Company manufactures and sells health foods and cosmetics products. Sales are recognized 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 recognized 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 recognized 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 recognized for expected price break payable to customers in relation to sales made until the end of the reporting period.

(28) Government grants

Government grants are recognized 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 recognized in profit or loss on a systematic basis over the periods in which the Company recognizes 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, 2023</u>	<u>December 31, 2022</u>
Cash on hand and revolving funds	\$ 10,102	\$ 10,043
Checking accounts and demand deposits	495,040	622,737
Time deposits	<u>526,250</u>	<u>540,411</u>
	1,031,392	1,173,191
Less: Shown as 'current financial assets at amortised cost'	<u>( 6,966)</u>	<u>( 10,380)</u>
	<u>\$ 1,024,426</u>	<u>\$ 1,162,811</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, 2023 and 2022, the Company recognized time deposits with maturity over 3 months of \$6,966 and \$10,380, respectively, and shown as 'current financial assets at amortized cost'.

C. In accordance with the IFRSs Q&A regulations amended by the competent authorities on January 5, 2024, the Company will self-amortize the unused balance in the special fund account repatriated under the "Regulations on the Management, Utilization and Taxation of Overseas Fund Repatriation". Financial assets measured at subsequent cost - non-current were reclassified into cash and cash equivalents, and were retrospectively adjusted to January 1, 2022. On December 31, 2022, cash and cash equivalents were respectively increased and financial assets measured at amortized cost were decreased by \$530,031.

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, 2023</u>	<u>December 31, 2022</u>
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ 82,787	\$ 180,469
Valuation adjustment	( 3,457)	4,336
	<u>\$ 79,330</u>	<u>\$ 184,805</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 recognized net (losses) gains on investment of equity instrument amounting to \$(7,793) and \$14,598 for the years ended December 31, 2023 and 2022, 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, 2023</u>	<u>December 31, 2022</u>
Non-current items:		
Equity instruments		
Listed stocks	\$ 12,604	\$ 12,604
Unlisted stocks	22,540	22,540
	35,144	35,144
Valuation adjustment	( 18,141)	( 15,448)
	<u>\$ 17,003</u>	<u>\$ 19,696</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 \$17,003 and \$19,696 as at December 31, 2023 and 2022, respectively.

B. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Company were \$17,003 and \$19,696, 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 amortized cost

Items	December 31, 2023	December 31, 2022
Current items:		
Time deposits	\$ 6,966	\$ 10,380

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

	2023	2022
Interest income	\$ 18	\$ 61

B. As of December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortized cost held by the Group were \$6,966 and \$10,380, respectively.

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

(5) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable	\$ 10,887	\$ 11,184
Less: Allowance for uncollectible accounts	-	-
	\$ 10,887	\$ 11,184
Accounts receivable	\$ 356,631	\$ 231,240
Less: Allowance for uncollectible accounts	( 26,333)	( 21,832)
	\$ 330,298	\$ 209,408

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

	December 31, 2023	December 31, 2022
Not past due	\$ 295,557	\$ 189,237
Up to 30 days	23,890	19,203
31 to 90 days	21,738	12,152
	\$ 341,185	\$ 220,592

The above ageing analysis was based on past due date.

- B. As of December 31, 2023 and 2022, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2022, the balance of receivables from contracts with customers amounted to \$296,878.
- C. As of December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes and accounts receivable were \$10,887 and \$11,184; \$330,298 and \$209,408, respectively.
- D. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(6) Inventories

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 331,037	(\$ 30,515)	\$ 300,522
Work in progress	114,269	( 10,172)	104,097
Finished goods	152,110	( 4,649)	147,461
	<u>\$ 597,416</u>	<u>(\$ 45,336)</u>	<u>\$ 552,080</u>
	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 449,013	(\$ 16,367)	\$ 432,646
Work in progress	6,616	-	6,616
Finished goods	214,154	( 14,804)	199,350
	<u>\$ 669,783</u>	<u>(\$ 31,171)</u>	<u>\$ 638,612</u>

The cost of inventories recognized as expense for the years ended December 31, 2023 and 2022, were \$3,155,777 and \$2,880,108, respectively, including \$20,977 and \$7,007 that the Company wrote down from cost to the net realizable value accounted for as cost of goods sold for the years ended December 31, 2023 and 2022, respectively.



(7) Investments accounted for using equity method

	<u>2023</u>	<u>2022</u>
At January 1	\$ 4,443,318	\$ 5,010,822
Addition of investments accounted for using equity method	15,600	206,146
Disposal of investments accounted for using equity method	- (	3,580)
Share of profit or loss of investments accounted for using equity method	250,837 (	209,676)
Unrealized profit (loss) from sales	( 52,292) (	72,945)
Realized (loss) profit from sales	72,945	113,382
Changes in unappropriated earnings (not recognised proportionately to shareholding ratio)	913	201,351
Changes in other equity items	( 80,988)	99,014
Earnings distribution of investments accounted for using equity method	( 31,862) (	901,196)
Acquisition of parent company's share by subsidiaries recognized as treasury shares	( 114,176)	-
Credit balance of investments accounted for using equity method transferred to other non-current liabilities	<u>29,065</u>	<u>-</u>
At December 31	<u>\$ 4,533,360</u>	<u>\$ 4,443,318</u>

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Subsidiaries:		
TCI FIRSTEK CORP.	\$ 2,673,888	\$ 2,548,858
GENE & NEXT INC.	413,744	421,548
MAXIGEN BIOTECH INC.	576,935	671,312
SHANGHAI BIOFUNCTION CO., LTD.	806,764	720,441
TCI HK LIMITED	25,525	19,060
TCI BIOTECH LLC	1,085	2,925
BIOCOSME CO., LTD.	5,042	5,015
TCI JAPAN CO., LTD.	2,343	9,287
PT TCI BIOTEK INDO	78	78
TCI BIOTECH NETHERLANDS B.V.	( 29,065)	20,565
QUANTUM BIOLOGY INC.	7,263	7,696
PETFOOD BIOTECHNOLOGY CO., LTD.	15,484	9,706
Associates:		
SMY INTERENT OF PACKAGE CO., LTD.	4,347	4,175
Vegan Joy Global CO., LTD.	862	2,652
	<u>4,504,295</u>	<u>4,443,318</u>
Add: Credit balance of investments accounted for under equity method (shown as '2600 other non-current liabilities')	29,065	-
	<u>\$ 4,533,360</u>	<u>\$ 4,443,318</u>

A. Information about the Company's subsidiaries is provided in Note 4(3) of the 2023 consolidated financial statements.

(8) Property, plant and equipment

	Land	Buildings and structures	Machinery	Office equipment	Others	Unfinished construction and equipment pending acceptance	Total
<u>At January 1, 2023</u>							
Cost	\$ 692,962	\$ 1,712,319	\$ 1,676,498	\$ 552,238	\$ 309,215	\$ -	\$ 4,943,232
Accumulated depreciation	-	( 237,306)	( 737,465)	( 193,121)	( 199,430)	-	( 1,367,322)
	<u>\$ 692,962</u>	<u>\$ 1,475,013</u>	<u>\$ 939,033</u>	<u>\$ 359,117</u>	<u>\$ 109,785</u>	<u>\$ -</u>	<u>\$ 3,575,910</u>
<u>2023</u>							
At January 1	\$ 692,962	\$ 1,475,013	\$ 939,033	\$ 359,117	\$ 109,785	\$ -	\$ 3,575,910
Additions	-	-	45,260	51,292	7,041	17,417	121,010
Disposals	( 4,190)	( 3,860)	( 626)	( 235)	-	-	( 8,911)
Reclassifications	-	-	22,647	66,878	900	357,786	448,211
Depreciation charge	-	( 53,256)	( 213,581)	( 72,779)	( 37,222)	-	( 376,838)
At December 31	<u>\$ 688,772</u>	<u>\$ 1,417,897</u>	<u>\$ 792,733</u>	<u>\$ 404,273</u>	<u>\$ 80,504</u>	<u>\$ 375,203</u>	<u>\$ 3,759,382</u>
<u>At December 31, 2023</u>							
Cost	\$ 688,772	\$ 1,708,247	\$ 1,739,635	\$ 669,148	\$ 317,156	\$ 375,203	\$ 5,498,161
Accumulated depreciation	-	( 290,350)	( 946,902)	( 264,875)	( 236,652)	-	( 1,738,779)
	<u>\$ 688,772</u>	<u>\$ 1,417,897</u>	<u>\$ 792,733</u>	<u>\$ 404,273</u>	<u>\$ 80,504</u>	<u>\$ 375,203</u>	<u>\$ 3,759,382</u>

	Land	Buildings and structures	Machinery	Office equipment	Others	Total
<u>At January 1, 2022</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>
<u>2022</u>						
At January 1	\$ 667,990	\$ 1,492,228	\$ 822,724	\$ 276,870	\$ 132,168	\$ 3,391,980
Additions	-	87	21,724	8,340	6,524	36,675
Disposals	( 2,238)	( 7,897)	12	( 748)	( 2,275)	( 13,146)
Reclassifications	27,210	43,307	294,434	138,917	13,329	517,197
Depreciation charge	-	( 52,711)	( 199,861)	( 64,262)	( 39,962)	( 356,796)
At December 31	<u>\$ 692,962</u>	<u>\$ 1,475,014</u>	<u>\$ 939,033</u>	<u>\$ 359,117</u>	<u>\$ 109,784</u>	<u>\$ 3,575,910</u>
<u>At December 31, 2022</u>						
Cost	\$ 692,962	\$ 1,712,319	\$ 1,676,498	\$ 552,238	\$ 309,215	\$ 4,943,232
Accumulated depreciation	-	( 237,306)	( 737,465)	( 193,121)	( 199,430)	( 1,367,322)
	<u>\$ 692,962</u>	<u>\$ 1,475,013</u>	<u>\$ 939,033</u>	<u>\$ 359,117</u>	<u>\$ 109,785</u>	<u>\$ 3,575,910</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 buildings. 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, 2023</u>	<u>December 31, 2022</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Buildings	<u>\$ 1,059</u>	<u>\$ 7,414</u>
	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Buildings	<u>\$ 6,355</u>	<u>\$ 6,705</u>

C. For the years ended December 31, 2023 and 2022, there were no additions to right-of-use assets.

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

	Years ended December 31,	
	2023	2022
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 77	\$ 187
Expense on short-term lease contracts	12,373	10,931
Expense on leases of low-value assets	1,488	2,162

E. For the years ended December 31, 2023 and 2022, the Company total cash outflow for leases were \$20,495 and \$20,086, respectively.

(10) Intangible assets

	<u>Software</u>	<u>Royalty</u>	<u>Total</u>
<u>At January 1, 2023</u>			
Cost	\$ 30,091	\$ 1,500	\$ 31,591
Accumulated amortization	( 15,472)	( 950)	( 16,422)
	<u>\$ 14,619</u>	<u>\$ 550</u>	<u>\$ 15,169</u>
<u>2023</u>			
At January 1	\$ 14,619	\$ 550	\$ 15,169
Amortization charge	( 7,160)	( 150)	( 7,310)
At December 31	<u>\$ 7,459</u>	<u>\$ 400</u>	<u>\$ 7,859</u>
<u>At December 31, 2023</u>			
Cost	\$ 30,091	\$ 1,500	\$ 31,591
Accumulated amortization	( 22,632)	( 1,100)	( 23,732)
	<u>\$ 7,459</u>	<u>\$ 400</u>	<u>\$ 7,859</u>

	<u>Software</u>	<u>Royalty</u>	<u>Total</u>
<u>At January 1, 2022</u>			
Cost	\$ 38,349	\$ 1,500	\$ 39,849
Accumulated amortization	( 25,103)	( 800)	( 25,903)
	<u>\$ 13,246</u>	<u>\$ 700</u>	<u>\$ 13,946</u>
<u>2022</u>			
At January 1	\$ 13,246	\$ 700	\$ 13,946
Additions	6,819	-	6,819
Reclassifications	1,476	-	1,476
Amortization charge	( 6,922)	( 150)	( 7,072)
At December 31	<u>\$ 14,619</u>	<u>\$ 550</u>	<u>\$ 15,169</u>
<u>At December 31, 2022</u>			
Cost	\$ 30,091	\$ 1,500	\$ 31,591
Accumulated amortization	( 15,472)	( 950)	( 16,422)
	<u>\$ 14,619</u>	<u>\$ 550</u>	<u>\$ 15,169</u>

Details of amortization on intangible assets are as follows:

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Overhead	\$ 2,054	\$ 1,646
Selling expenses	-	-
Administrative expenses	5,106	5,138
Research and development expenses	150	288
	<u>\$ 7,310</u>	<u>\$ 7,072</u>

(11) Other non-current assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Prepayments for construction business facilities	\$ 8,659	\$ 445,045
Guarantee deposits paid	24,063	28,466
	<u>\$ 32,722</u>	<u>\$ 473,511</u>

(12) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2023</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank overdraft			
Unsecured borrowings	<u>\$ 350,000</u>	1.57%	None
<u>Type of borrowings</u>	<u>December 31, 2022</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank overdraft			
Unsecured borrowings	<u>\$ 1,146,320</u>	1.18%~2.30%	None

(13) Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Salaries and bonuses payable	\$ 121,931	\$ 108,619
Employee bonus payable	282,478	180,092
Payable on machinery and equipment	5,441	7,285
Others	133,851	123,368
	<u>\$ 543,701</u>	<u>\$ 419,364</u>

(14) 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, 2023</u>
Long-term bank borrowings				
Unsecured borrowings	Borrowing period is from March 3, 2020 to January 15, 2028; interest is repayable monthly.	1.75%	None	\$ 99,127
Secured borrowings	Borrowing period is from December 3, 2021 to September 11, 2024; interest is repayable monthly.	1.8831%	Plant	200,000
Secured borrowings	Borrowing period is from March 29, 2023 to August 14, 2038; interest is repayable monthly.	2.00%	Land and Buildings	647,802
				<u>946,929</u>
Less: Current portion				<u>(200,000)</u>
				<u>\$ 746,929</u>

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2022</u>
Long-term bank borrowings				
Unsecured borrowings	Borrowing period is from March 3, 2020 to January 15, 2028; interest is repayable monthly.	1.625%	None	\$ 117,350
Secured borrowings	Borrowing period is from March 29, 2021 to March 29, 2023; interest is repayable monthly.	1.9649%	Land and Buildings	330,000
Secured borrowings	Borrowing period is from December 3, 2021 to September 11, 2024; interest is repayable monthly.	1.603%	Land and Buildings	200,000
Secured borrowings	Borrowing period is from October 6, 2021 to October 6, 2023; interest is repayable monthly.	1.6615%	Land and Buildings	170,000
Secured borrowings	Borrowing period is from March 29, 2021 to September 11, 2023; interest is repayable monthly.	1.7488%	Land and Buildings	150,000
				<u>967,350</u>
Less: Current portion				<u>( 650,000)</u>
				<u>\$ 317,350</u>

(15) 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, 2023 and 2022 were \$23,066 and \$23,776, respectively.



(16) Share-based payment

A. For the years ended December 31, 2023 and 2022, 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,			
	2023		2022	
	No. of options	Weighted-average exercise price (in dollars)	No. of options	Weighted-average exercise price (in dollars)
Options outstanding at January 1	-	\$ 100	21	\$ 100
Options expired	-	-	( 5)	-
Options exercised	-	-	( 16)	100
Options outstanding at the end of the year	-	\$ 100	-	\$ 100
Options exercisable at the end of the year	-	\$ 100	-	\$ 100

	Years ended December 31,			
	2023		2022	
	No. of options	Weighted-average exercise price (in dollars)	No. of options	Weighted-average exercise price (in dollars)
Options outstanding at January 1	1,493	\$ 448	1,617	\$ 448
Options expired	( 108)	-	( 124)	448
Options outstanding at the end of the year	1,385	\$ 448	1,493	\$ 448
Options exercisable at the end of the year	1,385	\$ 448	1,493	\$ 448

C. The weighted-average stock price of stock options at exercise dates for the years ended December 31, 2023 and 2022 were \$185.65 and \$160.75, 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, 2023		December 31, 2022	
		No. of shares (in thousands)	Exercise price (in dollars)	No. of shares (in thousands)	Exercise price (in dollars)
2016.07.01	2022.06.30	-	\$ 100	-	\$ 100
2018.05.15	2024.05.14	1,385	448	1,493	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,	
	2023	2022
Equity-settled	\$ 6,501	\$ 5,950

F. On June 26, 2019, the Company issued 900 thousand shares of employee restricted ordinary shares as approved by the regulatory authority. The exercise price is \$10 (in dollars) per share and the fair value is determined based on the closing price of \$282 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.

(17) Share capital

A. As of December 31, 2023, the Company's authorized capital was \$2,000,000, and the paid-in capital was \$1,182,608, with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

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

	2023		
	Private placement of ordinary share	Unrestricted shares	Total
At January 1	-	118,261	118,261
Employee stock options exercised	-	-	-
Restricted stocks to employee - stocks redeemed	-	-	-
Retirement of treasury shares	-	-	-
At December 31	-	118,261	118,261

	2022		
	Private placement of ordinary share	Unrestricted shares	Total
At January 1	-	118,245	118,245
Employee stock options exercised	-	-	-
Restricted stocks to employee - stocks redeemed	-	16	16
Retirement of treasury shares	-	-	-
At December 31	-	118,261	118,261

B. Treasury shares

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

		December 31, 2023	
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
Subsidiaries- MAXIGEN BIOTECH INC.	To improve the group's operational efficiency	2,531,000	500,084
Less: Shown as consolidated financial statements '36XX non-controlling interests'			( 385,908)
			<u>\$ 232,963</u>
		December 31, 2022	
Name of company holding the shares	Reason for reacquisition	Number of shares	Carrying amount
The Company	To be reissued to employees	532,000	<u>\$ 118,787</u>

Note: The company's subsidiary MAXIGEN BIOTECH INC. is a subsidiary of the company that has substantial control. However, the company's shareholding of 22.83% does not reach 50%. Therefore, the company's repurchase of the company's shares is not subject to Restrictions under Article 167 of the Company Law.

- (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 realized 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, 2023, 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, 2023, the Company has repurchased 1,016 thousand shares, considering the efficiency of capital utilization and the employees' willingness to subscribe for the shares, the Company will not repurchase more shares.

(18) 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 capitalized 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.

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

(20) Other equity items

	2023			
	Unrealized gains (losses) on valuation	Currency translation	Unearned employee compensation	Total
At January 1	(\$ 6,196)	(\$ 187,908)	\$ -	(\$ 194,104)
Currency translation differences	-	( 92,473)	-	( 92,473)
Subsidiaries accounted for using equity method	5,737	-	-	5,737
Revaluation	( 2,693)	-	-	( 2,693)
At December 31	(\$ 3,152)	(\$ 280,381)	\$ -	(\$ 283,533)

	2022			
	Unrealized gains (losses) on valuation	Currency translation	Unearned employee compensation	Total
At January 1	\$ 982	(\$ 283,329)	\$ -	(\$ 282,347)
Currency translation differences	-	95,421	-	95,421
Subsidiaries accounted for using equity method	3,336	-	-	3,336
Revaluation	( 10,544)	-	-	( 10,544)
Revaluation transferred to retained earnings	30	-	-	30
At December 31	<u>(\$ 6,196)</u>	<u>(\$ 187,908)</u>	<u>\$ -</u>	<u>(\$ 194,104)</u>

Amounts that the Company recognized 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, 2023 and 2022 are all \$0.

(21) Operating revenue

	Years ended December 31,	
	2023	2022
Revenue from contracts with customers	<u>\$ 4,994,176</u>	<u>\$ 4,957,274</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, 2023</u>	<u>Europe and America region</u>	<u>Asia Pacific region</u>	<u>Total</u>
Timing of revenue			
At a point in time	<u>\$ 2,156,824</u>	<u>\$ 2,837,352</u>	<u>\$ 4,994,176</u>
<u>Year ended December 31, 2022</u>	<u>Europe and America region</u>	<u>Asia Pacific region</u>	<u>Total</u>
Timing of revenue			
At a point in time	<u>\$ 1,807,835</u>	<u>\$ 3,149,439</u>	<u>\$ 4,957,274</u>

B. Contract assets and liabilities

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Contract liabilities – advance sales receipts	<u>\$ 225,373</u>	<u>\$ 217,957</u>	<u>\$ 178,800</u>

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

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

	Years ended December 31,	
	2023	2022
Revenue recognized that was included in the contract liability balance at the beginning of the period		
Advance sales receipts	\$ 125,067	\$ 157,190

(22) Interest income

	Years ended December 31,	
	2023	2022
Interest income from bank deposits	\$ 11,008	\$ 10,150

(23) Other income

	Years ended December 31,	
	2023	2022
Service income	\$ 900	\$ 1,050
Rent income	3,001	3,064
Dividend income	4,558	4,893
Other income - others	9,807	12,802
	\$ 18,266	\$ 21,809

(24) Other gains and losses

	Years ended December 31,	
	2023	2022
(Losses) gains on disposals of investments	(\$ 4,349)	\$ 2,532
Gains on disposal of property, plant and equipment	10,244	5,529
(Losses) gains on financial assets at fair value through profit or loss	( 7,793)	14,598
Foreign exchange (losses) gains	( 4,862)	88,378
Miscellaneous disbursements	( 6,414)	-
	(\$ 13,174)	\$ 111,037



(25) Finance costs

	Years ended December 31,	
	2023	2022
Interest expense		
Bank borrowings	\$ 38,923	\$ 29,665
Convertible bonds	-	-
Leases	77	187
	<u>\$ 39,000</u>	<u>\$ 29,852</u>

(26) Expenses by nature

	Years ended December 31,	
	2023	2022
Employee benefit expense	\$ 697,683	\$ 606,302
Depreciation charges on property, plant and equipment	383,193	363,501
Amortisation charges on intangible assets	7,310	7,072
	<u>\$ 1,088,186</u>	<u>\$ 976,875</u>

(27) Employee benefit expense

	Years ended December 31,	
	2023	2022
Wages and salaries	\$ 597,718	\$ 500,105
Employee stock options (Note)	6,501	5,950
Labour and health insurance fees	48,879	52,461
Pension costs	23,066	23,776
Other personnel expenses	21,519	24,010
	<u>\$ 697,683</u>	<u>\$ 606,302</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, 2023 and 2022, employees' compensation were accrued at \$117,054 and \$49,974, respectively; while directors' and supervisors' remuneration were accrued at \$4,200 and \$4,200, respectively. The aforementioned amounts were recognized 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, 2023. The employees' compensation and directors' and supervisors' remuneration resolved by the Board of Directors were \$117,054 and \$4,200, respectively, and the employees' compensation will be distributed in the form of cash.

Employees' compensation and directors' and supervisors' remuneration of 2022 as resolved by the Board of Directors were \$49,974 and \$4,200, respectively, and were in agreement with those amounts recognized in the 2022 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.

(28) Income tax

A. Income tax expense

Components of income tax expense:

	Years ended December 31,	
	2023	2022
Current tax:		
Current tax on profits for the year	\$ 169,462	\$ 244,036
Tax on undistributed surplus earnings	6,964	15,154
Effect from investment tax credits	( 6,964)	( 10,460)
Prior year income tax overestimation	( 8,420)	( 25,076)
Total current tax	<u>161,042</u>	<u>223,654</u>
Deferred tax:		
Origination and reversal of temporary differences	( 8,012)	8,157
Remittance of earnings	-	-
Total deferred tax	<u>( 8,012)</u>	<u>8,157</u>
Income tax expense	<u>\$ 153,030</u>	<u>\$ 231,811</u>

B. Reconciliation between income tax expense and accounting profit:

	Years ended December 31,	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate	\$ 209,858	\$ 189,061
Effect from items not recognised in accordance with tax regulation	( 48,408)	63,132
Effect from investment tax credits	( 6,964)	( 10,460)
Prior year income tax overestimation	( 8,420)	( 25,076)
Tax on undistributed earnings	<u>6,964</u>	<u>15,154</u>
Income tax expense	<u>\$ 153,030</u>	<u>\$ 231,811</u>

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

	2023		
	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	\$ 2,833	\$ 9,067
Unrealised exchange loss	-	4,055	4,055
Unrealised gross profit	14,589	(4,130)	10,459
	<u>\$ 20,823</u>	<u>\$ 2,758</u>	<u>\$ 23,581</u>
-Deferred tax liabilities:			
Unrealised exchange gain	(\$ 5,254)	\$ 5,254	\$ -
	<u>(\$ 5,254)</u>	<u>\$ 5,254</u>	<u>\$ -</u>
	<u>\$ 15,569</u>	<u>\$ 8,012</u>	<u>\$ 23,581</u>
	2022		
	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	-	-	-
Unrealised gross profit	22,676	(8,087)	14,589
	<u>\$ 28,910</u>	<u>(\$ 8,087)</u>	<u>\$ 20,823</u>
-Deferred tax liabilities:			
Unrealised exchange gain	(\$ 5,184)	(\$ 70)	(\$ 5,254)
	<u>(\$ 5,184)</u>	<u>(\$ 70)</u>	<u>(\$ 5,254)</u>
	<u>\$ 23,726</u>	<u>(\$ 8,157)</u>	<u>\$ 15,569</u>

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

(29) Earnings per share

	Year ended December 31, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 896,258	115,961	\$ 7.73
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 896,258		
Assumed conversion of all dilutive potential ordinary shares			
Employee stock option	-	15	
Employees' compensation	-	745	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 896,258	116,721	\$ 7.68
	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 713,494	117,717	\$ 6.06
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 713,494		
Assumed conversion of all dilutive potential ordinary shares			
Employee stock option	-	14	
Employees' compensation	-	577	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 713,494	118,308	\$ 6.03

(30) Supplemental cash flow information

A. Investing activities with partial cash payments

	Years ended December 31,	
	2023	2022
Purchase of property, plant and equipment	\$ 121,010	\$ 36,675
Add: Opening balance of payable on equipment	7,285	44,227
Less: Ending balance of payable on equipment	( 5,441)	( 7,285)
Cash paid during the year	<u>\$ 122,854</u>	<u>\$ 73,617</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 NETHERLANDS B.V.(TCI NL)	Subsidiary
TCI BIOTECH LLC(TCI BIOTECH)	Subsidiary
TCI JAPAN CO., LTD. (TCI JAPAN)	Subsidiary
MAXIGEN BIOTECH INC.	Subsidiary
PETFOOD BIOTECHNOLOGY CO.,	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) (Former name is SBI CO., LTD.)	Second-tier subsidiary
TCI BIOTECH USA LLC(TCI BIOTECH USA)	Second-tier subsidiary
SMY INTERNET OF PACKAGE CO., LTD.	Associate
Daido Pharmaceutical Corporation	Other related party
PURE MILK CO., LTD.	Other related party
CHUN LING INTERNATIONAL CO.,	Other related party

(2) Significant related party transactions

A. Operating revenue:

	Years ended December 31,	
	2023	2022
Sales of goods:		
Subsidiary		
BIOTRADE	\$ 244,384	\$ 507,358
BIOFUNCTION	958,777	1,239,512
TCI BIOTECH LLC	1,265,516	1,099,261
TCI NL	185,290	162,366
Other	127,216	138,162
Associate	26	-
Other related party	8,284	4,577
	<u>\$ 2,789,493</u>	<u>\$ 3,151,236</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,	
	2023	2022
Purchases of goods:		
Subsidiary		
TCI JAPAN	\$ 8,419	\$ 22,872
BIOTRADE	65,638	76,404
Other	33,056	105,853
	<u>\$ 107,113</u>	<u>\$ 205,129</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,	
	2023	2022
Service revenue:		
Subsidiary		
TCI LIVING CO., LTD.	\$ 720	\$ 870
GENE & NEXT	180	180
Rent revenue:		
Subsidiary		
GENE & NEXT	2,286	2,286
Other	684	684
Associate	31	77
Other income - others		
Subsidiary		
GENE & NEXT	163	166
TCI LIVING CO., LTD.	466	153
MAXIGEN BIOTECH INC.	8	-
Other	46	27
Associate	171	171
Other related party	9	-
	<u>\$ 4,764</u>	<u>\$ 4,614</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,	
	2023	2022
Purchases of services:		
Subsidiary		
GENE & NEXT	\$ 60,847	\$ 106,243
Other	-	62
	<u>\$ 60,847</u>	<u>\$ 106,305</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, 2023</u>	<u>December 31, 2022</u>
Accounts receivable:		
Subsidiary		
TCI BIOTECH	\$ 294,621	\$ 710,669
BIOTRADE	7,877	1,076
BIOFUNCTION	138,763	7,432
TCI LIVING	48,073	31,481
TCI JAPAN	32,430	33,769
BIOSCIENCE	-	6,735
TCI NL	181,488	187,886
Other	59,493	62,198
Other related party	<u>98</u>	<u>267</u>
	<u>762,843</u>	<u>1,041,513</u>
Other receivables:		
Subsidiary		
BIOFUNCTION	8,889	10,562
TCI BIOTECH	-	50
TCI BIOTECH USA	64,860	67,183
PETFOOD	8,072	9,278
TCI NL	4,150	4,454
Other	4,075	5,475
Associate	<u>68</u>	<u>45</u>
	<u>90,114</u>	<u>97,047</u>
	<u>\$ 852,957</u>	<u>\$ 1,138,560</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, 2023</u>	<u>December 31, 2022</u>
Accounts payable:		
Subsidiary		
BIOTRADE	\$ 23,095	\$ 88,967
TCI JAPAN	26,638	23,824
Other	37,567	31,203
Associate	<u>2,502</u>	<u>2,502</u>
	<u>\$ 89,802</u>	<u>\$ 146,496</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, 2023</u>	<u>December 31, 2022</u>
Other payables:		
Subsidiary		
Other	\$ 35,222	\$ 30,994

Other payables to related parties are incurred from services received.

H. Endorsements and guarantees provided to related parties:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Subsidiary	\$ 153,526	\$ 153,550

(3) Key management compensation

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Salaries and other short-term employee benefits	\$ 37,059	\$ 56,242
Share-based payments	1,143	3,832
	<u>\$ 38,202</u>	<u>\$ 60,074</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, 2023</u>	<u>December 31, 2022</u>	
Property, plant and equipment	\$ 1,829,734	\$ 1,923,743	Short-term and long-term borrowings

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, 2023</u>	<u>December 31, 2022</u>
Property, plant and equipment	\$ 92,627	\$ 118,925

B. As of December 31, 2023 and 2022, the Company's total unused letters of credit were \$945 and \$0, 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, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 79,330	\$ 184,805
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	\$ 17,003	\$ 19,696
Financial assets at amortised cost/Loans and receivables		
Cash and cash equivalents	\$ 1,024,426	\$ 1,162,811
Financial assets at amortised cost	6,966	10,380
Notes receivable	10,887	11,184
Accounts receivable	330,298	209,408
Accounts receivable-related parties	762,843	1,041,513
Other receivables	18,896	31,106
Other receivables-related parties	90,114	97,047
Guarantee deposits paid	24,063	28,466
	<u>\$ 2,268,493</u>	<u>\$ 2,591,915</u>

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 350,000	\$ 1,146,320
Notes payable	52	-
Accounts payable	506,651	565,061
Accounts payable-related parties	89,802	146,496
Other accounts payable	543,701	419,364
Other accounts payable-related parties	35,222	30,994
Corporate bonds payable (including current portion)	-	-
Long-term borrowings (including current portion)	946,929	967,510
	<u>\$ 2,472,357</u>	<u>\$ 3,275,745</u>
Lease liability	<u>\$ 1,103</u>	<u>\$ 7,660</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, recognized 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, 2023			
(Foreign currency: functional currency)	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
RMB:NTD	\$ 173,759	4.3270	\$ 751,855
USD:NTD	22,836	30.7100	701,294
EUR:NTD	4,788	33.9800	162,696
JPY:NTD	238,507	0.2172	51,804
SGD:NTD	1,288	23.29	29,998
<u>Financial liabilities</u>			
<u>Monetary items</u>			
RMB:NTD	\$ 25,491	4.327	\$ 110,300
JPY:NTD	489,198	0.2172	106,254
USD:NTD	2,439	30.71	74,902
EUR:NTD	1,882	33.98	63,950
December 31, 2022			
(Foreign currency: functional currency)	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
RMB:NTD	\$ 229,526	4.4080	\$ 1,011,751
USD:NTD	37,752	30.7100	1,159,364
EUR:NTD	4,584	32.7200	149,988
JPY:NTD	416,915	0.2324	96,891
SGD:NTD	1,462	22.88	33,451
<u>Financial liabilities</u>			
<u>Monetary items</u>			
RMB:NTD	\$ 32,507	4.408	\$ 143,291
JPY:NTD	739,686	0.2324	171,903
USD:NTD	2,299	30.71	70,602
EUR:NTD	2,452	32.72	80,229

- iii. The total exchange (loss) gain, including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2023 and 2022, amounted to (\$4,862) and \$88,378, respectively.

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

		Year ended December 31, 2023		
		Sensitivity analysis		
(Foreign currency: functional currency)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
<u>Financial assets</u>				
<u>Monetary items</u>				
RMB:NTD	1%	\$ 7,519	\$	-
USD:NTD	"	7,013		-
EUR:NTD	"	1,627		-
JPY:NTD	"	518		-
SGD:NTD	"	300		-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
RMB:NTD	1%	\$ 1,103	\$	-
JPY:NTD	"	1,063		-
USD:NTD	"	749		-
EUR:NTD	"	640		-
		Year ended December 31, 2022		
		Sensitivity analysis		
(Foreign currency: functional currency)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
<u>Financial assets</u>				
<u>Monetary items</u>				
RMB:NTD	1%	\$ 10,118	\$	-
USD:NTD	"	11,594		-
EUR:NTD	"	1,500		-
JPY:NTD	"	969		-
SGD:NTD	"	335		-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
RMB:NTD	1%	\$ 1,433	\$	-
JPY:NTD	"	1,719		-
USD:NTD	"	706		-
EUR:NTD	"	802		-

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, 2023 and 2022 would have increased/decreased by \$793 and \$1,848, 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 \$170 and \$197, 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 2023 and 2022, 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, 2023 and 2022 would have increased/decreased by \$1,038 and \$1,691, 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 amortized 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 analyzing 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 utilization 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, 2023 and 2022, 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, 2023</u>					
Expected loss rate	0%~1.44%	0%~20.23%	0%~100%	100.00%	
Total book value	\$ 295,557	\$ 48,570	\$ 12,440	\$ 10,951	\$ 367,518
Loss allowance	\$ 4,090	\$ 2,973	\$ 8,319	\$ 10,951	\$ 26,333
	<u>Group A</u>	<u>Group B</u>	<u>Group C</u>	<u>Group D</u>	<u>Total</u>
<u>At December 31, 2022</u>					
Expected loss rate	0%~0.23%	0%~20.23%	0%~100%	100.00%	
Total book value	\$ 189,237	\$ 31,672	\$ 15,949	\$ 5,566	\$ 242,424
Loss allowance	\$ -	\$ 6,234	\$ 10,032	\$ 5,566	\$ 21,832

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

	<u>2023</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>
At January 1	\$ 21,832	\$ -
Provision for impairment	4,501	-
At December 31	<u>\$ 26,333</u>	<u>\$ -</u>
	<u>2022</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>
At January 1	\$ 21,832	\$ -
Provision for impairment	-	-
At December 31	<u>\$ 21,832</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, 2023 and 2022, the Company has undrawn borrowing facilities of \$7,978,371 and \$7,561,429, 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, 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Short term borrowings	\$ 350,000	\$ -	\$ -
Notes payable	-	-	-
Accounts payable (including related parties)	596,453	-	-
Other payables (including related parties)	578,923	-	-
Lease liability	1,103	-	-
Long-term borrowings	200,000	746,929	-
Convertible bonds	-	-	-

Non-derivative financial liabilities:

December 31, 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Short term borrowings	\$ 1,146,320	\$ -	\$ -
Notes payable	-	-	-
Accounts payable (including related parties)	711,557	-	-
Other payables (including related parties)	450,358	-	-
Lease liability	6,557	1,103	-
Long-term borrowings	650,000	317,510	-
Convertible bonds	-	-	-

(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, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 79,330	\$ -	\$ -	\$ 79,330
Financial assets at fair value through other comprehensive income				
Equity securities	<u>5,346</u>	<u>-</u>	<u>11,657</u>	<u>17,003</u>
	<u>\$ 84,676</u>	<u>\$ -</u>	<u>\$ 11,657</u>	<u>\$ 96,333</u>
<b>Liabilities</b>				
<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, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 184,805	\$ -	\$ -	\$ 184,805
Financial assets at fair value through other comprehensive income				
Equity securities	<u>4,183</u>	<u>-</u>	<u>15,513</u>	<u>19,696</u>
	<u>\$ 188,988</u>	<u>\$ -</u>	<u>\$ 15,513</u>	<u>\$ 204,501</u>
<b>Liabilities</b>				
<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:

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 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, 2023 and 2022, there was no transfer between Level 1 and Level 2.
- E. For the years ended December 31, 2023 and 2022, no Level 3 financial instrument was changed.
- F. For the years ended December 31, 2023 and 2022, 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, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non- derivative equity instrument:					
Unlisted shares	\$ 11,657	Discounted cash flow	Long-term revenue growth rate	2%	The higher the long- term revenue growth rate, the higher the fair value;
			Weighted average cost of capital	8.85%	the higher the discount rate, the lower the fair value.

	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non- derivative equity instrument:					
Unlisted shares	\$ 15,513	Discounted cash flow	Long-term revenue growth rate	2%	The higher the long- term revenue growth rate, the higher the fair value;
			Weighted average cost of capital	8.69%	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, 2023					
				Recognised in profit or loss		Recognised in other comprehensive income	
		Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets							
Equity instrument	Discount for lack of marketability	±5%	\$ -	\$ -	\$ 583	\$ 583	
		December 31, 2022					
				Recognised in profit or loss		Recognised in other comprehensive income	
		Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets							
Equity instrument	Discount for lack of marketability	±5%	\$ -	\$ -	\$ 776	\$ 776	

### 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: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 7.

#### (2) Information on investees

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

#### (3) Information on investments in Mainland China

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

#### (4) Major shareholders information

Major shareholders information: None.

### 14. SEGMENT INFORMATION

None.

TCI CO., LTD.  
Loans to others  
Year ended December 31, 2023

Table 1

Expressed in thousands of NTD  
(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended December 31, 2023 (Note 3)	Balance at December 31, 2023	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for uncollectible accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
1	TCI BIOTECH LLC	TCI BIOTECH USA LLC	Other receivables - related parties	Y	\$ 17,441	\$ 6,853	\$ 6,853	2.00%	2	\$ -	For operating capital	\$ -	None	\$ -	\$ 5,640	\$ 5,640	Notes 6,7,11
1	SHANGHAI BIOFUNCTION CO., LTD.	TCI BIOTECH USA LLC	Other receivables - related parties	Y	\$ 591,200	\$ 591,200	\$ 335,343	1.20%	2	\$ -	For operating capital	\$ -	None	\$ -	\$ 1,761,008	\$ 1,761,008	Notes 8,9,10,11

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, 2023. The amount is calculated at the closing rate of USD\$1:NTD\$30.7050; RMB\$1:NTD\$4.3270, the exchange rate used in original transaction shall be adopted if there was no movement.

Note 4: The total amount of loans shall not exceed 20% of the net value of the Company's latest financial statements,

and the amount of loans to a single enterprise shall not exceed the amount of business transactions between the two parties in the most recent year and shall not exceed 20% of the net value of the Company's latest financial statements.

Note 5: The total amount of loans shall not exceed 30% of the net value of the Company's latest financial statements,

and the amount of loans to a single enterprise shall not exceed the amount of business transactions between the two parties in the most recent year and shall not exceed 30% of the net value of the Company's latest financial statements.

Note 6: For short-term financing with other entities, ceiling on total loans granted by the Company's subsidiary to others is 20% of the subsidiary's net assets based on the latest financial statements,

and limit on loans granted by the Company's subsidiary to a single party is 20% of the subsidiary's net assets based on the latest financial statements.

Note 7: The aggregate amount of capital loans to business associates and the total amount of short-term financing facilities and other correspondents or banks shall not exceed 40% of the net value of the Company's latest financial statements,

and the amount of loans to a single enterprise shall not exceed 20% of the net value of the Company's latest financial statements.

Note 8: 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 9: The aggregate amount of capital loans to business associates and the total amount of short-term financing facilities and other correspondents or banks shall not exceed 40% of the net value of the Company's latest financial statements,

and the amount of loans to a single enterprise shall not exceed 30% of the net value of the Company's latest financial statements.

Note 10: Non-Taiwan companies that directly and indirectly hold 100% of the voting shares of the same ultimate parent company as the Company shall not be subject to the restrictions in Notes 5, 8 and 9,

and the total amount of loans and the limit of loans for a single enterprise shall not exceed 80% of the net value of the enterprises lent to the Company.

Note 11: The amounts were approved by the Board of Directors.

TCI CO., LTD.

Provision of endorsements and guarantees to others

Year ended December 31, 2023

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Endorser/ guarantor	Company name	Party being endorsed/guaranteed Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount	Outstanding endorsement/ guarantee amount	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor (%)	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary (Note 4)	Provision of endorsements/ guarantees by parent company (Note 4)	Provision of endorsements/ guarantees to the party in Mainland China (Note 4)	Footnote
0	TCI CO., LTD.	TCI BIOTECH LLC	2	\$ 1,644,611	\$ 16,154	\$ 15,353	\$ 15,353	\$ -	0.19	\$ 4,111,529	Y	N	N	Note 3
0	TCI CO., LTD.	TCI BIOTECH USA LLC	2	\$ 1,644,611	145,390	138,173	138,173	-	1.67	4,111,529	Y	N	N	Note 3

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

(1) The Company is '0'.

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

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

(1) Having business relationship.

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

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

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

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

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

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

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

Note 4: The amount of the endorsement guarantee of the Company and its subsidiaries to a single enterprise shall not exceed 30% of the net value of the Company's latest financial statements, and the total amount of the endorsement guarantee shall not exceed 50% of the net value of the Company's latest financial statements.

Note 5: The financial report is prepared in accordance with the International Financial Reporting Standards, and the term "net value" refers to the equity attributable to the owner of the parent company on the balance sheet stipulated in the Financial Reporting Standards of the securities issuer

TCI CO., LTD.

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

Year ended December 31, 2023

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2023				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
TCI CO., LTD.	BILLION ELECTRIC CO., LTD.	None	Financial assets at fair value through other comprehensive income - non-current	125,039	\$ 5,346	0.11	\$ 5,346	
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	11,285	9.17	11,285	
TCI LIVING CO., LTD.	CHUN LING INTERNATIONAL CO., LTD.	None	Financial assets at fair value through other comprehensive income - non-current	774,046	45,963	18.62	45,963	
MAXIGEN BIOTECH INC.	TCI CO., LTD.	The Company was the parent company of MAXIGEN BIOTECH INC.	Financial assets at fair value through other comprehensive income - non-current	2,531,000	432,800	2.14	432,800	
TCI CO., LTD.	Globus Medical Inc	None	Financial assets at fair value through profit or loss - current	525	859	0.00	859	Note 1
TCI CO., LTD.	SEIKAGAKU CORPORATION	None	Financial assets at fair value through profit or loss - current	78,500	12,975	0.14	12,975	
TCI CO., LTD.	Abnova Holding Corporation	None	Financial assets at fair value through profit or loss - current	1,866,000	65,496	3.08	65,496	

Note 1: NuVasive INC was eliminated after the merger of Globus Medical Inc on September 1, 2023, and originally held 700 shares of NuVasive INC, while the merger converted 525 shares of Globus Medical Inc



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, 2023

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Marketable securities	General ledger account	Counterparty	Relationship with the investor	Balance as at January 1, 2023		Addition		Disposal			Balance as at December 31, 2023			
					Number of shares / units	Amount	Number of shares / units	Amount	Number of shares / units	Selling price	Book value	Gain (loss) on disposal	Number of shares / units	Amount (Note 1)	
MAXIGEN BIOTECH INC.	TCI CO., LTD.	Financial assets at fair value through other comprehensive income -	Not applicable	Not applicable	-	\$ -	2,531,000	\$ 500,084	-	\$ -	-	\$ -	-	2,531,000	\$ 432,800

Note 1: The balance amount as at December 31, 2023 included unrealised gains or losses from financial assets.

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, 2023

Table 5

Expressed in thousands of NTD  
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote	
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance		Percentage of total notes/accounts receivable (payable)
TCI CO., LTD.	SHANGHAI BIOFUNCTION CO., LTD.	Subsidiary	(Sales)	958,777	( 19.20)	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.	\$ 138,763	12.57	
TCI CO., LTD.	SHANGHAI BIOTRADE CO., LTD.	Subsidiary	(Sales)	244,384	( 4.89)	60-90 days	The prices and terms of sales and purchases are available to third parties.	Terms for collections are approximately the same as those with third parties.	7,877	0.71	
TCI CO., LTD.	TCI BIOTECH LLC	Subsidiary	(Sales)	1,265,516	( 25.34)	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.	294,621	26.69	
TCI CO., LTD.	TCI BIOTECH NETHERLANDS B.V.	Subsidiary	(Sales)	185,290	( 3.71)	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.	181,488	16.44	
TCI BIOTECH USA LLC	TCI BIOTECH LLC	Subsidiary	(Sales)	369,067	( 97.00)	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.	89,103	89.68	

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

Year ended December 31, 2023

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty		Balance as at December 31, 2023	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
						Amount	Action taken		
TCI CO., LTD.	SHANGHAI BIOFUNCTION CO., LTD.	Subsidiary	Accounts receivable	\$ 138,763	0.12	-	-	\$ 138,763	\$ -
TCI CO., LTD.	TCI BIOTECH LLC	Subsidiary	Accounts receivable	294,621	0.25	-	-	294,621	-
TCI CO., LTD.	TCI BIOTECH NETHERLANDS B.V.	Subsidiary	Accounts receivable	181,488	0.15			181,488	
TCI BIOTECH USA LLC	TCI BIOTECH LLC	Subsidiary	Accounts receivable	89,103	1.30			89,103	

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, 2023

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	TCI CO., LTD.	SHANGHAI BIOTRADE CO., LTD.	1	Sales of goods	\$ 244,384	The prices and terms of sales and purchases are available to third parties.	3.05
0	TCI CO., LTD.	SHANGHAI BIOTRADE CO., LTD.	1	Accounts receivable	7,877	The prices and terms of sales and purchases are available to third parties.	0.06
0	TCI CO., LTD.	SHANGHAI BIOFUNCTION CO., LTD.	1	Sales of goods	958,777	The prices and terms of sales and purchases are available to third parties.	11.96
0	TCI CO., LTD.	SHANGHAI BIOFUNCTION CO., LTD.	1	Accounts receivable	138,763	The prices and terms of sales and purchases are available to third parties.	0.98
0	TCI CO., LTD.	TCI BIOTECH LLC	1	Sales of goods	1,265,516	The prices and terms of sales and purchases are available to third parties.	15.79
0	TCI CO., LTD.	TCI BIOTECH LLC	1	Accounts receivable	294,621	The prices and terms of sales and purchases are available to third parties.	2.09
0	TCI CO., LTD.	TCI BIOTECH NETHERLANDS B.V.	1	Sales of goods	185,290	The prices and terms of sales and purchases are available to third parties.	2.31
0	TCI CO., LTD.	TCI BIOTECH NETHERLANDS B.V.	1	Accounts receivable	181,488	The prices and terms of sales and purchases are available to third parties.	1.29
3	TCI BIOTECH USA LLC	TCI BIOTECH LLC	2	Sales of goods	369,067	The prices and terms of sales and purchases are available to third parties.	4.60
3	TCI BIOTECH USA LLC	TCI BIOTECH LLC	2	Accounts receivable	89,103	The prices and terms of sales and purchases are available to third parties.	0.63

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, 2023

Table 8

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss)	Investment	Footnote
				Balance as at	Balance as at	Number of shares	Ownership (%)	Book value	of the investee for the	income(loss) recognised	
				December 31, 2023	December 31, 2022				year ended	by the Company for the	
								December 31, 2023	December 31, 2023		
TCI CO., LTD.	TCI FIRSTEK CORP.	Taiwan	Wholesale and retail of health foods and cosmetics	\$ 43,685	\$ 43,685	214,885,489	100.00	\$ 2,673,888	\$ 180,278	\$ 180,278	None
TCI CO., LTD.	GENE & NEXT INC.	Taiwan	Research and development of biotechnology and genetics	32,963	32,963	11,096,692	41.94	413,744	11,673	4,896	None
TCI CO., LTD.	TCI HK LIMITED	Hong Kong	Trading health foods and cosmetics	21,046	21,046	-	100.00	25,525	6,568	6,568	None
TCI CO., LTD.	TCI BIOTECH LLC	U.S.A.	Trading health foods and cosmetics	8,778	8,778	300	3.85	1,085	( 48,579)	( 1,868)	None
TCI CO., LTD.	BIOCOSME CO., LTD.	Taiwan	Trading health foods and cosmetics	5,000	5,000	500,000	100.00	5,042	27	27	None
TCI CO., LTD.	TCI JAPAN CO., LTD.	JAPAN	Trading health foods and cosmetics	15,626	15,626	5,500	100.00	2,343	( 6,473)	( 6,473)	None
TCI CO., LTD.	PT TCI BIOTEK INDO	Indonesia	Trading health foods and cosmetics	-	-	-	100.00	78	-	-	Note 3
TCI CO., LTD.	TCI BIOTECH NETHERLANDS B.V.	Netherlands	Trading health foods and cosmetics	210,955	210,955	6,592,950	100.00	( 29,065)	( 48,284)	( 48,284)	None
TCI CO., LTD.	SMY INTERENT OF PACKAGE CO., LTD.	Taiwan	Producing, manufacturing and selling of packaging containers	1,900	1,900	190,000	15.39	4,347	1,121	172	None
TCI CO., LTD.	QUANTUM BIOLOGY INC.	Taiwan	Research and development of biotechnology	30,000	30,000	3,000,000	100.00	7,263	( 684)	( 684)	None
TCI CO., LTD.	MAXIGEN BIOTECH INC.	Taiwan	Wholesale of cosmetics and research and development, producing and sales of biologicals	480,478	480,478	20,304,762	22.83	576,935	165,828	27,355	None
TCI CO., LTD.	PETFOOD BIOTECHNOLOGY CO.,	Taiwan	Producing and sales of pet supplies	33,600	18,000	3,360,000	56.00	15,484	( 18,526)	( 10,735)	None
TCI CO., LTD.	VEGAN JOY GLOBAL COMPANY LIMITED	Taiwan	Wholesale and retail of food, grocery and beverage	3,800	3,800	380,000	19.00	862	( 9,420)	( 1,790)	None
TCI BIOTECH NETHERLANDS B.V.	TCI BIOTECH LLC	U.S.A	Trading health foods and cosmetics	207,588	207,588	7,500	96.15	27,111	( 48,579)	( 46,711)	None
TCI BIOTECH LLC	TCI BIOTECH LLC USA	U.S.A	Producing and manufacturing health foods and cosmetics	207,588	207,588	7,500	100.00	( 38,079)	( 103,171)	( 103,171)	None

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income(loss) recognised by the Company for the year ended December 31, 2023	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
GENE & NEXT INC.	GLUX HK LIMITED	Hong Kong	Trading health foods and cosmetics	29,542	29,542	-	100.00	769	2	2	None
GENE & NEXT INC.	TCI LIVING CO., LTD.	Taiwan	Trading health foods and cosmetics	43,175	43,175	2,760,000	79.31	93,007	25,525	20,243	None
GENE & NEXT INC.	ASIA PATHOGENOMIC CO., LTD.	Taiwan	Wholesale of chemical industrial and medical devices	24,000	24,000	1,600,000	20.00	14,687 (	29,304) (	5,861)	None
TCI LIVING CO., LTD.	SBI GROUP HK LIMITED	Hong Kong	Trading health foods and cosmetics	5,847	5,847	-	100.00	3,094	74	74	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, 2023' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column.
- (2)The 'Net profit (loss) of the investee for the year ended December 31, 2023' column should fill in amount of net profit (loss) of the investee for this period.
- (3)The 'Investment income (loss) recognised by the Company for the year ended December 31, 2023' column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

Note 3: There was no capital injection as of December 31, 2023.

TCI CO., LTD.  
Information on investments in Mainland China  
Year ended December 31, 2023

Table 9

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee as of December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
SHANGHAI BIOTRADE CO., LTD.	Wholesale of health foods, cosmetics and chemical productions; cosmetic manufacturing	\$ 14,117	Note 3	\$ 15,440	\$ -	\$ -	\$ 15,440	\$ 179,882	100.00	\$ 179,882	\$ 2,720,921	\$ 1,383,547	Note 5 Note 6
SHANGHAI BIOSCIENCE CO., LTD.	Wholesale of health foods, cosmetics and chemical productions; cosmetics manufacturing	26,064	Note 2	-	-	-	-	176,935	100.00	176,935	2,348,469	-	Note 5 Note 6
SHANGHAI BIOCOSME CO., LTD.	Producing cosmetics	143,352	Note 2	-	-	-	( 227)	( 227)	100.00	( 227)	154,044	-	Note 5 Note 6
SHANGHAI BIOFUNCTION CO., LTD.	Producing health foods	1,131,425	Note 1	438,307	-	-	438,307	274,459	100.00	274,459	2,201,261	942,055	Note 5 Note 6
SHANGHAI BIOTECHGENE TECHNOLOGY CO., LTD.	Research and development of biotechnology and genetics	43,440	Note 4	-	-	-	-	497	100.00	497	45,511	-	Note 5 Note 6
TCI LIVING SHANGHAI CO., LTD.	Trading health foods and cosmetics	8,916	Note 3	8,916	-	-	8,916	( 884)	79.31	( 701)	1,398	-	Note 5 Note 6
Hekang Biotech Shanghai Co., Ltd.	Selling medical machinery and trading cosmetics	USDS\$1,800	Note 3	58,193	-	-	58,193	( 34,938)	100.00	( 34,938)	( 36,819)	-	Note 5 Note 6

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

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

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

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

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

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
TCI CO., LTD.	\$ 438,307	\$ 692,000	\$ 5,926,765
TCI FIRSTEK CORP.	15,440	15,440	1,635,708
MAXIGEN BIOTECH INC.	58,193	552,769	816,662
TCI LIVING CO., LTD.	8,916	31,484	58,903

Note 6 : The numbers in this table are expressed in New Taiwan dollars, except for: assets and liabilities presented at RMB\$1 : NTDS\$4.3270, USD\$1 : NTDS\$30.7050; income presented at RMB\$1 : NTDS\$4.3933, USD\$1 : NTDS\$31.1773;

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, 2023

Table 10

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals			Financing			Interest during the year ended December 31, 2023	Others
	Amount	%	Amount	%	Balance at December 31, 2023	%	Balance at December 31, 2023	Purpose	Maximum balance during the year ended December 31, 2023	Balance at December 31, 2023	Interest rate			
SHANGHAI BIOTRADE CO., LTD.	\$ 244,384	4.89	\$ -	-	\$ 7,877	0.71	\$ -	-	\$ -	-	-	-	\$ -	-
SHANGHAI BIOFUNCTION CO., LTD.	958,777	19.20	-	-	138,763	12.57	-	-	-	-	-	-	-	-

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. 

Chairman of the Board

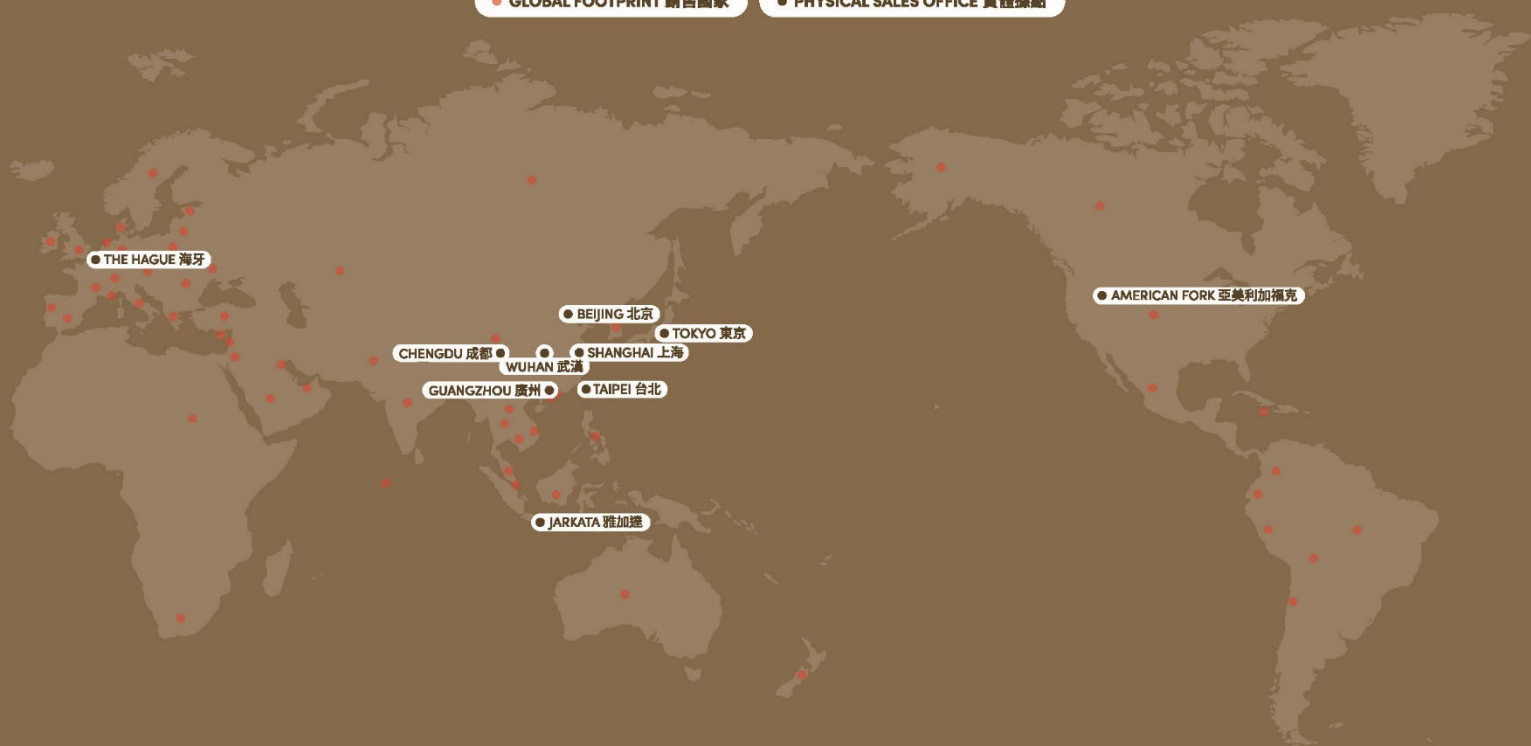
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## 總公司

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大江生醫股份有限公司

TCI Co., Ltd.

11494台北市內湖區港墘路187號8F

8F, No. 187, Kang Chien Road, NeiHu District, 11494 Taipei, Taiwan R.O.C.

TEL : +886-2-8797-7811 FAX : +886-2-8797-3577

[www.TCI-BIO.com](http://www.TCI-BIO.com)

[tci@tci-bio.com](mailto:tci@tci-bio.com)