

**TCI CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED FINANCIAL STATEMENTS AND**  
**INDEPENDENT AUDITORS' REVIEW REPORT**  
**MARCH 31, 2024 AND 2023**

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

## INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

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

### ***Introduction***

We have reviewed the accompanying consolidated balance sheets of TCI CO., LTD. and subsidiaries (the "Group") as at March 31, 2024 and 2023, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three months then ended, and notes to the consolidated financial statements, including a summary of material accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" that came into effect as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

### ***Scope of Review***

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

## ***Conclusion***

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2024 and 2023, and of its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” that came into effect as endorsed by the Financial Supervisory Commission

Chih, Ping-Chiun

Lai, Chung-Hsi

For and on behalf of PricewaterhouseCoopers, Taiwan

May 9, 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  
MARCH 31, 2024, DECEMBER 31, 2023 AND MARCH 31, 2023  
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	March 31, 2024		December 31, 2023		March 31, 2023	
		AMOUNT	%	AMOUNT	%	AMOUNT	%
<b>Current assets</b>							
1100	Cash and cash equivalents	\$ 6,099,356	42	\$ 5,363,426	38	\$ 5,744,404	39
1110	Financial assets at fair value						
	through profit or loss - current	61,527	-	79,330	1	200,620	1
1136	Current financial assets at	6(4) and 8					
	amortised cost	212,066	2	212,066	1	15,362	-
1150	Notes receivable, net	6(5)		25,738	-	40,872	-
1170	Accounts receivable, net	6(5)		943,434	7	1,057,411	7
1180	Accounts receivable - related	7					
	parties	1,196	-	107	-	601	-
1200	Other receivables	61,881	-	28,355	-	54,282	1
1210	Other receivables - related	7					
	parties	582	-	68	-	33	-
130X	Inventories	6(6)		941,308	7	1,030,034	7
1410	Prepayments	6(7)		246,092	2	307,060	2
1470	Other current assets			45,488	-	41,694	-
11XX	<b>Total current assets</b>	<u>8,477,557</u>	<u>58</u>	<u>7,885,412</u>	<u>56</u>	<u>8,492,373</u>	<u>57</u>
<b>Non-current assets</b>							
1517	Non-current financial assets at	6(3)					
	fair value through other						
	comprehensive income	63,191	-	62,966	1	49,979	1
1550	Investments accounted for	6(8)					
	using equity method	28,048	-	19,896	-	25,718	-
1600	Property, plant and equipment	6(9) and 8		4,940,470	35	4,768,500	32
1755	Right-of-use assets	6(10)		192,605	1	192,972	1
1780	Intangible assets	6(12)		691,149	5	729,331	5
1840	Deferred income tax assets			31,950	-	28,455	-
1900	Other non-current assets	6(13)		277,055	2	604,060	4
15XX	<b>Total non-current assets</b>	<u>6,244,457</u>	<u>42</u>	<u>6,216,091</u>	<u>44</u>	<u>6,399,015</u>	<u>43</u>
1XXX	<b>Total assets</b>	<u>\$ 14,722,014</u>	<u>100</u>	<u>\$ 14,101,503</u>	<u>100</u>	<u>\$ 14,891,388</u>	<u>100</u>

(Continued)

**TCI CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**MARCH 31, 2024, DECEMBER 31, 2023 AND MARCH 31, 2023**  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	March 31, 2024		December 31, 2023		March 31, 2023		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
<b>Current liabilities</b>								
2100	Short-term borrowings	6(14)	\$ 873,168	6	\$ 350,000	3	\$ 970,000	7
2130	Current contract liabilities	6(23)	580,802	4	496,528	4	469,132	3
2150	Notes payable		634	-	686	-	19,209	-
2170	Accounts payable		745,701	5	734,188	5	543,910	4
2180	Accounts payable - related parties	7	2,403	-	2,903	-	1,882	-
2200	Other payables	6(15)	698,026	5	764,932	5	620,599	4
2220	Other payables - related parties	7	80	-	-	-	-	-
2230	Current income tax liabilities		514,350	3	563,771	4	621,309	4
2280	Current lease liabilities		68,089	-	64,005	-	62,390	-
2320	Long-term liabilities, current portion	6(17)	-	-	200,000	1	320,000	2
2399	Other current liabilities, others		122,320	1	103,000	1	155,837	1
21XX	<b>Total current liabilities</b>		<u>3,605,573</u>	<u>24</u>	<u>3,280,013</u>	<u>23</u>	<u>3,784,268</u>	<u>25</u>
<b>Non-current liabilities</b>								
2540	Long-term borrowings	6(17)	727,936	5	746,929	5	645,672	4
2570	Deferred income tax liabilities		89,336	1	83,303	1	89,686	1
2580	Non-current lease liabilities		198,750	1	106,806	1	106,301	1
2600	Other non-current liabilities		6,631	-	6,510	-	11,540	-
25XX	<b>Total non-current liabilities</b>		<u>1,022,653</u>	<u>7</u>	<u>943,548</u>	<u>7</u>	<u>853,199</u>	<u>6</u>
2XXX	<b>Total liabilities</b>		<u>4,628,226</u>	<u>31</u>	<u>4,223,561</u>	<u>30</u>	<u>4,637,467</u>	<u>31</u>
<b>Equity attributable to owners of parent</b>								
3110	Share capital - common stock	6(19)	1,182,608	8	1,182,608	8	1,182,608	8
3200	Capital surplus	6(20)	2,902,329	20	2,900,420	21	2,889,773	20
3310	Legal reserve	6(21)	970,582	7	970,582	7	899,210	6
3320	Special reserve		194,104	1	194,104	1	282,347	2
3350	Unappropriated retained earnings		3,619,245	25	3,491,839	25	3,333,703	22
3400	Other equity interest	6(22)	( 215,853)	( 2)	( 283,533)	( 2)	( 202,449)	( 1)
3500	Treasury shares	6(19)	( 232,963)	( 2)	( 232,963)	( 2)	( 118,787)	( 1)
31XX	<b>Equity attributable to owners of the parent</b>		<u>8,420,052</u>	<u>57</u>	<u>8,223,057</u>	<u>58</u>	<u>8,266,405</u>	<u>56</u>
36XX	Non-controlling interest		<u>1,673,736</u>	<u>12</u>	<u>1,654,885</u>	<u>12</u>	<u>1,987,516</u>	<u>13</u>
3XXX	<b>Total equity</b>		<u>10,093,788</u>	<u>69</u>	<u>9,877,942</u>	<u>70</u>	<u>10,253,921</u>	<u>69</u>
3X2X	<b>Total liabilities and equity</b>		<u>\$ 14,722,014</u>	<u>100</u>	<u>\$ 14,101,503</u>	<u>100</u>	<u>\$ 14,891,388</u>	<u>100</u>
	Significant contingent liabilities and unrecognised contract commitments	9						

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

TCI CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
THREE MONTHS ENDED MARCH 31, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars)

	Items	Notes	Three months ended March 31			
			2024		2023	
			AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(23) and 7	\$ 1,511,921	100	\$ 1,872,857	100
5000	Operating costs	6(6)(16)(28)(29) and 7	( 877,093)	( 58)	( 1,164,470)	( 62)
5900	Net operating margin		<u>634,828</u>	<u>42</u>	<u>708,387</u>	<u>38</u>
	Operating expenses	6(9)(10)(11)(12)(2 8)(29)				
6100	Selling expenses		( 183,574)	( 12)	( 175,853)	( 9)
6200	General and administrative expenses		( 177,074)	( 12)	( 196,836)	( 11)
6300	Research and development expenses		( 159,111)	( 11)	( 143,710)	( 8)
6450	Impairment loss determined in accordance with IFRS 9	12(2)	( 170)	-	-	-
6000	Total operating expenses		<u>( 519,929)</u>	<u>( 35)</u>	<u>( 516,399)</u>	<u>( 28)</u>
6900	Operating profit		<u>114,899</u>	<u>7</u>	<u>191,988</u>	<u>10</u>
	Non-operating income and expenses					
7100	Interest income	6(24)	22,634	2	19,150	1
7010	Other income	6(25)	4,732	-	20,662	1
7020	Other gains and losses	6(26)	43,722	3	518	-
7050	Finance costs	6(27)	( 9,663)	( 1)	( 10,451)	-
7060	Share of loss of associates and joint ventures accounted for using equity method	6(8)	( 2,048)	-	( 1,657)	-
7000	Total non-operating income and expenses		<u>59,377</u>	<u>4</u>	<u>28,222</u>	<u>2</u>
7900	<b>Profit before income tax</b>		<u>174,276</u>	<u>11</u>	<u>220,210</u>	<u>12</u>
7950	Income tax expense	6(30)	( 32,754)	( 2)	( 43,951)	( 3)
8200	<b>Profit for the period</b>		<u>\$ 141,522</u>	<u>9</u>	<u>\$ 176,259</u>	<u>9</u>
	<b>Other comprehensive (loss) income</b>					
	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>					
8316	Unrealised gains from investments in equity instruments measured at fair value through other comprehensive income	6(3)(22)	\$ 225	-	\$ 1,569	-
	<b>Other comprehensive (loss) income that will be reclassified to profit or loss</b>					
8361	Financial statements translation differences of foreign operations	6(22)	66,884	5	( 9,940)	-
8300	<b>Total other comprehensive income (loss) for the period</b>		<u>\$ 67,109</u>	<u>5</u>	<u>( \$ 8,371)</u>	<u>-</u>
8500	<b>Total comprehensive income for the period</b>		<u>\$ 208,631</u>	<u>14</u>	<u>\$ 167,888</u>	<u>9</u>
	Profit attributable to:					
8610	Owners of the parent		\$ 127,406	8	\$ 163,695	9
8620	Non-controlling interest		14,116	1	12,564	-
			<u>\$ 141,522</u>	<u>9</u>	<u>\$ 176,259</u>	<u>9</u>
	Comprehensive income attributable to:					
8710	Owners of the parent		\$ 195,086	13	\$ 155,350	8
8720	Non-controlling interest		13,545	1	12,538	1
			<u>\$ 208,631</u>	<u>14</u>	<u>\$ 167,888</u>	<u>9</u>
	Basic earnings per share (In dollars)	6(31)				
9750	Basic earnings per share		\$ 1.05		\$ 1.39	
9850	Diluted earnings per share		\$ 1.05		\$ 1.39	

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

TCI CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
THREE MONTHS ENDED MARCH 31, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars)

	Equity attributable to owners of the parent											
	Notes	Retained earnings					Other equity interest			Total	Non-controlling interest	Total equity
		Share capital - common stock	Capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury shares			
<b>For the three months ended March 31, 2023</b>												
Balance at January 1, 2023		\$ 1,182,608	\$ 2,887,265	\$ 899,210	\$ 282,347	\$ 3,170,008	(\$ 187,908 )	(\$ 6,196 )	(\$ 118,787 )	\$ 8,108,547	\$ 1,970,477	\$ 10,079,024
Profit for the period		-	-	-	-	163,695	-	-	-	163,695	12,564	176,259
Other comprehensive income (loss) for the period	6(22)	-	-	-	-	-	( 9,914 )	1,569	-	( 8,345 )	( 26 )	( 8,371 )
Total comprehensive income (loss)	6(21)	-	-	-	-	163,695	( 9,914 )	1,569	-	155,350	12,538	167,888
Share-based payments		-	813	-	-	-	-	-	-	813	-	813
Changes in equity of associates and joint ventures		-	1,695	-	-	-	-	-	-	1,695	-	1,695
Adjustment to non-controlling interests		-	-	-	-	-	-	-	-	-	4,501	4,501
Balance at March 31, 2023		\$ 1,182,608	\$ 2,889,773	\$ 899,210	\$ 282,347	\$ 3,333,703	(\$ 197,822 )	(\$ 4,627 )	(\$ 118,787 )	\$ 8,266,405	\$ 1,987,516	\$ 10,253,921
<b>For the three months ended March 31, 2024</b>												
Balance at January 1, 2024		\$ 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
Profit for the period		-	-	-	-	127,406	-	-	-	127,406	14,116	141,522
Other comprehensive income (loss) for the period	6(22)	-	-	-	-	-	67,455	225	-	67,680	( 571 )	67,109
Total comprehensive income	6(21)	-	-	-	-	127,406	67,455	225	-	195,086	13,545	208,631
Share-based payments		-	359	-	-	-	-	-	-	359	-	359
Changes in equity of associates and joint ventures		-	1,550	-	-	-	-	-	-	1,550	-	1,550
Adjustment to non-controlling interests		-	-	-	-	-	-	-	-	-	5,306	5,306
Balance at March 31, 2024		\$ 1,182,608	\$ 2,902,329	\$ 970,582	\$ 194,104	\$ 3,619,245	(\$ 212,926 )	(\$ 2,927 )	(\$ 232,963 )	\$ 8,420,052	\$ 1,673,736	\$ 10,093,788

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

TCI CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
THREE MONTHS ENDED MARCH 31, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars)

	Notes	Three months ended March 31	
		2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 174,276	\$ 220,210
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(9)(10)(11)(28)	141,276	147,733
Amortisation	6(12)(28)	12,391	13,001
Net loss on financial assets at fair value through profit or loss	6(26)	5,736	10,559
Gain (loss) on disposal of property, plant and equipment	6(26)	4 (	833 )
Gain on disposal of investment property	6(26)	- (	535 )
Interest income	6(24)	( 22,634 ) (	19,150 )
Interest expense	6(27)	9,663	10,451
Compensation cost arising from employee stock options	6(18)(29)	2,090	4,728
Profit from lease modifications	6(10)(26)	- (	77 )
Share of profit of associates and joint ventures accounted for under the equity method	6(8)	2,048	1,657
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		4,075	1,906
Accounts receivable		236,368 (	82,772 )
Accounts receivable - related parties		( 1,089 ) (	333 )
Other receivables		( 25,122 ) (	471 )
Other receivables - related parties		( 514 )	12
Inventories		( 100,094 )	139,165
Prepayments		11,272 (	125,927 )
Other current assets		9,490	658
Changes in operating liabilities			
Contract liabilities - current		84,274	15,025
Notes payable		( 52 )	18,614
Accounts payable		11,513 (	185,956 )
Accounts payable - related parties		( 500 )	987
Other payables		( 69,358 ) (	65,668 )
Other payables - related parties		80 (	1 )
Other current liabilities		19,320	20,611
Cash inflow generated from operations		504,513	123,594
Interest received		14,230	12,955
Interest paid		( 8,265 ) (	8,841 )
Income tax paid		( 73,141 ) (	51,775 )
Net cash flows from operating activities		437,337	75,933

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TCI CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
THREE MONTHS ENDED MARCH 31, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars)

	Notes	Three months ended March 31	
		2024	2023
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Acquisition of property, plant and equipment	6(32)	(\$ 21,239 )	(\$ 19,520 )
Proceeds from disposal of property, plant and equipment		12	1,359
Proceeds from disposal of investment property		-	22,590
Decrease (increase) in refundable deposits	6(13)	( 346 )	30
Acquisition of intangible assets		( 33 )	( 765 )
Decrease in other non-current assets		9,031	7,691
Acquisition of financial assets at fair value through profit or loss		-	( 26,374 )
Proceeds from disposal of financial assets at fair value through profit or loss		13,591	-
Decrease in financial assets at amortised cost	6(4)	-	10,334
Increase in prepayments for purchase of equipment		( 36,246 )	( 54,333 )
Increase in investment accounted for using equity method	6(8)	( 10,200 )	-
Net cash flows used in investing activities		( 45,430 )	( 58,988 )
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Proceeds from short-term borrowings		517,525	1,401,835
Repayments of short-term borrowings		-	( 1,578,040 )
Proceeds from long-term borrowings		635,544	530,000
Redemption of long-term borrowings		( 854,537 )	( 531,838 )
Lease liabilities paid		( 18,613 )	( 19,128 )
Increase in guarantee deposits		121	115
Net cash flows from (used in) financing activities		280,040	( 197,056 )
Effects due to changes in exchange rate		63,983	( 8,279 )
Net increase (decrease) in cash and cash equivalents		735,930	( 188,390 )
Cash and cash equivalents at beginning of period		5,363,426	5,932,794
Cash and cash equivalents at end of period		\$ 6,099,356	\$ 5,744,404

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

TCI CO., LTD. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
THREE MONTHS ENDED MARCH 31, 2024 AND 2023

(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 May 9, 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 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.

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

None.

(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
IFRS 18, 'Presentation and disclosure in financial statements'	January 1, 2027
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
			March 31, 2024	December 31, 2023	March 31, 2023	
TCI CO., LTD.	TCI FIRSTEK CORP.	Wholesale and retail of health foods and cosmetics	100	100	100	
TCI CO., LTD.	GENE & NEXT INC.	Research and development of biotechnology and genetics	41.94	41.94	41.94	
TCI CO., LTD.	SHANGHAI BIOSCIENCE CO., LTD.	Producing health foods	36.73	36.73	36.73	
TCI CO., LTD.	TCI HK LIMITED	Trading health foods and cosmetics	100	100	100	
TCI CO., LTD.	BIOCOSME CO., LTD.	Trading health foods and cosmetics	100	100	100	
TCI CO., LTD.	PETFOOD BIOTECHNOLOGY CO., LTD.	Trading health foods for pets	56	56	60	
TCI FIRSTEK CORP.	SHANGHAI BIOTRADE CO., LTD.	Wholesale of health foods, cosmetics and chemical productions; cosmetics manufacturing	100	100	100	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			March 31, 2024	December 31, 2023	March 31, 2023	
GENE & NEXT INC.	GLUX HK LIMITED	Trading health foods and cosmetics	100	100	100	
SHANGHAI BIOTRADE CO., LTD.	SHANGHAI BIOSCIENCE CO., LTD.	Wholesale of health foods, cosmetics and chemical productions; cosmetics manufacturing	100	100	100	
SHANGHAI BIOTRADE CO., LTD.	SHANGHAI BIOCOSME CO., LTD.	Producing cosmetics	100	100	100	
SHANGHAI BIOSCIENCE CO., LTD.	SHANGHAI BIOSCIENCE CO., LTD.	Producing health foods	63.27	63.27	63.27	
GENE & NEXT INC.	TCI LIVING CO., LTD.	Trading health foods and cosmetics	79.31	79.31	79.31	
TCI LIVING CO., LTD.	SBI GROUP HK LIMITED	Trading health foods and cosmetics	100	100	100	
TCI CO., LTD.	TCI JAPAN CO., LTD.	Trading health foods and cosmetics	100	100	100	
TCI CO., LTD.	PT TCI BIOTEK INDO	Trading health foods and cosmetics	100	100	100	Note 1
SHANGHAI BIOSCIENCE CO., LTD.	SHANGHAI BIOTECH GENE TECHNOLOGY CO., LTD.	Research and development of biotechnology and genetics	100	100	100	
TCI CO., LTD.	TCI BIOTECH NETHERLANDS B.V.	Trading health foods and cosmetics	100	100	100	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			March 31, 2024	December 31, 2023	March 31, 2023	
TCI LIVING CO., LTD.	TCI LIVING SHANGHAI CO., LTD.	Trading health foods and cosmetics	100	100	100	
TCI CO., LTD.	QUANTUM BIOLOGY INC.	Research and development of biotechnology	100	100	100	
TCI CO., LTD.	TCI BIOTECH LLC	Trading health foods and cosmetics	3.85	3.85	3.85	
TCI BIOTECH LLC	TCI BIOTECH USA LLC	Trading health foods and cosmetics	100	100	100	
TCI BIOTECH NETHERLANDS B.V.	TCI BIOTECH LLC	Trading health foods and cosmetics	96.15	96.15	96.15	
TCI CO., LTD.	Maxigen Biotech Inc.	Research and development, producing and sales of biotechnology and cosmetics	22.83	22.83	22.83	
Maxigen Biotech Inc.	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	100	

Note 1: There was no capital injection as of March 31, 2024.

Note 2: The company was in the process of dissolution in 2023, but the process had not been completed as of March 31, 2024.

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 \$2,857,505 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			
		March 31, 2024		March 31, 2023	
		Amount	Ownership (%)	Amount	Ownership (%)
GENE & NEXT INC.	Taiwan	\$ 597,309	58.06%	\$ 596,845	58.06%
MAXIGEN BIOTECH INC.	Taiwan	1,065,729	77.17%	1,386,227	77.17%

Summarized financial information of the subsidiaries:

Balance sheets

	GENE & NEXT INC.	
	March 31, 2024	March 31, 2023
Current assets	\$ 1,039,666	\$ 1,059,474
Non-current assets	102,022	92,639
Current liabilities	( 130,319)	( 130,858)
Non-current liabilities	-	( 4,741)
Total net assets	\$ 1,011,369	\$ 1,016,514
	MAXIGEN BIOTECH INC.	
	March 31, 2024	March 31, 2023
Current assets	\$ 655,139	\$ 1,047,118
Non-current assets	834,611	445,131
Current liabilities	( 135,991)	( 147,901)
Non-current liabilities	( 510)	( 581)
Total net assets	\$ 1,353,249	\$ 1,343,767



Statements of comprehensive income

	<u>GENE &amp; NEXT INC.</u>	
	<u>Three months ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
Revenue	\$ 80,304	\$ 60,331
Profit (loss) before income tax	4,079	( 5,081)
Income tax benefit (expense)	( 3,258)	-
Profit (loss) for the period	821	( 5,081)
Other comprehensive income (loss)	156	( 33)
Total comprehensive income (loss) for the period, net of tax	<u>\$ 977</u>	<u>(\$ 5,114)</u>
Comprehensive income (loss) attributable to non- controlling interest	<u>\$ 556</u>	<u>(\$ 2,597)</u>
Dividends paid to non-controlling interest	<u>\$ -</u>	<u>\$ -</u>
	<u>MAXIGEN BIOTECH INC.</u>	
	<u>Three months ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
Revenue	\$ 127,058	\$ 143,027
Profit before income tax	39,271	53,406
Income tax expense	( 10,855)	( 8,957)
Profit for the period	28,416	44,449
Other comprehensive loss, net of tax	( 42,595)	( 13)
Total comprehensive income (loss) for the period	<u>(\$ 14,179)</u>	<u>\$ 44,436</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 15,029</u>	<u>\$ 17,188</u>
Dividends paid to non-controlling interest	<u>\$ -</u>	<u>\$ -</u>

Statements of cash flows

	GENE & NEXT INC.	
	Three months ended March 31,	
	2024	2023
Net cash (used in) provided by operating activities	(\$ 7,300)	\$ 5,389
Net cash used in investing activities	( 9,685)	( 468)
Net cash used in financing activities	( 1,676)	( 209)
Effect of exchange rate changes on cash and cash equivalents	156	( 33)
(Decrease) increase in cash and cash equivalents	( 18,505)	4,679
Cash and cash equivalents at beginning of period	696,046	932,738
Cash and cash equivalents at end of period	\$ 677,541	\$ 937,417

  

	MAXIGEN BIOTECH INC.	
	Three months ended March 31,	
	2024	2023
Net cash provided by operating activities	\$ 53,955	\$ 24,264
Net cash (used in) provided by investing activities	( 5,765)	16,537
Net cash used in financing activities	4,700	-
Effect of exchange rate changes on cash and cash equivalents	( 834)	( 13)
Increase in cash and cash equivalents	52,056	40,788
Cash and cash equivalents at beginning of period	431,082	790,948
Cash and cash equivalents at end of period	\$ 483,138	\$ 831,736

(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 that do not have the right at the end of the reporting period to defer settlement of the liability at least twelve months after the reporting period.

(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 carrying amount 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

### (3) Cash and cash equivalents

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Cash on hand and revolving funds	\$ 16,439	\$ 15,517	\$ 12,659
Checking accounts and demand deposits	3,837,658	2,758,561	2,888,513
Time deposits	<u>2,457,325</u>	<u>2,801,414</u>	<u>2,858,594</u>
	6,311,422	5,575,492	5,759,766
Less: Shown as 'current financial assets at amortised cost'	( 208,066)	( 208,066)	( 11,362)
Less: Shown as 'current financial assets at amortised cost - pledged'	( 4,000)	( 4,000)	( 4,000)
Less: Shown as 'non-current financial assets at amortised cost - pledged'	<u>-</u>	<u>-</u>	<u>( 534,984)</u>
	<u>\$ 6,099,356</u>	<u>\$ 5,363,426</u>	<u>\$ 5,209,420</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 March 31, 2024, December 31, 2023 and March 31, 2023, the Group recognized time deposits with maturity over 3 months of \$212,066, \$212,066 and \$15,362, 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 non-current financial assets at amortized cost into cash and cash equivalents and adjusted retroactively to March 31, 2023. As of March 31, 2023, the bank deposits amounting to \$534,984, 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.

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

<u>Items</u>	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Listed stocks	\$ 70,720	\$ 82,787	\$ 211,179
Valuation adjustment	<u>( 9,193)</u>	<u>( 3,457)</u>	<u>( 10,559)</u>
	<u>\$ 61,527</u>	<u>\$ 79,330</u>	<u>\$ 200,620</u>

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

	<u>Three months ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
Financial assets/liabilities mandatorily measured at fair value through profit or loss		
Equity instruments	(\$ <u>5,736</u> )	(\$ <u>10,559</u> )

- B. The Group has no financial assets at fair value through profit or loss pledged to others as collateral.  
C. Information relating to price risk and fair value of financial assets at fair value through profit or loss is provided in Note 12(2).

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

<u>Items</u>	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Non-current items:			
Equity instruments			
Listed stocks	\$ 12,604	\$ 12,604	\$ 12,604
Unlisted stocks	<u>27,054</u>	<u>27,054</u>	<u>27,054</u>
	39,658	39,658	39,658
Valuation adjustment	<u>23,533</u>	<u>23,308</u>	<u>10,321</u>
	<u>\$ 63,191</u>	<u>\$ 62,966</u>	<u>\$ 49,979</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 \$63,191, \$62,966 and \$49,979 as at March 31, 2024, December 31, 2023 and March 31, 2023, respectively.  
B. As of March 31, 2024, December 31, 2023 and March 31, 2023, 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 \$63,191, \$62,966 and \$49,979, 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).

(6) Financial assets at amortized cost

<u>Items</u>	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Current items:			
Time deposits	<u>\$ 212,066</u>	<u>\$ 212,066</u>	<u>\$ 15,362</u>



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

	Three months ended March 31,	
	2024	2023
Interest income	\$ 694	\$ 62

B. As at March 31, 2024, December 31, 2023 and March 31, 2023, 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, \$212,066 and \$15,362 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.

(7) Notes and accounts receivable

	March 31, 2024	December 31, 2023	March 31, 2023
Notes receivable	\$ 21,663	\$ 25,738	\$ 40,872
Less: Allowance for uncollectible accounts	-	-	-
	<u>\$ 21,663</u>	<u>\$ 25,738</u>	<u>\$ 40,872</u>
Accounts receivable	\$ 775,926	\$ 1,010,797	\$ 1,119,725
Less: Allowance for uncollectible accounts	( 68,860)	( 67,363)	( 62,314)
	<u>\$ 707,066</u>	<u>\$ 943,434</u>	<u>\$ 1,057,411</u>

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

	March 31, 2024	December 31, 2023	March 31, 2023
Not past due	\$ 532,523	\$ 799,950	\$ 747,745
Up to 30 days	41,946	49,451	200,933
31 to 90 days	95,632	101,652	105,092
Over 90 days	58,628	18,119	44,513
	<u>\$ 728,729</u>	<u>\$ 969,172</u>	<u>\$ 1,098,283</u>

The above ageing analysis was based on past due date.

B. As of March 31, 2024, December 31, 2023 and March 31, 2023, 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 \$21,663, \$25,738 and \$40,872; \$707,066, \$943,434 and \$1,057,411, respectively.

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

(8) Inventories

	March 31, 2024		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 581,440	(\$ 46,847)	\$ 534,593
Work in progress	116,447	( 13,201)	103,246
Finished goods	436,358	( 32,795)	403,563
	<u>\$ 1,134,245</u>	<u>(\$ 92,843)</u>	<u>\$ 1,041,402</u>

  

	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>

  

	March 31, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 717,698	(\$ 23,015)	\$ 694,683
Work in progress	23,841	( 7)	23,834
Finished goods	331,609	( 20,092)	311,517
	<u>\$ 1,073,148</u>	<u>(\$ 43,114)</u>	<u>\$ 1,030,034</u>

The cost of inventories recognized as expense for the three months ended March 31, 2024 and 2023, were \$877,093 and \$1,164,470, respectively, including the amounts of \$273 and \$3,748 respectively, that the Group wrote down from cost to net realizable value accounted for as cost of goods sold.

(9) Prepayments

	March 31, 2024	December 31, 2023	March 31, 2023
Prepaid expenses	\$ 145,166	\$ 148,022	\$ 168,648
Prepayments to suppliers	35,159	45,406	47,819
Excess business tax paid (or Net Input VAT)	54,495	52,664	90,593
	<u>\$ 234,820</u>	<u>\$ 246,092</u>	<u>\$ 307,060</u>

(10) Investments accounted for using equity method

	<u>2024</u>	<u>2023</u>
At January 1	\$ 19,896	\$ 27,375
Increase in investments accounted for using equity method	10,200	-
Share of loss of investments accounted for using equity method	( 2,048)	( 1,657)
At March 31	<u>\$ 28,048</u>	<u>\$ 25,718</u>

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Associates	<u>\$ 28,048</u>	<u>\$ 19,896</u>	<u>\$ 25,718</u>

(11) Property, plant and equipment

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery</u>	<u>Machinery for lease</u>	<u>Office equipment</u>	<u>Others</u>	<u>Unfinished construction</u>	<u>Total</u>
<u>At January 1, 2024</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>
<u>2024</u>								
At January 1	\$ 957,972	\$ 1,917,154	\$ 1,100,797	\$ -	\$ 469,321	\$ 102,353	\$ 392,873	\$ 4,940,470
Additions	-	1,929	3,255	-	4,947	3,889	9,668	23,688
Disposals	-	-	-	-	( 2)	( 14)	-	( 16)
Transfers	-	-	15,936	-	4,050	7,020	( 10,365)	16,641
Depreciation charge	-	( 20,977)	( 70,457)	-	( 20,705)	( 11,242)	-	( 123,381)
Net exchange differences	-	5,214	5,189	-	2,198	298	-	12,899
At March 31	<u>\$ 957,972</u>	<u>\$ 1,903,320</u>	<u>\$ 1,054,720</u>	<u>\$ -</u>	<u>\$ 459,809</u>	<u>\$ 102,304</u>	<u>\$ 392,176</u>	<u>\$ 4,870,301</u>
<u>At March 31, 2024</u>								
Cost	\$ 957,972	\$ 2,429,133	\$ 2,395,572	\$ 35,982	\$ 804,563	\$ 433,457	\$ 392,176	\$ 7,448,855
Accumulated depreciation	-	( 525,813)	( 1,340,852)	( 35,982)	( 344,754)	( 331,153)	-	( 2,578,554)
	<u>\$ 957,972</u>	<u>\$ 1,903,320</u>	<u>\$ 1,054,720</u>	<u>\$ -</u>	<u>\$ 459,809</u>	<u>\$ 102,304</u>	<u>\$ 392,176</u>	<u>\$ 4,870,301</u>
	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery</u>	<u>Machinery for lease</u>	<u>Office equipment</u>	<u>Others</u>	<u>Unfinished construction</u>	<u>Total</u>
<u>At January 1, 2023</u>								
Cost	\$ 962,162	\$ 2,426,176	\$ 2,293,253	\$ 35,982	\$ 672,628	\$ 416,789	\$ 21,601	\$ 6,828,591
Accumulated depreciation	-	( 411,947)	( 994,633)	( 35,951)	( 244,863)	( 274,202)	-	( 1,961,596)
	<u>\$ 962,162</u>	<u>\$ 2,014,229</u>	<u>\$ 1,298,620</u>	<u>\$ 31</u>	<u>\$ 427,765</u>	<u>\$ 142,587</u>	<u>\$ 21,601</u>	<u>\$ 4,866,995</u>
<u>2023</u>								
At January 1	\$ 962,162	\$ 2,014,229	\$ 1,298,620	\$ 31	\$ 427,765	\$ 142,587	\$ 21,601	\$ 4,866,995
Additions	-	3,335	1,866	-	1,573	5,334	2,544	14,652
Disposals	-	-	( 397)	-	( 48)	( 81)	-	( 526)
Transfers	-	-	1,628	-	10,850	2,042	-	14,520
Depreciation charge	-	( 23,327)	( 72,674)	( 31)	( 20,353)	( 13,076)	-	( 129,461)
Net exchange differences	-	1,654	1,111	-	( 1,146)	701	-	2,320
At March 31	<u>\$ 962,162</u>	<u>\$ 1,995,891</u>	<u>\$ 1,230,154</u>	<u>\$ -</u>	<u>\$ 418,641</u>	<u>\$ 137,507</u>	<u>\$ 24,145</u>	<u>\$ 4,768,500</u>
<u>At March 31, 2023</u>								
Cost	\$ 962,162	2,431,722	\$ 2,296,582	\$ 35,982	\$ 683,422	\$ 423,651	\$ 24,145	\$ 6,857,666
Accumulated depreciation	-	( 435,831)	( 1,066,428)	( 35,982)	( 264,781)	( 286,144)	-	( 2,089,166)
	<u>\$ 962,162</u>	<u>\$ 1,995,891</u>	<u>\$ 1,230,154</u>	<u>\$ -</u>	<u>\$ 418,641</u>	<u>\$ 137,507</u>	<u>\$ 24,145</u>	<u>\$ 4,768,500</u>

Information about the property, plant and equipment that were pledged to others as collateral is

provided in Note 8.

(12) Leasing arrangements-lessee

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

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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 26,685	\$ 26,365	\$ 27,519
Buildings	261,607	166,240	165,453
	<u>\$ 288,292</u>	<u>\$ 192,605</u>	<u>\$ 192,972</u>

  

	<u>Three months ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 171	\$ 174
Buildings	17,724	18,090
	<u>\$ 17,895</u>	<u>\$ 18,264</u>

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

D. For the three months ended March 31, 2024 and 2023, the additions to right-of-use amounted to \$108,546 and \$31,965, respectively.

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

	<u>Three months ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 1,395	\$ 1,607
Expense on short-term lease contracts	\$ 11,869	\$ 8,637
Expense on leases of low-value assets	\$ 292	\$ 1,590
Gain or loss on lease modification	\$ -	\$ 77

For the three months ended March 31, 2024 and 2023, the Group's total cash outflow for leases amounted to \$30,774 and \$29,355, respectively.

(13) 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 March 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
At March 31			
Cost	\$ -	\$ -	\$ -
Accumulated depreciation and impairment	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

	Three months ended March 31,	
	2024	2023
Direct operating expenses not arising from the investment property that generated rental income during the period	<u>\$ -</u>	<u>\$ 8</u>

B. 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.

(14) Intangible assets

	<u>Goodwill</u>	<u>Trademarks</u>	<u>Customer relation</u>	<u>Software</u>	<u>Royalty</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2024</u>							
Cost	\$ 299,689	\$ 132,720	\$ 220,000	\$ 36,358	\$ 7,400	\$ 143,817	\$ 839,984
Accumulated amortization	-	( 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>2024</u>							
At January 1	\$ 299,689	\$ 113,646	\$ 165,000	\$ 9,396	\$ 852	\$ 102,566	\$ 691,149
Additions—							
acquired separately	-	-	-	33	-	-	33
Amortization charge	-	( 1,740)	( 5,500)	( 1,715)	( 66)	( 3,370)	( 12,391)
Net exchange differences	-	-	-	53	-	-	53
At March 31	<u>\$ 299,689</u>	<u>\$ 111,906</u>	<u>\$ 159,500</u>	<u>\$ 7,767</u>	<u>\$ 786</u>	<u>\$ 99,196</u>	<u>\$ 678,844</u>
<u>At March 31, 2024</u>							
Cost	\$ 299,689	\$ 132,720	\$ 220,000	\$ 36,420	\$ 7,400	\$ 143,817	\$ 840,046
Accumulated amortization	-	( 20,814)	( 60,500)	( 28,653)	( 6,614)	( 44,621)	( 161,202)
	<u>\$ 299,689</u>	<u>\$ 111,906</u>	<u>\$ 159,500</u>	<u>\$ 7,767</u>	<u>\$ 786</u>	<u>\$ 99,196</u>	<u>\$ 678,844</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, 2023</u>							
Cost	\$ 299,689	\$ 132,722	\$ 220,000	\$ 34,985	\$ 7,400	\$ 143,836	\$ 838,632
Accumulated amortization	-	( 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	-	-	-	765	-	-	765
Transfers	-	-	-	385	-	-	385
Amortization charge	-	( 1,741)	( 5,500)	( 2,322)	( 65)	( 3,373)	( 13,001)
Net exchange differences	-	-	-	( 4)	-	6	2
At March 31	<u>\$ 299,689</u>	<u>\$ 118,870</u>	<u>\$ 181,500</u>	<u>\$ 15,525</u>	<u>\$ 1,047</u>	<u>\$ 112,700</u>	<u>\$ 729,331</u>
<u>At March 31, 2023</u>							
Cost	\$ 299,689	\$ 132,722	\$ 220,000	\$ 36,156	\$ 7,400	\$ 143,842	\$ 839,809
Accumulated amortization	-	( 13,852)	( 38,500)	( 20,631)	( 6,353)	( 31,142)	( 110,478)
	<u>\$ 299,689</u>	<u>\$ 118,870</u>	<u>\$ 181,500</u>	<u>\$ 15,525</u>	<u>\$ 1,047</u>	<u>\$ 112,700</u>	<u>\$ 729,331</u>

A. Details of amortization on intangible assets are as follows:

	<u>Three months ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
Overhead	\$ 3,218	\$ 2,719
Selling expenses	644	843
Administrative expenses	7,580	8,657
Research and development expenses	<u>949</u>	<u>782</u>
	<u>\$ 12,391</u>	<u>\$ 13,001</u>

B. Goodwill is allocated as follows to the Group's cash-generating units identified according to operating segment:

	<u>March 31, 2024</u>	<u>March 31, 2023</u>
Taiwan	<u>\$ 299,689</u>	<u>\$ 299,689</u>

(15) Impairment of non-financial assets

Goodwill is allocated to the Group's cash-generating units identified according to operating segment. The recoverable amount of all cash-generating units has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by the management covering a five-year period. As of December 31, 2023 and 2022, the recoverable amount of the Group's cash-generating units calculated using the value-in-use exceeded their carrying amount, so goodwill was not impaired. The key assumptions used for value-in-use calculations are as follows:

	<u>2023</u>	<u>2022</u>
	<u>Discount rate</u>	<u>Discount rate</u>
Taiwan	8.25%	8.70%

(16) Other non-current assets

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Prepayments for construction			
business facilities	\$ 242,178	\$ 232,057	\$ 551,870
Guarantee deposits paid	40,571	40,917	44,611
Net defined benefit asset	4,083	4,081	3,993
Other non-current assets	<u>-</u>	<u>-</u>	<u>3,586</u>
	<u>\$ 286,832</u>	<u>\$ 277,055</u>	<u>\$ 604,060</u>

(17) Short-term borrowings

<u>Type of Borrowings</u>	<u>March 31, 2024</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	<u>\$ 873,168</u>	1.6%~3.35%	None
<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>March 31, 2023</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	<u>\$ 970,000</u>	1.3571%~1.8876%	None

(18) Other payables

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Employee bonus payable	\$ 360,702	\$ 328,801	\$ 245,910
Salaries and bonuses payable	154,947	268,395	101,904
Payable on machinery and equipment	12,576	10,127	11,414
Tax payables	19,332	19,873	31,079
Other payables	<u>150,469</u>	<u>137,736</u>	<u>230,292</u>
	<u>\$ 698,026</u>	<u>\$ 764,932</u>	<u>\$ 620,599</u>

(19) Pensions

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

(b) There were no pension costs under the defined contribution pension plans of the Group for the three months ended March 31, 2024 and 2023.



- (c) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2024 amount to \$1.
- B.(a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The pension costs under the defined contribution pension plans of the Group for the three months ended March 31, 2024 and 2023 were \$14,467 and \$13,611, respectively.
- C. The Group’s mainland China subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China (PRC) are based on certain percentage of employees’ monthly salaries and wages. The contribution percentage for the three months ended March 31, 2024 and 2023, were 16% and 20%, respectively. Other than the monthly contributions, the Group has no further obligations.

(20) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>March 31, 2024</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	\$ 92,392
Secured borrowings	Borrowing period is from March 29, 2023, to August 14, 2038; interest is repayable monthly.	2%	Land and Building	<u>635,544</u>
				<u>\$ 727,936</u>

<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>March 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	\$ 115,672
Secured borrowings	Borrowing period is from December 3, 2021, to September 11, 2024; interest is repayable monthly.	1.603%	Factory	200,000
Secured borrowings	Borrowing period is from March 29, 2023, to August 14, 2038; interest is repayable monthly.	1.88%	Land and Building	330,000
Unsecured borrowings	Borrowing period is from October 6, 2021, to October 6, 2023; interest is repayable monthly.	1.6615%	None	170,000
Unsecured borrowings	Borrowing period is from March 29, 2021, to September 11, 2023; interest is repayable monthly.	1.7488%	None	<u>150,000</u>
				965,672
Less: Current portion			(	<u>320,000</u> )
			\$	<u>645,672</u>

(21) Share-based payment

A. For the three months ended March 31, 2024 and 2023, the Group's share-based payment arrangements were as follows:

<u>Type of arrangement</u>	<u>Issuance date</u>	<u>Quantity granted</u>	<u>Contract period</u>	<u>Vesting conditions</u>
Employee stock options	2016.07.01	2,000	6 years	Employees with 2 service years are entitled to 30% Employees with 3 service years are entitled to 60% Employees with 4 service years are entitled to 100%
Restricted stocks to employees	2016.07.20	600	3 years	Employees with 1 service year are entitled to 33% Employees with 2 service years are entitled to 66% Employees with 3 service years are entitled to 100% Operating revenue growth rate 30% (year) Maintaining profit rate after tax above 10% Earnings per share exceeds \$3.0 (including \$3.0)
Employee stock options	2018.05.15	2,000	6 years	Employees with 2 service years are entitled to 40% Employees with 3 service years are entitled to 80% Employees with 4 service years are entitled to 100%

Type of arrangement	Issuance date	Quantity granted	Contract period	Vesting conditions
Restricted stocks to employees	2019.09.30	900	3 years	Employees with 1 service year are entitled to 33% Employees with 2 service years are entitled to 66% Employees with 3 service years are entitled to 100% Profit rate before tax in the previous financial statements is no less than 20%
Employee stock options	2021.11.03	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:

	Three months ended March 31,			
	2024		2023	
	No. of options	Weighted-average exercise price (in dollars)	No. of options	Weighted-average exercise price (in dollars)
Options outstanding at January 1	-	\$ 100	-	\$ 100
Options expired	-	-	-	-
Options exercised	-	-	-	100
Options outstanding at the end of the period	-	\$ 100	-	\$ 100
Options exercisable at the end of the period	-	\$ 100	-	\$ 100

	Three months ended March 31,			
	2024		2023	
	No. of options	Weighted-average exercise price (in dollars)	No. of options	Weighted-average exercise price (in dollars)
Options outstanding at January 1	1,385	\$ 448	1,493	\$ 448
Options expired	-	-	( 59)	448
Options outstanding at the end of the period	<u>1,385</u>	<u>\$ 448</u>	<u>1,434</u>	<u>\$ 448</u>
Options exercisable at the end of the period	<u>1,385</u>	<u>\$ 448</u>	<u>1,434</u>	<u>\$ 448</u>

	Three months ended March 31,			
	2024		2023	
	No. of options	Weighted-average exercise price (in dollars)	No. of options	Weighted-average exercise price (in dollars)
Options outstanding at January 1	2,762	\$ 49.17	3,035	\$ 48.62
Options exercised	( 113)	41.60	-	-
Options outstanding at the end of the period	<u>2,649</u>	<u>\$ 49.49</u>	<u>3,035</u>	<u>\$ 48.62</u>
Options exercisable at the end of the period	<u>835</u>	<u>\$ 41.60</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	March 31, 2024		December 31, 2023		March 31, 2023	
		No. of shares (in thousands)	Exercise price (in dollars)	No. of shares (in thousands)	Exercise price (in dollars)	No. of shares (in thousands)	Exercise price (in dollars)
2016.07.01	2022.06.30	-	\$ 100	-	\$ 100	-	\$ 100
2018.05.15	2024.05.14	1,385	448	1,385	448	1,434	448
2021.11.03	2027.11.02	2,630	50.8	2,122	50.8	2,345	50.8
2022.08.03	2028.08.03	770	41.2	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:

	Three months ended March 31,	
	2024	2023
Equity-settled	\$ 2,090	\$ 4,728

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.

(22) Share capital

A. As of March 31, 2024, 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.

B. Treasury shares

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

		<u>March 31, 2024</u>	
<u>Name of company holding the shares</u>	<u>Reason for reacquisition</u>	<u>Number of shares</u>	<u>Carrying amount(Note)</u>
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, 2023</u>	
<u>Name of company holding the shares</u>	<u>Reason for reacquisition</u>	<u>Number of shares</u>	<u>Carrying amount</u>
The Company	To be reissued to employees	532,000	\$ 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>March 31, 2023</u>	
<u>Name of company holding the shares</u>	<u>Reason for reacquisition</u>	<u>Number of shares</u>	<u>Carrying amount</u>
The Company	To be reissued to employees	532,000	<u>\$ 118,787</u>

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.



(23) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be 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.

(24) Retained earnings

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

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 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. On May 9, 2024, the shareholders at the shareholders' meeting approved the distribution of dividends from the 2023 earnings in the amount of \$824,102, with cash dividends of \$7 (in dollars) per share.

(25) Other equity items

	<u>2024</u>		
	Unrealised gains (losses) on valuation	Currency translation	Total
At January 1	(\$ 3,152)	(\$ 280,381)	(\$ 283,533)
Currency translation differences	-	67,455	67,455
Revaluation - gross	<u>225</u>	<u>-</u>	<u>225</u>
At March 31	<u>(\$ 2,927)</u>	<u>(\$ 212,926)</u>	<u>(\$ 215,853)</u>

	<u>2023</u>		
	Unrealised gains (losses) on valuation	Currency translation	Total
At January 1	(\$ 6,196)	(\$ 187,908)	(\$ 194,104)
Currency translation differences	-	( 9,914)	( 9,914)
Revaluation - gross	<u>1,569</u>	<u>-</u>	<u>1,569</u>
At March 31	<u>(\$ 4,627)</u>	<u>(\$ 197,822)</u>	<u>(\$ 202,449)</u>

(26) Operating revenue

	<u>Three months ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
Revenue from contracts with customers	<u>\$ 1,511,921</u>	<u>\$ 1,872,857</u>

A. Disaggregation of revenue from contracts with customers

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

Three months ended March 31, 2024	Europe and America region	Asia Pacific region	Total
Segment revenue	\$ 827,873	\$ 1,365,996	\$ 2,193,869
Inter-segment revenue	( 317,598)	( 364,350)	( 681,948)
Revenue from external customer contracts	<u>\$ 510,275</u>	<u>\$ 1,001,646</u>	<u>\$ 1,511,921</u>
Three months ended March 31, 2023	Europe and America region	Asia Pacific region	Total
Segment revenue	\$ 1,117,924	\$ 1,572,205	\$ 2,690,129
Inter-segment revenue	( 409,200)	( 408,072)	( 817,272)
Revenue from external customer contracts	<u>\$ 708,724</u>	<u>\$ 1,164,133</u>	<u>\$ 1,872,857</u>

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

B. Contract assets and liabilities

As of March 31, 2024, December 31, 2023 and March 31, 2023, and January 1, 2023, the Group has not recognized any revenue-related contract assets, while the Group has recognized contract liabilities below:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>	<u>January 1, 2023</u>
Contract liabilities				
– advance sales receipts	<u>\$ 580,802</u>	<u>\$ 496,528</u>	<u>\$ 469,132</u>	<u>\$ 454,107</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:

	Three months ended March 31,	
	2024	2023
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Advance sales receipts	\$ 233,015	\$ 277,082

(27) Interest income

	Three months ended March 31,	
	2024	2023
Interest income from bank deposits (Note)	\$ 22,634	\$ 19,150

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

(28) Other income

	Three months ended March 31,	
	2024	2023
Dividend income	\$ -	\$ 51
Subsidy income	488	-
Other income - others	4,244	20,611
	\$ 4,732	\$ 20,662

(29) Other gains and losses

	Three months ended March 31,	
	2024	2023
Gains (losses) on disposal of property, plant and equipment	(\$ 4)	\$ 833
Gains on disposals of investment property	-	535
Gains on disposal of investments	1,524	-
Gains arising from lease modifications	-	77
Foreign exchange gains	47,970	9,641
Net losses on financial assets at fair value through profit or loss	( 5,736)	( 10,559)
Miscellaneous disbursements	( 32)	( 9)
	\$ 43,722	\$ 518

(30) Finance costs

	Three months ended March 31,	
	2024	2023
Interest expense		
Bank borrowings	\$ 8,265	\$ 8,841
Interest from lease liabilities	1,395	1,607
Imputed interest on rent deposit	3	3
	<u>\$ 9,663</u>	<u>\$ 10,451</u>

(31) Expenses by nature

	Three months ended March 31,	
	2024	2023
Employee benefit expense	\$ 366,866	\$ 376,643
Depreciation charges on property, plant and equipment and depreciation charges on right-of-use assets	141,276	147,725
Depreciation charges on investment property	-	8
Operating lease payments	12,161	10,227
Amortisation charges on intangible assets	12,391	13,001

(32) Employee benefit expense

	Three months ended March 31,	
	2024	2023
Wages and salaries	\$ 307,512	\$ 315,770
Employee stock options (Note)	2,090	4,728
Labour and health insurance fees	29,880	31,464
Pension costs	14,467	13,611
Other personnel expenses	12,917	11,070
	<u>\$ 366,866</u>	<u>\$ 376,643</u>

Note: It was equity-settled.

- A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall be 5%~15% for employees' compensation and shall not be higher than 3% for directors' and supervisors' remuneration.
- B. For the three months ended March 31, 2024 and 2023, employees' compensation was accrued at \$13,803 and \$21,000, respectively; while directors' and supervisors' remuneration was accrued at \$1,050 and \$1,050, 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 three months ended March 31, 2024.

D. Employees' compensation and directors' and supervisors' remuneration of 2023 as resolved by the Board of Directors were \$117,054 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.

(33) Income tax

A. Income tax expense

Components of income tax expense:

	Three months ended March 31,	
	2024	2023
Current tax:		
Current tax on profits for the period	\$ 26,008	\$ 53,718
Tax on undistributed surplus earnings	-	-
Effect from investment tax credits	-	-
Prior year income tax under (over) estimation	( 2,288)	-
Total current tax	<u>23,720</u>	<u>53,718</u>
Deferred tax:		
Origination and reversal of temporary differences	9,034	( 9,767)
Remittance of earnings	-	-
Total deferred tax	<u>9,034</u>	<u>( 9,767)</u>
Income tax expense	<u>\$ 32,754</u>	<u>\$ 43,951</u>

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

(34) Earnings per share

	Three months ended March 31, 2024		
	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	\$ 127,406	115,198	\$ 1.11
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 127,406		
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	714	
Employee stock options	-	14	
Shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 127,406</u>	<u>115,926</u>	<u>\$ 1.10</u>
	Three months ended March 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 the parent	\$ 163,695	117,713	\$ 1.39
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 163,695		
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	349	
Employee stock options	-	15	
Shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 163,695</u>	<u>118,077</u>	<u>\$ 1.39</u>

(35) Supplemental cash flow information

Investing activities with partial cash payments

	Three months ended March 31,	
	2024	2023
Purchase of property, plant and equipment	\$ 23,688	\$ 14,652
Add: Opening balance of payable on equipment	10,127	16,282
Less: Ending balance of payable on equipment	(12,576)	(11,414)
Cash paid during the period	<u>\$ 21,239</u>	<u>\$ 19,520</u>

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

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

(2) Significant related party transactions

A. Operating revenue:

	Three months ended March 31,	
	2024	2023
Sales of goods:		
Other related parties	\$ 2,619	\$ 1,616
Associates	432	-
	<u>\$ 3,051</u>	<u>\$ 1,616</u>

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

B. Purchases:

	Three months ended March 31,	
	2024	2023
Purchase and processing fees:		
Other related parties	\$ 1,536	\$ 2,483
Associates	98	-
	<u>\$ 1,634</u>	<u>\$ 2,483</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

	Three months ended March 31,	
	2024	2023
Rent income:		
Associates	\$ 17	\$ 3

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

D. Receivables from related parties:

	March 31, 2024	December 31, 2023	March 31, 2023
Accounts receivable:			
Other related parties	\$ 1,187	\$ 98	\$ 600
Associates	9	9	1
	<u>1,196</u>	<u>107</u>	<u>601</u>
Other receivables:			
Associates	\$ 582	\$ 68	\$ 33
	<u>\$ 1,778</u>	<u>\$ 175</u>	<u>\$ 634</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:

	March 31, 2024	December 31, 2023	March 31, 2023
Accounts payable:			
Other related parties	\$ 1,695	\$ 11	\$ 1,423
Associates	708	2,892	459
	<u>\$ 2,403</u>	<u>\$ 2,903</u>	<u>\$ 1,882</u>
Other payables:			
Other related parties	\$ 80	\$ -	\$ -
	<u>\$ 2,483</u>	<u>\$ 2,903</u>	<u>\$ 1,882</u>

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

(3) Key management compensation

	Three months ended March 31,	
	2024	2023
Salaries and other short-term employee benefits	\$ 24,537	\$ 18,047
Share-based payments	929	2,678
	<u>\$ 25,466</u>	<u>\$ 20,725</u>

## 8. PLEDGED ASSETS

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

<u>Pledged asset</u>	<u>Book value</u>			<u>Purpose</u>
	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>	
Property, plant and equipment	\$ 1,805,643	\$ 1,829,734	\$ 1,900,142	Short-term and long-term borrowings
Current financial assets at amortised cost	4,000	4,000	4,000	Contract security deposit account for government grants and performance guarantee
	<u>\$ 1,809,643</u>	<u>\$ 1,833,734</u>	<u>\$ 1,904,142</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>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Property, plant and equipment	\$ 92,770	\$ 97,516	\$ 120,900

B. As of March 31, 2024, December 31, 2023 and March 31, 2023, the Group's total unused letters of credit was \$0, \$945 and \$0, respectively.

## 10. SIGNIFICANT DISASTER LOSS

None.

## 11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

The Company's subsidiary - GENE & NEXT INC., was approved by the Board of Directors on April 15, 2024 to buy 4,500 thousand shares of the Company's stock, and the purchase amount was \$623,250. However, the Company's shareholding in GENE & NEXT INC. does not reach 50%, so GENE Company's purchase of the Company's stock is not restricted by Article 167 of the Company Law, and the purpose of investing in the Company's stock is for general investment.

## 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>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss - current	<u>\$ 61,527</u>	<u>\$ 79,330</u>	<u>\$ 200,620</u>
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	<u>\$ 63,191</u>	<u>\$ 62,966</u>	<u>\$ 49,979</u>
Financial assets at amortised cost/Loans and receivables			
Cash and cash equivalents	\$ 6,099,356	\$ 5,363,426	\$ 5,744,404
Financial assets at amortised cost-current	212,066	212,066	15,362
Notes receivable	21,663	25,738	40,872
Accounts receivable	707,066	943,434	1,057,411
Accounts receivable - related parties	1,196	107	601
Other receivables	61,881	28,355	54,282
Other receivables - related parties	582	68	33
Guarantee deposits paid	<u>40,571</u>	<u>40,917</u>	<u>44,611</u>
	<u>\$ 7,144,381</u>	<u>\$ 6,614,111</u>	<u>\$ 6,957,576</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Short-term borrowings	\$ 873,168	\$ 350,000	\$ 970,000
Notes payable	634	686	19,209
Accounts payable	745,701	734,188	543,910
Accounts payable - related parties	2,403	2,903	1,882
Other accounts payable	698,026	764,932	620,599
Other accounts payable - related parties	80	-	-
Long-term borrowings (including current portion)	727,936	946,929	965,672
Deposits received	<u>6,612</u>	<u>6,491</u>	<u>11,521</u>
	<u>\$ 3,054,560</u>	<u>\$ 2,806,129</u>	<u>\$ 3,132,793</u>
Lease liability	<u>\$ 266,839</u>	<u>\$ 170,811</u>	<u>\$ 168,691</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)	March 31, 2024		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	USD	36,681	32 \$ 1,173,792
RMB:NTD	RMB	204,158	4.408 899,928
EUR:NTD	EUR	5,561	34.46 191,632
JPY:NTD	JPY	771,284	0.2115 163,127
<u>Financial liabilities</u>			
<u>Monetary items</u>			
JPY:NTD	JPY	446,498	0.2115 \$ 94,434
RMB:NTD	RMB	123,216	4.408 543,136
USD:NTD	USD	2,911	32 93,152
EUR:NTD	EUR	2,085	34.46 71,849

		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>				
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
		March 31, 2023		
(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	38,199	30.45	\$ 1,163,160
RMB:NTD	RMB	221,012	4.431	979,304
EUR:NTD	EUR	4,794	33.15	158,921
JPY:NTD	JPY	187,988	0.2288	43,012
<u>Financial liabilities</u>				
<u>Monetary items</u>				
JPY:NTD	JPY	588,689	0.2288	\$ 134,692
RMB:NTD	RMB	24,256	4.431	107,478
USD:NTD	USD	3,279	30.45	99,846
EUR:NTD	EUR	2,396	33.15	79,427

- iii. The total exchange (loss) gain, including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Group for the three months ended March 31, 2024 and 2023, amounted to \$ 47,970 and \$9,641, respectively.

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

		Three months ended March 31, 2024			
		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%	\$ 11,738	\$		-
RMB:NTD	"	8,999			-
EUR:NTD	"	1,916			-
JPY:NTD	"	1,631			-
<u>Financial liabilities</u>					
<u>Monetary items</u>					
JPY:NTD	1%	\$ 944	\$		-
RMB:NTD	"	5,431			-
USD:NTD	"	932			-
EUR:NTD	"	718			-
		Three months ended March 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%	\$ 11,632	\$		-
RMB:NTD	"	9,793			-
EUR:NTD	"	1,589			-
JPY:NTD	"	430			-
<u>Financial liabilities</u>					
<u>Monetary items</u>					
JPY:NTD	1%	\$ 1,347	\$		-
RMB:NTD	"	1,075			-
USD:NTD	"	998			-
EUR:NTD	"	794			-

Price risk

- i The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

ii. The Group's investments in equity securities comprise shares issued by the domestic or foreign companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, profit for the three months ended March 31, 2024 and 2023 would have increased/decreased by \$615 and \$2,006, 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 \$632 and \$500, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

#### Cash flow and fair value interest rate risk

i. The Group's main interest rate risk arises from long-term and short-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. During the three months ended March 31, 2024 and 2023, the Group's borrowings at variable rate were denominated in New Taiwan dollars and Chinese Renminbi.

ii. If the borrowing interest rate of New Taiwan dollars had increased/decreased by 0.1% with all other variables held constant, profit, net of tax for the three months ended March 31, 2024 and 2023 would have increased/decreased by \$320 and \$387, 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 March 31, 2024, December 31, 2023 and March 31, 2023, the loss rate methodology is as follows:

<u>At March 31, 2024</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	\$ 532,721	\$ 138,690	\$ 71,411	\$ 54,767	\$ 797,589
Loss allowance	\$ 198	\$ 1,112	\$ 12,783	\$ 54,767	\$ 68,860
<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 March 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%~0.23%	0%~20.23%	0%~100%	100.00%	
Total book value	\$ 747,744	\$ 308,068	\$ 87,300	\$ 17,485	\$ 1,160,597
Loss allowance	\$ -	\$ 2,042	\$ 42,787	\$ 17,485	\$ 62,314

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

	<u>2024</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>
At January 1	\$ 67,363	\$ -
Provision for impairment	170	-
Effect of foreign exchange	1,327	-
At March 31	<u>\$ 68,860</u>	<u>\$ -</u>
	<u>2023</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>
At January 1	\$ 62,579	\$ -
Provision for impairment	-	-
Effect of foreign exchange	( 265)	-
At March 31	<u>\$ 62,314</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 March 31, 2024, December 31, 2023 and March 31, 2023, the Group has undrawn borrowing facilities of \$ 8,329,208, \$7,978,371 and \$7,419,114, respectively.
- iii. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

March 31, 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Short-term borrowings	\$ 873,168	\$ -	\$ -
Notes payable	634	-	-
Accounts payable (including related parties)	748,104	-	-
Other payables	698,106	-	-
Lease liability	68,089	153,049	45,701
Guarantee deposits received	-	6,612	-
Long-term borrowings (including current portion)	-	-	727,936

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	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>March 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	\$ 970,000	\$ -	\$ -
Notes payable	19,209	-	-
Accounts payable (including related parties)	545,792	-	-
Other payables	620,599	-	-
Lease liability	62,390	44,688	61,613
Guarantee deposits received	-	11,521	-
Long-term borrowings (including current portion)	320,000	-	645,672

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

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

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

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

B. Financial instruments not measured at fair value

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

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

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

<u>March 31, 2024</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 61,527	\$ -	\$ -	\$ 61,527
Financial assets at fair value through other comprehensive income				
Equity securities	<u>5,571</u>	<u>-</u>	<u>57,620</u>	<u>63,191</u>
	<u>\$ 67,098</u>	<u>\$ -</u>	<u>\$ 57,620</u>	<u>\$ 124,718</u>
<u>December 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 79,330	\$ -	\$ -	\$ 79,330
Financial assets at fair value through other comprehensive income				
Equity securities	<u>5,346</u>	<u>-</u>	<u>57,620</u>	<u>62,966</u>
	<u>\$ 84,676</u>	<u>\$ -</u>	<u>\$ 57,620</u>	<u>\$ 142,296</u>
<u>March 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 200,620	\$ -	\$ -	\$ 200,620
Financial assets at fair value through other comprehensive income				
Equity securities	<u>5,753</u>	<u>-</u>	<u>44,226</u>	<u>49,979</u>
	<u>\$ 206,373</u>	<u>\$ -</u>	<u>\$ 44,226</u>	<u>\$ 250,599</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:

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

- ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).
- iii. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.
- iv. The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.
- D. For the three months ended March 31, 2024 and 2023, there was no transfer between Level 1 and Level 2.
- E. The following chart is the movement of Level 3 for the three months ended March 31, 2024 and 2023:

	Non-derivative equity instrument	
	2024	2023
At January 1	\$ 57,620	\$ 44,226
Gain or loss recognized in other comprehensive income	-	-
Acquired in the period	-	-
Sold in the period	-	-
At March 31	\$ 57,620	\$ 44,226

- 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 March 31, 2024	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, 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 March 31, 2023	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:

		March 31, 2024						
				Recognised in profit or loss		Recognised in other comprehensive income		
		Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change	
Financial assets								
Equity instrument	Discount for lack of marketability		±5%	\$ -	\$ -	\$ 2,881	(\$ 2,881)	
		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%	\$ -	\$ -	\$ 2,881	(\$ 2,881)	
		March 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%	\$ -	\$ -	\$ 2,211	(\$ 2,211)	

### 13. SUPPLEMENTARY DISCLOSURES

#### (1) Significant transactions information

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

B. Provision of endorsements and guarantees to others: Table 2.

- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 4.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 5.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 6.

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 8.

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

(4) Major shareholders information

Major shareholders information: None.

14. SEGMENT INFORMATION

(1) General information

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

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

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

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

	Taiwan	Asia	America	Other	Adjustment and reversal	Total
<u>Three months ended</u>						
<u>March 31, 2024</u>						
Revenue from external customers	\$ 674,612	\$ 550,069	\$ 240,977	\$ 46,273	\$ -	\$ 1,511,931
Revenue from internal customers	494,671	68,789	118,489	-	(681,949)	-
Segment revenue	<u>\$ 1,169,283</u>	<u>\$ 618,858</u>	<u>\$ 359,466</u>	<u>\$ 46,273</u>	<u>(\$ 681,949)</u>	<u>\$ 1,511,931</u>
Segment (loss) income	<u>\$ 200,957</u>	<u>\$ 158,914</u>	<u>(\$ 30,040)</u>	<u>(\$ 35,817)</u>	<u>(\$ 152,492)</u>	<u>\$ 141,522</u>
Segment income / loss, including:						
Depreciation and amortisation	\$ 115,762	\$ 21,495	\$ 16,180	\$ 1,186	(\$ 956)	\$ 153,667
Interest income	6,915	15,262	257	200	-	22,634
Interest expense	7,507	242	1,888	26	-	9,663
Income tax expense	35,912	(1,670)	-	-	(1,488)	32,754
Investment profit or loss which is adopting equity method	35,723	44,939	(15,307)	(28,886)	(38,517)	(2,048)
Segment total assets	<u>\$ 16,488,392</u>	<u>\$ 9,426,089</u>	<u>\$ 1,208,947</u>	<u>\$ 197,089</u>	<u>(\$ 12,598,503)</u>	<u>\$ 14,722,014</u>
Segment assets including:						
Investment which is adopting equity method	\$ 4,668,289	\$ 1,438,943	(\$ 55,263)	(\$ 1,138)	(\$ 6,022,783)	\$ 28,048
Capital expenditure of non-current asset	27,219	14,024	16,275	-	-	57,518
Segment total liabilities	<u>\$ 3,875,119</u>	<u>\$ 1,640,460</u>	<u>\$ 1,210,131</u>	<u>\$ 262,188</u>	<u>(\$ 2,359,672)</u>	<u>\$ 4,628,226</u>
	Taiwan	Asia	America	Other	Adjustment and reversal	Total
<u>Three months ended</u>						
<u>March 31, 2023</u>						
Revenue from external customers	\$ 743,181	\$ 677,438	\$ 415,307	\$ 36,931	\$ -	\$ 1,872,857
Revenue from internal customers	617,841	67,264	132,167	-	(817,272)	-
Segment revenue	<u>\$ 1,361,022</u>	<u>\$ 744,702</u>	<u>\$ 547,474</u>	<u>\$ 36,931</u>	<u>(\$ 817,272)</u>	<u>\$ 1,872,857</u>
Segment (loss) income	<u>\$ 240,752</u>	<u>\$ 115,712</u>	<u>(\$ 21,732)</u>	<u>(\$ 13,822)</u>	<u>(\$ 144,651)</u>	<u>\$ 176,259</u>
Segment income / loss, including:						
Depreciation and amortisation	\$ 120,606	\$ 25,016	\$ 14,996	\$ 1,086	(\$ 970)	\$ 160,734
Interest income	7,414	11,722	-	14	-	19,150
Interest expense	9,315	312	804	20	-	10,451
Income tax expense	42,597	2,842	-	-	(1,488)	43,951
Investment profit or loss which is adopting equity method	36,230	32,122	(24,796)	(20,896)	(24,317)	(1,657)
Segment total assets	<u>\$ 16,095,531</u>	<u>\$ 8,824,621</u>	<u>\$ 1,097,579</u>	<u>\$ 297,977</u>	<u>(\$ 11,424,320)</u>	<u>\$ 14,891,388</u>
Segment assets including:						
Investment which is adopting equity method	\$ 4,480,937	\$ 1,254,164	\$ 38,166	\$ 51,583	(\$ 5,799,132)	\$ 25,718
Capital expenditure of non-current asset	64,155	2,343	8,121	-	-	74,619
Segment total liabilities	<u>\$ 3,825,440</u>	<u>\$ 1,683,312</u>	<u>\$ 1,043,936</u>	<u>\$ 292,461</u>	<u>(\$ 2,207,682)</u>	<u>\$ 4,637,467</u>

For the three months ended March 31, 2024 and 2023, sales to Europe and America of reporting department-Taiwan amounted to \$ 171,620 and \$ 206,489, respectively, and sales to Europe and America of reporting department-Asia and others amounted to \$ 338,655 and \$502,235, respectively.



(3) Reconciliation for segment income

Sales between segments are carried out at arm's length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income. The reportable segment income or loss is in accordance with the income before tax from continuing operations for the three months ended March 31, 2024 and 2023.

TCI CO., LTD.  
Loans to others  
Three months ended March 31, 2024

Table 1

Expressed in thousands of NTD  
(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the three months ended March 31, 2024 (Note 3)	Balance at March 31, 2024	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for uncollectible accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
1	TCI BIOTECH LLC	TCI BIOTECH USA LLC	Other receivables - related parties	Y	\$ 6,983	\$ -	\$ -	0.02	2	\$ -	For operating capital	\$ -	None	\$ -	\$ -	\$ -	Notes 6、7 and 11
2	SHANGHAI BIOFUNCTION CO., LTD.	TCI BIOTECH USA LLC	Other receivables - related parties	Y	595,080	595,080	341,620	0.012	2	-	For operating capital	-	None	-	1,851,343	1,851,343	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 three months ended March 31, 2024. The amount is calculated at the closing rate of USD\$1:NTD\$32.0000; RMB\$1:NTD\$4.4080, 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

Three months ended March 31, 2024

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount	Outstanding endorsement/ guarantee amount	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company (%)	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary (Note 4)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 4)	Provision of endorsements/ guarantees to the party in Mainland China (Note 4)	Footnote
		Company name	Relationship with the endorser/ guarantor (Note 2)											
0	TCI CO., LTD.	TCI BIOTECH LLC	2	\$ 1,684,010	\$ 16,000	\$ 16,000	\$ 16,000	\$ -	0.19	\$ 4,210,026	Y	N	N	Note 3
0	TCI CO., LTD.	TCI BIOTECH USA LLC	2	1,684,010	144,000	144,000	144,000	-	1.71	4,210,026	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)

Three months ended March 31, 2024

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 March 31, 2024				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	\$ 5,571	0.11	\$ 5,571	
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	391,039	2.14	391,039	
TCI CO., LTD.	Globus Medical Inc	None	Financial assets at fair value through profit or loss - current	525	901	0.00	901	
TCI CO., LTD.	SEIKAGAKU CORPORATION	None	Financial assets at fair value through profit or loss - current	78,500	12,701	0.14	12,701	
TCI CO., LTD.	Abnova Holding Corporation	None	Financial assets at fair value through profit or loss - current	1,500,000	47,925	2.48	47,925	

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

Three months ended March 31, 2024

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote	
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance		Percentage of total notes/accounts receivable (payable)
TCI CO., LTD.	SHANGHAI BIOFUNCTION CO., LTD.	Subsidiary	(Sales)	\$ 207,633	( 21.64)	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.	\$ 132,464	11.83	
TCI CO., LTD.	TCI BIOTECH LLC	Subsidiary	(Sales)	133,853	( 13.95)	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.	346,360	30.94	
TCI BIOTECH USA LLC	TCI BIOTECH LLC	Subsidiary	(Sales)	111,157	( 98.61)	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.	87,520	92.40	

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

Three months ended March 31, 2024

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty		Balance as at March 31, 2024	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	\$ 132,464	0.75	-	-	\$ 132,464	\$ -
TCI CO., LTD.	TCI BIOTECH LLC	Subsidiary	Accounts receivable	346,360	0.48	-	-	346,360	-

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

Three months ended March 31, 2024

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction		Percentage of consolidated total operating revenues or total assets (Note 3)	
				General ledger account	Amount		
0	TCI CO., LTD.	SHANGHAI BIOFUNCTION CO., LTD.	1	Sales of goods	207,633	The prices and terms of sales and purchases are available to third parties.	13.73
0	TCI CO., LTD.	SHANGHAI BIOFUNCTION CO., LTD.	1	Accounts receivable	132,464	The prices and terms of sales and purchases are available to third parties.	0.90
0	TCI CO., LTD.	TCI BIOTECH LLC	1	Sales of goods	133,853	The prices and terms of sales and purchases are available to third parties.	8.85
0	TCI CO., LTD.	TCI BIOTECH LLC	1	Accounts receivable	346,360	The prices and terms of sales and purchases are available to third parties.	2.35
3	TCI BIOTECH USA LLC	TCI BIOTECH LLC	2	Sales of goods	111,157	The prices and terms of sales and purchases are available to third parties.	7.35
3	TCI BIOTECH USA LLC	TCI BIOTECH LLC	2	Accounts receivable	87,520	The prices and terms of sales and purchases are available to third parties.	0.59

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  
Three months ended March 31, 2024

Table 7

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2024			Net profit (loss) of the investee for the three months ended March 31, 2024	Investment income(loss) recognised by the Company for the three months ended March 31, 2024	Footnote
				Balance as at March 31, 2024	Balance as at March 31, 2023	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	\$ 2,764,965	\$ 45,474	\$ 45,474	None
TCI CO., LTD.	GENE & NEXT INC.	Taiwan	Research and development of biotechnology and genetics	32,963	32,963	11,096,692	41.94	414,060	632	265	None
TCI CO., LTD.	TCI HK LIMITED	Hong Kong	Trading health foods and cosmetics	21,046	21,046	-	100.00	26,820	215	215	None
TCI CO., LTD.	TCI BIOTECH LLC	U.S.A.	Trading health foods and cosmetics	8,778	8,778	300	3.85	( 46)	( 30,040)	( 1,155)	None
TCI CO., LTD.	BIOCOSME CO., LTD.	Taiwan	Trading health foods and cosmetics	5,000	5,000	500,000	100.00	5,042	-	-	None
TCI CO., LTD.	TCI JAPAN CO., LTD.	JAPAN	Trading health foods and cosmetics	15,626	15,626	5,500	100.00	797	( 1,489)	( 1,489)	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	( 65,099)	( 35,817)	( 35,817)	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	4,289	( 381)	( 59)	None
TCI CO., LTD.	QUANTUM BIOLOGY INC.	Taiwan	Research and development of biotechnology	30,000	30,000	3,000,000	100.00	7,138	( 187)	( 187)	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	582,772	28,416	4,583	None
TCI CO., LTD.	PETFOOD BIOTECHNOLOGY CO.,	Taiwan	Producing and sales of pet supplies	33,600	33,600	3,360,000	56.00	13,606	( 3,355)	( 1,879)	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	405	( 2,407)	( 457)	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	( 30,040)	( 28,885)	None
TCI BIOTECH LLC	TCI BIOTECH USA LLC	U.S.A.	Producing and manufacturing health foods and cosmetics	207,588	207,588	7,500	100.00	( 38,079)	( 15,307)	( 15,307)	None



TCI CO., LTD.  
Information on investees  
Three months ended March 31, 2024

Table 7

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2024			Net profit (loss) of the investee for the three months ended March 31, 2024	Investment income(loss) recognised by the Company for the three months ended March 31, 2024	Footnote
				Balance as at March 31, 2024	Balance as at March 31, 2023	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	619 (	152) (	152)	None
GENE & NEXT INC.	TCI LIVING CO., LTD.	Taiwan	Trading health foods and cosmetics	43,175	43,175	2,760,000	79.31	93,854	913	724	None
GENE & NEXT INC.	ASIA PATHOGENOMIC CO., LTD.	Taiwan	Wholesale of chemical industrial and medical devices	24,000	24,000	2,200,000	20.00	23,354 (	7,483) (	1,532)	None
TCI LIVING CO., LTD.	SBI GROUP HK LIMITED	Hong Kong	Trading health foods and cosmetics	5,847	5,847	-	100.00	3,141 (	77) (	77)	None

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

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

(1)The columns of 'Investee', 'Location', 'Main business activities', 'Initial investment amount' and 'Shares held as at March 31, 2024' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column.

(2)The 'Net profit (loss) of the investee for the three months ended March 31, 2024' column should fill in amount of net profit (loss) of the investee for this period.

(3)The 'Investment income (loss) recognised by the Company for the three months ended March 31, 2024' column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

Note 3: There was no capital injection as of March 31, 2024.

TCI CO., LTD.  
Information on investments in Mainland China  
Three months ended March 31, 2024

Table 8

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2024	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the three months ended March 31, 2024		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2024	Net income of investee as of March 31, 2024	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three months ended March 31, 2024	Book value of investments in Mainland China as of March 31, 2024	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2024	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	\$ 45,644	100.00	\$ 45,644	\$ 2,817,939	\$ 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	-	-	-	-	45,842	100.00	45,842	2,438,715	-	Note 5 Note 6
SHANGHAI BIOCOSME CO., LTD.	Producing cosmetics	143,352	Note 2	-	-	-	( 2,324)	( 2,324)	100.00	( 2,324)	154,581	-	Note 5 Note 6
SHANGHAI BIOFUNCTION CO., LTD.	Producing health foods	1,131,425	Note 1	438,307	-	-	438,307	71,027	100.00	71,027	2,314,179	942,055	Note 5 Note 6
SHANGHAI BIOTECHGENE TECHNOLOGY CO., LTD.	Research and development of biotechnology and genetics	43,440	Note 4	-	-	-	-	141	100.00	141	46,505	-	Note 5 Note 6
TCI LIVING SHANGHAI CO., LTD.	Trading health foods and cosmetics	8,916	Note 3	8,916	-	-	8,916	341	79.31	270	1,403	-	Note 5 Note 6
Hekang Biotech Shanghai Co., Ltd.	Selling medical machinery and trading cosmetics	USD\$1,800	Note 3	58,193	-	-	58,193	( 14,925)	100.00	( 14,925)	( 52,515)	-	Note 5 Note 6

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

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

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

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

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

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2024	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
TCI CO., LTD.	\$ 438,307	\$ 692,000	\$ 6,056,273
TCI FIRSTEK CORP.	15,440	15,440	1,693,817
MAXIGEN BIOTECH INC.	58,193	55,269	811,949
TCI LIVING CO., LTD.	8,916	31,484	69,892

Note 6 : The numbers in this table are expressed in New Taiwan dollars, except for: assets and liabilities presented at RMB\$1 : NTD\$4.4080, USD\$1 : NTD\$32.0000; income presented at RMB\$1 : NTD\$4.3659, USD\$1 : NTD\$31.4447;

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

Three months ended March 31, 2024

Table 9

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing			Others	
	Amount	%	Amount	%	Balance at March 31, 2024	%	Balance at March 31, 2024	Purpose	Maximum balance during the three months ended March 31, 2024	Balance at March 31, 2024	Interest rate		Interest during the three months ended March 31, 2024
SHANGHAI BIOFUNCTION CO., LTD.	207,633	21.64	-	-	132,464	11.83	-	-	-	-	-	-	-

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.