STANDARD CHEM. & PHARM. CO., LTD.
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2021 AND 2020

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.

STANDARD CHEM. & PHARM CO., LTD. AND SUBSIDIARIES

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2021 pursuant to Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, the companies that are required to be included in the consolidated financial statements of affiliates, are the same as those required to be included in the consolidated financial statements under International Financial Reporting Standards 10 Consolidated Financial Statements. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. As a result, STANDARD CHEM. & PHARM CO., LTD. and subsidiaries are not required to prepare consolidated financial statements of affiliates.

Hereby declare

STANDARD CHEM. & PHARM CO., LTD.

March 15, 2022

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of STANDARD CHEM. & PHARM. CO., LTD.

Opinion

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

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

Basis for opinion

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

Key audit matters

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

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

Valuation of inventories

Description

Refer to Note 4(11) for accounting policies on the valuation of inventories, Note 5(2) for the uncertainty of significant accounting estimations and assumptions relating to valuation of inventories, and Note 6(5) for the details of allowance for inventory valuation loss. As of December 31, 2021, the carrying amount of inventories and allowance for inventory valuation loss are $1,272,861 thousands and $55,333 thousands, respectively.

The Group is primarily engaged in the manufacture and sales of human medicine and dietary supplement. Due to the influence of market demand and short expiration date of medicines, there is a risk of market price decline and obsolescence of inventories. The Group measures inventories at the lower of cost and net realisable value. The net realisable values of obsolete inventories are determined based on the historical information on the selling price.

Given that the valuation of inventories is subject to uncertainty of assumptions and the accounting estimations will have significant influence on the inventory values, we considered the valuation of inventories a key audit matter.

How our audit addressed the matter

We performed the following key audit procedures on the above key audit matter:

1. Assessed the reasonableness of policies on allowance for inventory valuation loss.
2. Assessed the effectiveness of the management's inventory control, based on our understanding of the operations of the warehouse management, inspected the annual inventory taking plan and performed our observation.
3. Tested whether the basis of inventory aging used in calculating the net realisable value of inventory is consistent with the Group's policy.
4. Validated the net realisable value of inventories and the adequacy of allowance for inventory valuation loss.

Existence of domestic sales revenue from human medicines and dietary supplements

Description

Refer to Note 4(28) for accounting policies on revenue recognition. Revenue is recognised when control of the products has transferred, being when the products are delivered to the customer, the customer 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.

The Group is primarily engaged in the manufacturing and sales of human medicines and dietary supplements. The Group's sales is mainly domestic-based and its customers are numerous, including hospitals, clinics, pharmacies, food and drug administrations all over the country. Since the sales transactions are numerous and would require a longer period for verification, we considered the existence of domestic sales revenue from human medicines and dietary supplements a key audit matter.

How our audit addressed the matter

We performed the following key audit procedures for the above matter:

1. Assessed the consistency and effectiveness of internal control relevant to sales recognition.
2. Assessed basic information of the major customers, including the details of chairman and major shareholders, registered address, principal place of business, capital and main business activities, etc.
3. Selected samples of sales transactions and checked against related supporting documentation, including unit prices, quantities, reasonableness of sales allowance recognition, waybill and subsequent cash collection.

Other matter –Reference to the audits of other independent auditors

We did not audit the financial statements of certain investments accounted for under equity method. These investments amounted to $205,362 thousands and $216,761 thousands, constituting 2.03% and 3.07% of consolidated total assets as of December 31, 2021 and 2020, respectively, and the share of profit or loss of associates and joint ventures accounted for under equity method was ($11,473) thousands and $14,008 thousands, constituting (1.39%) and 2.45% of consolidated total comprehensive income for the years then ended, respectively. The financial statements of these investee companies were audited by other independent auditors whose reports thereon have been furnished to us and our opinion expressed herein, insofar as it relates to the amounts included in the consolidated financial statements and information disclosed relative to these investments, is based solely on the reports of other independent auditors.

Other matter – Parent company only financial reports

We have audited and expressed an unmodified opinion on the parent company only financial statements of STANDARD CHEM. & PHARM. CO., LTD. as of and for the years ended December 31, 2021 and 2020.

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

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

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

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

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

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

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

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

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

Tien, Chung-Yu

Independent Accountants

Lin, Tzu-Shu

PricewaterhouseCoopers, Taiwan

Republic of China

March 15, 2022

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

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

STANDARD CHEM. & PHARM. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Assets	Notes	December 31, 2021			December 31, 2020		
				AMOUNT	%		AMOUNT	%
	Current assets							
1100	Cash and cash equivalents	6(1)	$	2,564,395	25	$	1,036,183	15
1110	Financial assets at fair value through profit or loss - current	6(2)		134,907	1		136,563	2
1136	Financial assets at amortised cost - current	6(1) and 8		289,932	3		308,540	4
1150	Notes receivable, net	6(4), 7 and 12		277,426	3		169,902	3
1170	Accounts receivable, net	6(4), 7 and 12		880,823	9		772,939	11
1200	Other receivables	5(2), 7 and 10		331,809	3		24,413	-
1220	Current income tax assets	6(27)		13	-		-	-
130X	Inventories	5(2), 6(5)(8) and 10		1,217,528	12		893,512	13
1410	Prepayments			86,621	1		93,157	1
1460	Non-current assets held for sale, net	6(6)(8) and 7		-	-		165,110	2
1479	Other current assets			797	-		1,276	-
11XX	**Total current assets**			5,784,251	57		3,601,595	51
	Non-current assets							
1510	Financial assets at fair value through profit or loss - non-current	5(2) and 6(2)		15,152	-		14,047	-
1517	Financial assets at fair value through other comprehensive income - non-current	5(2), 6(3)(30)		228,345	2		404,752	6
1550	Investments accounted for under equity method	6(6)(7) and 7		525,839	5		250,693	4
1600	Property, plant and equipment	6(6)(8), 8 and 10		2,658,198	26		2,125,207	30
1755	Right-of-use assets	6(9) and 7		297,147	3		264,074	4
1780	Intangible assets	6(10)(11)(30)		232,600	2		88,963	1
1840	Deferred income tax assets	6(27)		141,445	2		138,588	2
1915	Prepayments for equipment	6(8)		139,240	1		58,071	1
1920	Guarantee deposits paid			42,710	1		25,209	-
1990	Other non-current assets	6(15)		39,094	1		78,248	1
15XX	**Total non-current assets**			4,319,770	43		3,447,852	49
1XXX	**TOTAL ASSETS**		$	10,104,021	100	$	7,049,447	100

(Continued)

STANDARD CHEM. & PHARM. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Liabilities and Equity	Notes	December 31, 2021 AMOUNT	%	December 31, 2020 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(12) and 8	$ 1,067,989	11	$ 566,000	8
2110	Short-term notes and bills payable	6(13)	290,000	3	-	-
2130	Contract liabilities - current	6(20)	79,115	1	135,662	2
2150	Notes payable	7	301,940	3	228,002	3
2170	Accounts payable	7	322,406	3	210,569	3
2200	Other payables		454,443	4	393,726	6
2230	Current income tax liabilities	6(27)	164,066	2	99,088	1
2280	Lease liabilities - current	6(9) and 7	20,351	-	17,540	-
2310	Receipts in advance		1,013	-	29	-
2365	Current refund liabilities	6(20)	14,774	-	-	-
21XX	**Total current liabilities**		2,716,097	27	1,650,616	23
	Non-current liabilities					
2540	Long-term borrowings	6(14) and 8	50,000	1	-	-
2570	Deferred income tax liabilities	6(27)	92,827	1	61,992	1
2580	Lease liabilities - non-current	6(9) and 7	239,637	2	201,655	3
2640	Net defined benefit liability - non-current	6(15)	205,314	2	227,978	3
2645	Guarantee deposits received		532	-	1,371	-
25XX	**Total non-current liabilities**		588,310	6	492,996	7
2XXX	**Total liabilities**		3,304,407	33	2,143,612	30
	Equity attributable to owners of parent					
	Share capital					
3110	Common stock	6(16)	1,786,961	18	1,786,961	25
3200	Capital surplus	6(7)(17)(29)	204,313	2	203,274	3
	Retained earnings	6(3)(18)(19)				
3310	Legal reserve		709,879	7	658,657	9
3350	Unappropriated retained earnings		1,751,052	17	1,287,735	18
3400	Other equity interest	6(3)(7)(19)	(110,329)	(1)	29,305	1
31XX	**Equity attributable to owners of the parent**		4,341,876	43	3,965,932	56
36XX	Non-controlling interest	4(3), 6(29)(30)	2,457,738	24	939,903	14
3XXX	**Total equity**		6,799,614	67	4,905,835	70
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant disaster loss	10				
3X2X	**TOTAL LIABILITIES AND EQUITY**		$ 10,104,021	100	$ 7,049,447	100

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

STANDARD CHEM. & PHARM. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE DATA)

			Year ended December 31			
			2021		2020	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(20) and 7	$ 4,604,082	100	$ 4,305,400	100
5000	Operating costs	6(5)(10)(15)(25)(26) and 7	(2,536,209)	(55)	(2,385,562)	(55)
5900	Net operating margin		2,067,873	45	1,919,838	45
	Operating expenses	6(8)(10)(15)(25)(26) and 7				
6100	Selling expenses		(675,925)	(15)	(708,480)	(16)
6200	General and administrative expenses		(272,547)	(6)	(283,997)	(7)
6300	Research and development expenses		(241,788)	(5)	(227,211)	(5)
6450	(Expected credit losses) gains	12	(931)	-	6,437	-
6000	Total operating expenses		(1,191,191)	(26)	(1,213,251)	(28)
6900	Operating profit		876,682	19	706,587	17
	Non-operating income and expenses					
7100	Interest income	6(21)	4,247	-	11,203	1
7010	Other income	5(2), 6(3)(22), 7 and 10	170,182	4	92,985	2
7020	Other gains and losses	6(2)(5)(6)(8)(10)(11)(23), 7, 10 and 12	(23,954)	(1)	(33,323)	(1)
7050	Finance costs	6(8)(9)(24) and 7	(7,250)	-	(7,572)	-
7060	Share of (loss) profit of associates and joint ventures accounted for under equity method	6(6)(7)	(6,157)	-	3,047	-
7000	Total non-operating income and expenses		137,068	3	66,340	2
7900	**Profit before income tax**		1,013,750	22	772,927	19
7950	Income tax expense	6(27)	(176,948)	(4)	(147,367)	(4)
8200	**Profit for the year**		$ 836,802	18	$ 625,560	15

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STANDARD CHEM. & PHARM. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE DATA)

			Year ended December 31			
			2021		2020	
	Items	Notes	AMOUNT	%	AMOUNT	%
	Other comprehensive income (loss)					
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8311	Remeasurement of defined benefit plans	6(15)	$ 19,657	-	($ 14,169)	-
8316	Unrealised losses from investments in equity instruments measured at fair value through other comprehensive income	6(3)(19)	(21,903)	-	(39,372)	(1)
8320	Share of other comprehensive income (loss) of associates and joint ventures accounted for under equity method	6(7)	73	-	(365)	-
8349	Income tax related to components of other comprehensive (loss) income	6(27)	(3,931)	-	2,834	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(19)	(1,283)	-	(1,757)	-
8370	Share of other comprehensive loss of associates and joint ventures accounted for under equity method	6(7)	(2,661)	-	(534)	-
8300	**Total other comprehensive loss for the year**		($ 10,048)	-	($ 53,363)	(1)
8500	**Total comprehensive income for the year**		$ 826,754	18	$ 572,197	14
	Profit attributable to:					
8610	Owners of the parent		$ 706,734	15	$ 524,172	12
8620	Non-controlling interest		130,068	3	101,388	3
			$ 836,802	18	$ 625,560	15
	Total comprehensive income attributable to:					
8710	Owners of the parent		$ 696,558	15	$ 471,004	12
8720	Non-controlling interest		130,196	3	101,193	2
			$ 826,754	18	$ 572,197	14
	Earnings per share	6(28)				
9750	Basic		$	3.95	$	2.93
9850	Diluted		$	3.95	$	2.93

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

STANDARD CHEM. & PHARM. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		Equity attributable to owners of the parent											
			Capital Surplus				Retained Earnings		Other Equity Interest				
	Notes	Common stock	Additional paid-in capital	Difference between the price for acquisition or disposal of subsidiaries and book amount	Change in net equity of associates and joint ventures accounted for under equity method	Others	Legal reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains or losses from financial assets measured at fair value through other comprehensive income	Total	Non-controlling interest	Total equity
For the year ended December 31, 2020													
Balance at January 1, 2020		$ 1,786,961	$ 143,353	$ 57,507	$ 3,460	$ 194	$ 622,365	$ 1,079,851	($ 14,544)	$ 85,065	$ 3,764,212	$ 882,209	$ 4,646,421
Profit for the year		-	-	-	-	-	-	524,172	-	-	524,172	101,388	625,560
Other comprehensive loss for the year	6(19)	-	-	-	-	-	-	(11,952)	(2,244)	(38,972)	(53,168)	(195)	(53,363)
Total comprehensive income (loss) for the year		-	-	-	-	-	-	512,220	(2,244)	(38,972)	471,004	101,193	572,197
Difference between proceeds from acquisition of subsidiaries and book value	6(29)	-	-	(53)	-	-	-	-	-	-	(53)	(150)	(203)
Adjustment to non-proportional acquisition of associates and joint ventures accounted for under equity method	6(7)(17)	-	-	-	(1,187)	-	-	-	-	-	(1,187)	-	(1,187)
Appropriations of 2019 earnings:													
Legal reserve		-	-	-	-	-	36,292	(36,292)	-	-	-	-	-
Cash dividends	6(18)	-	-	-	-	-	-	(268,044)	-	-	(268,044)	-	(268,044)
Change in non-controlling interest		-	-	-	-	-	-	-	-	-	-	(43,349)	(43,349)
Balance at December 31, 2020		$ 1,786,961	$ 143,353	$ 57,454	$ 2,273	$ 194	$ 658,657	$ 1,287,735	($ 16,788)	$ 46,093	$ 3,965,932	$ 939,903	$ 4,905,835
For the year ended December 31, 2021													
Balance at January 1, 2021		$ 1,786,961	$ 143,353	$ 57,454	$ 2,273	$ 194	$ 658,657	$ 1,287,735	($ 16,788)	$ 46,093	$ 3,965,932	$ 939,903	$ 4,905,835
Profit for the year		-	-	-	-	-	-	706,734	-	-	706,734	130,068	836,802
Other comprehensive income (loss) for the year	6(19)	-	-	-	-	-	-	15,100	(4,186)	(21,090)	(10,176)	128	(10,048)
Total comprehensive income (loss) for the year		-	-	-	-	-	-	721,834	(4,186)	(21,090)	696,558	130,196	826,754
Difference between proceeds from acquisition of subsidiaries and book value	6(29)	-	-	(77)	-	-	-	-	-	-	(77)	(185)	(262)
Adjustment to non-proportional acquisition of associates and joint ventures accounted for under equity method	6(7)(17)	-	-	-	1,068	-	-	-	-	-	1,068	1,219	2,287
Overdue cash dividends payable	6(17)	-	-	-	-	48	-	-	-	-	48	-	48
Disposal of financial assets at fair value through other comprehensive income	6(3)(19)	-	-	-	-	-	-	114,358	-	(114,358)	-	-	-
Appropriations of 2020 earnings:													
Legal reserve		-	-	-	-	-	51,222	(51,222)	-	-	-	-	-
Cash dividends	6(18)	-	-	-	-	-	-	(321,653)	-	-	(321,653)	-	(321,653)
Effect on business combinations	6(30)	-	-	-	-	-	-	-	-	-	-	1,437,179	1,437,179
Change in non-controlling interest		-	-	-	-	-	-	-	-	-	-	(50,574)	(50,574)
Balance at December 31, 2021		$ 1,786,961	$ 143,353	$ 57,377	$ 3,341	$ 242	$ 709,879	$ 1,751,052	($ 20,974)	($ 89,355)	$ 4,341,876	$ 2,457,738	$ 6,799,614

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

STANDARD CHEM. & PHARM. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	For the years ended December 31, 2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 1,013,750	$ 772,927
Adjustments			
Adjustments to reconcile profit (loss)			
Net (gain) loss on financial assets at fair value through profit or loss		(1,449)	535
Expected credit losses (gains)	12	931	(6,437)
Provision for loss on inventory market price decline	6(5)	7,658	3,153
Fire loss - inventories	6(5) and 10	4,608	-
Gain on disposal of non-current assets held for sale, net	6(6)(23)	(80,498)	-
Share of loss (profit) of associates and joint ventures accounted for under equity method	6(7)	6,157	(3,047)
Depreciation	6(8)(9)(25)	200,758	208,671
Net loss on disposal of property, plant and equipment	6(23)	846	79
Property, plant and equipment transferred to expenses	6(8)	963	1,639
Net loss on disposal of other non-current assets	6(23)	5,872	-
Amortisation	6(25)	20,306	25,115
Impairment loss on non-financial assets	6(10)(11)(23)	1,810	-
Interest income	6(21)	(4,247)	(11,203)
Dividends income	6(22)	(20,738)	(15,315)
Interest expense	6(24)	7,250	7,572
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		2,000	(544)
Notes receivable		(97,161)	37,722
Accounts receivable		(42,003)	(82,219)
Other receivables		(67,931)	(5,935)
Inventories		(41,143)	3,242
Prepayments		17,914	(6,601)
Other current assets		765	3,015
Other non-current assets		(2,195)	(7,035)
Changes in operating liabilities			
Contract liabilities - current		(56,576)	41,635
Notes payable		(29,305)	(12,145)
Accounts payable		105,314	45,772
Other payables		2,029	16,673
Receipts in advance		984	23
Current refund liabilities		(111)	-
Net defined benefit liability - non-current		(11,837)	(30,824)
Cash inflow generated from operations		944,721	986,468
Dividends received	6(7)(22)	21,735	15,315
Interest received		4,303	11,839
Interest paid		(7,242)	(6,012)
Income tax received		-	5,352
Income tax paid		(136,483)	(90,382)
Net cash flows from operating activities		827,034	922,580

(Continued)

STANDARD CHEM. & PHARM. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	For the years ended December 31, 2021	For the years ended December 31, 2020
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease (increase) in financial assets at amortised cost - current		$ 181,625	($ 224,090)
Cash received from withdrawal of capital on financial assets at fair value through profit or loss- non-current	6(2) and 12(3)	-	506
Acquisition of financial assets at fair value through profit or loss - non-current		(121,205)	(19,757)
Acquisition of investments accounted for under equity method	6(7)	(288,810)	(69,732)
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(3)	18,921	-
Cash paid for aquisition of property, plant and equipment	6(31)	(126,817)	(307,126)
Interest paid for acquisition of property, plant and equipment	6(8)(24)(31)	(369)	(192)
Proceeds from disposal of property, plant and equipment		88	214
Proceeds from disposal of non-current assets held for sale, net	6(6)	245,553	-
Acquisition of intangible assets	6(10)	(4,808)	(161)
Increase in prepayments for equipment		(86,291)	(45,200)
(Increase) decrease in guarantee deposits paid		(17,496)	7,706
Increase in other non-current assets		(9,734)	(52,335)
Cash received from business combinations	6(30)	1,028,466	-
Net cash flows from (used in) investing activities		819,123	(710,167)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings	6(32)	390,213	451,000
Decrease in short-term borrowings	6(32)	(165,992)	(450,000)
Decrease in short-term notes and bills payable	6(32)	-	(300,000)
Payments of lease liabilities	6(32)	(18,482)	(16,352)
Increase in long-term borrowings	6(32)	50,000	-
Decrease in guarantee deposit received	6(32)	(839)	(17,028)
Overdue cash dividends payable	6(17)	48	-
Payments of cash dividends	6(18)	(321,653)	(268,044)
Cash paid for transaction with non-controlling interests	6(29)	(262)	(203)
Decrease in non-controlling interests		(50,574)	(43,349)
Net cash flows used in financing activities		(117,541)	(643,976)
Effects due to changes in exchange rate		(404)	(4,156)
Net increase (decrease) in cash and cash equivalents		1,528,212	(435,719)
Cash and cash equivalents at beginning of year	6(1)	1,036,183	1,471,902
Cash and cash equivalents at end of year	6(1)	$ 2,564,395	$ 1,036,183

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

STANDARD CHEM. & PHARM. CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANISATION

(1) Standard Chem. & Pharm. Co., Ltd. (the 'Company') was incorporated on June 30, 1967 under the provisions of the Company Act of the Republic of China (R.O.C.) and other regulations. The Company is primarily engaged in the manufacturing and sales of Chinese and western medicine, cosmetics, beverage, normal instruments and medical instruments. Please refer to Note 4(3) 'Basis of consolidation' for the main business activities of the Company's subsidiaries.

(2) The Company has been listed on the Taiwan Stock Exchange starting from December 1995.

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

These consolidated financial statements were authorised for issuance by the Board of Directors on March 15, 2022.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

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

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

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

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

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

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

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

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

New Standards, Interpretations and Amendments	Effective date by IASB
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 IASB
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 - comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non- current	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

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

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

(2) Basis of preparation

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

(a) Financial assets at fair value through profit or loss.

(b) Financial assets at fair value through other comprehensive income.

(c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5. ‘CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY’.

(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 controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d) Changes in a parent’s ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

(e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. The fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investors	Name of subsidiaries	Main business activities	Ownership (%) December 31, 2021	Ownership (%) December 31, 2020	Description
Standard Chem & Pharm. Co., Ltd.	Standard Pharmaceutical Co., Ltd.	Research and development, trading, investment and other business of medical products	100.00	100.00	—
Standard Chem & Pharm. Co., Ltd.	Chia Scheng Investment Co., Ltd.	General investment	100.00	100.00	—
Standard Chem & Pharm. Co., Ltd.	STANDARD CHEM. & PHARM. PHILIPPINES, INC.	Import and export of various medical products, medicine, supplements	100.00	100.00	—
Standard Chem & Pharm. Co., Ltd.	Inforight Technology Co., Ltd.	Wholesale of multi-function printers and information software	100.00	100.00	—
Standard Chem & Pharm. Co., Ltd.	Souriree Biotech & Pharm. Co., Ltd.	Manufacturing of western medicine and retail and wholesale of various medicine	93.17	93.17	—

Name of investors	Name of subsidiaries	Main business activities	Ownership (%) December 31, 2021	Ownership (%) December 31, 2020	Description
Standard Chem & Pharm. Co., Ltd.	Multipower Enterprise Corp.	Import and export of western medicine, nourishment and function food, processing, manufacturing and sale of food	90.72	90.72	—
Standard Chem & Pharm. Co., Ltd.	Advpharma Inc.	Research and development, manufacturing and sale of various medicines	88.71	88.65	—
Standard Chem & Pharm. Co., Ltd.	Syngen Biotech Co., Ltd.	Research and development, manufacturing and sale of APIs, biopesticide, fertiliser and biochemical nutrition, sale of preventive medicines	46.68	46.68	(Note 1)
Standard Chem & Pharm. Co., Ltd.	SYN-TECH CHEM. & PHARM. CO., LTD.	Manufacturing and sale of APIs, reagent, surfactant, Chinese and western medicine and veterinary medicie	20.33	-	(Note 2)
Standard Pharmaceutical Co., Ltd.	Jiangsu Standard Biotech Pharmaceutical Co., Ltd.	Research and development, technical consulting and technical services of medicines	100.00	100.00	—

Name of investors	Name of subsidiaries	Main business activities	Ownership (%) December 31, 2021	Ownership (%) December 31, 2020	Description
Advpharma Inc.	CNH Technologies Inc	Research and development of various medicine	35.60		(Note 3)
Syngen Biotech Co., Ltd.	SYNGEN BIOTECH INTERNATIONAL SDN. BHD.	Research and development, manufacturing and sale of APIs and biochemical nutrition, sale of preventive medicines	100.00	100.00	−
SYN-TECH CHEM. & PHARM. CO., LTD.	Advpharma Inc.	Research and development, manufacturing and sale of various medicine	2.49	−	−
SYN-TECH CHEM. & PHARM. CO., LTD.	CNH Technologies Inc	Research and development of various medicine	47.62	−	(Note 3)
Jiangsu Standard Biotech Pharmaceutical Co., Ltd.	Jiangsu Standard-Dia Biopharma Co., Ltd.	Research and development, manufacturing and sale of various medicines	55.00	55.00	−

Note 1 : The subsidiary, Syngen Biotech Co., Ltd. ("Syngen Biotech"), filed for an initial public offering with the Taipei Exchange. As part of the public trading process, the Group allowed its underwriter to exercise the overallotment option, which decreased the Group's ownership percentage in Syngen Biotech down to below 50%. The Group still has control over Syngen Biotech and accordingly, Syngen Biotech was included in the consolidated financial statements.

Note 2: On December 8, 2021, the Group participated in cash capital increase of SYN-TECH CHEM. & PHARM. CO., LTD. (“SYN-TECH”) and became SYN-TECH’s single largest corporate shareholder. Through comprehensive assessment and together with another major shareholder, the Group obtained substantial control over SYN-TECH from the date.

Note 3: As the Group obtained control over SYN-TECH on December 8, 2021, the Group's shareholding in CNH TECHNOLOGIES, INC. ("CNH") increased to 83.22% and, accordingly, obtained substantial control over CNH.

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

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

E. Significant restrictions: None.

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

(1) As of December 31, 2021 and 2020, the non-controlling interest amounted to $2,457,738 and $939,903, respectively. The information on non-controlling interest and respective subsidiaries is as follows:

		Non-controlling interest				
		December 31, 2021		December 31, 2020		
Name of subsidiary	Principal place of business	Amount	Ownership (%)	Amount	Ownership (%)	Description
Syngen Biotech Co., Ltd.	Taiwan	$ 944, 125	53. 32%	$866, 671	53. 32%	—
SYN-TECH CHEM & PHARM. CO., LTD.	Taiwan	$ 1, 447, 432	79, 67%			

(2) Summarised financial information of the subsidiaries:

A. Syngen Biotech Co., Ltd.:

(a) Balance sheets

	December 31, 2021	December 31, 2020
Current assets	1, 018, 090	$ 1, 016, 831
Non-current assets	1, 397, 435	1, 110, 011
Current liabilities	(418, 611)	(311, 996)
Non-current liabilities	(225, 551)	(188, 745)
Total net assets	$ 1, 771, 363	$ 1, 626, 101

(b) Statements of comprehensive income

	For the years ended December 31, 2021	For the years ended December 31, 2020
Revenue	$ 1,471,266	$ 1,311,436
Profit before income tax	$ 295,493	$ 263,375
Income tax expense	(57,723)	(47,825)
Net income for the year	$ 237,770	$ 215,550
Total comprehensive income for the year	$ 237,828	$ 215,914
Comprehensive income attributable to non-controlling interest	$ 128,323	$ 115,281

(c) Statements of cash flows

	For the years ended December 31, 2021	For the years ended December 31, 2020
Net cash flows provided by operating activities	$ 336,498	$ 220,200
Net cash flows used in investing activities	(336,075)	(272,061)
Net cash flows used in financing activities	(108,875)	(43,992)
Net exchange differences	(164)	(123)
Net decrease in cash and cash equivalents	(108,616)	(95,976)
Cash and cash equivalents at beginning of the year	423,417	519,393
Cash and cash equivalents at end of the year	$ 314,801	$ 423,417

B. SYN-TECH CHEM & PHARM. CO., LTD.

(a) Balance sheet

	December 31, 2021
Current assets	$ 2,015,209
Non-current assets	691,541
Current liabilities	(802,946)
Non-current liabilities	(71,726)
Total net assets	$ 1,832,078

(b) Statement of comprehensive income

		For the year ended December 31, 2021
Revenue	$	746,603
Profit before income tax	$	126,904
Income tax expense	(	23,069)
Net income for the year	$	103,835
Total comprehensive income for the year	$	103,882
Comprehensive income attributable to non-controlling interest	$	102,338

(c) Statement of cash flows

		For the year ended December 31, 2021
Net cash flows provided by operating activities	$	120,426
Net cash flows used in investing activities	(	354,913)
Net cash flows provided by financing activities		845,197
Net increase in cash and cash equivalents		610,710
Cash and cash equivalents at beginning of the year		619,149
Cash and cash equivalents at end of the year	$	1,229,859

(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, 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 re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

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

(d) All other foreign exchange gains and losses based on the nature of those transactions 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 and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognised in other comprehensive income.

(b) When the foreign operation partially disposed of or sold is an associate, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Group retains partial interest in the former foreign associate after losing significant influence over the former foreign associate, such transactions should be accounted for as disposal of all interest in these foreign operations.

(c) 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, if 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) <u>Classification of current and non-current items</u>

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within 12 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 pay off 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 paid off within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be paid off within 12 months from the balance sheet date;

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

(6) <u>Cash equivalents</u>

A. 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.

B. Time deposits and repurchase bonds 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) <u>Financial assets at fair value through profit or loss</u>

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) <u>Financial assets at amortised cost</u>

A. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Group’s business model is achieved by collecting contractual cash flows.

(b) The assets’ contractual cash flows represent solely payments of principal and interest.

B. 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.

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

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:

The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(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) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in process comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses. If the cost exceeds net realisable value, valuation loss is accrued and recognised in operating costs. If the net realisable value reverses, valuation is eliminated within credit balance and is recognised as deduction of operating costs.

(12) Non-current assets held for sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction rather than through continuing use, and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

(13) Impairment of financial assets

For financial assets at amortised cost, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(14) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(15) Leasing arrangements (lessor)－operating leases

Lease income from an operating lease (net of any incentives given to lessee) is recognised in profit or loss on straight-line basis over the lease term.

(16) 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 under the equity method and are initially recognised at cost.

B. The Group’s share of its associates’ post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group’s share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

C. When changes in an associate’s equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group’s ownership percentage of the associate, the Group recognises the Group’s share of change in equity of the associate in ‘capital surplus’ in proportion to its ownership.

D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group’s interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group’s ownership percentage of the associate but maintains significant influence on the associate, then ‘capital surplus’ and ‘investments accounted for using the equity method’ shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group’s ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

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

G. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(17) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Assets	Useful Life
Buildings (including auxiliary equipment)	2 ～ 60 years
Machinery and equipment	2 ～ 50 years
Utility equipment	3 ～ 20 years
Transportation equipment	2 ～ 15 years
Office equipment	2 ～ 9 years
Other equipment	2 ～ 35 years

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

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentive receivable. The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability; and

(b) Any lease payments made at or before the commencement date.

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

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

(19) Intangible assets

A. Goodwill

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

B. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 ~ 20 years.

C. Patents

Patents is stated at cost and amortised on a straight-line basis over its estimated useful life of 5 ~ 20 years.

D. Other intangible assets

Technical skill transfer fee, royalty paid for acquisition of techniques and distribution rights, trademarks and property rights and human resource value arises in business combination are stated at cost, with exception of technical skill transfer fee, the rest other intangible assets are amortised on a straight-line basis over its estimated useful life of 2 ~ 10 years. The technical skill transfer fee is regarded as having an indefinite useful life as it was assessed to generate continuous net cash inflow in the foreseeable future. Therefore it is not amortised, but is tested annually for impairment.

(20) Impairment of non-financial assets

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

B. The recoverable amounts of goodwill and intangible asset with uncertain useful life have not yet been available for use are evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(21) Borrowings

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

(22) Notes and accounts payable

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

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

(23) Derecognition of financial liabilities

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

(24) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plan

For defined contribution plan, the contributions are recognised as pension expenses 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 plan

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plan 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 government bonds of a currency and term consistent with the currency and term of the employment benefit obligations.

ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

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

Employees' remuneration and directors' and supervisors' remuneration are recognised as expenses 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. If employees' compensation is distributed by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(25) <u>Income tax</u>

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is 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 domestic subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from research and development expenditures, etc., to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(26) <u>Share capital</u>

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(27) <u>Dividends</u>

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

(28) <u>Revenue recognition</u>

A. Sales of goods

(a) The Group manufactures and sells human pharmaceuticals and dietary supplements, etc. Revenue is recognised when control of the products has transferred, being when the products are delivered to the customer, the customer 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) Goods are often sold with discounts and allowances based on the price spread given by the National Health Insurance. Revenue is recognised based on the price specified in the contract, net of the estimated sales discounts and allowances, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. Reversal of accounts receivable is recognised for expected sales discounts and allowances payable to customers in relation to sales made until the end of the reporting period. The terms of sales transactions are set individually with each clients and usually are made with cash payment in 2 months after billings, or to obtain cheques with a maturity of 4~6 months upon billings. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.

(c) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Rendering of services

(a) The Group provides processing services. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed price contracts, revenue is recognised based on the actual service provided to the end of the balance sheet date as a proportion of the total services to be provided.

(b) The Group’s estimate about revenue, costs and progress towards complete satisfaction of a performance obligation is subject to a revision whenever there is a change in circumstances. Any increase or decrease in revenue or costs due to an estimate revision is reflected in profit or loss during the period when the management become aware of the changes in circumstances.

C. Incremental costs of obtaining a contract

Given that the contractual period lasts less than one year, the Group recognises the incremental costs of obtaining a contract as an expense when incurred although the Group expects to recover those costs.

(29) Business combinations

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

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

(30) 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 is responsible for allocating resources and assessing performance of the operating segments.

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

A. Evaluation of inventories

(a) As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates.

Due to the influence of different market demand and expiration date, etc., the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

(b) As of December 31, 2021, the carrying amount of inventories was $1,217,528.

B. Financial assets-fair value measurement of unlisted stocks without active market

(a) The fair value of unlisted stocks held by the Group that are not traded in an active market is determined considering those companies' recent fund raising activities and technical development status, fair value assessment of other companies of the same type, market conditions and other economic indicators existing on balance sheet date. Any changes in these judgements and estimates will impact the fair value measurement of these unlisted stocks. Please refer to Note 12(3) for the fair value estimation for the financial instruments fair value information.

(b) As of December 31, 2021, the carrying amount of unlisted stocks without active market was $108,808.

C. Estimation of insurance claims for significant fire losses

(a) The Group obtains insurance for its property, plant and equipment based on replacement cost. Due to the high uncertainty of the actual insurance claims, the Group recognises insurance claim income when it is virtually certain to be received.

(b) Affected by the spread of the fire incident from nearby subsidiary (SYN-TECH CHEM. & PHARM. CO., LTD.), certain property of the Company was damaged and impaired. For the year ended December 31, 2021, the Company assessed the minimum damage indemnity based on the actual loss and replacement cost, obtained available information from a third-party notary public through its on-site inspection and investigation, and recognised insurance claim income of $66,301 (listed as "Other income") which does not exceed the fire losses of each asset.

(c) As a result of fire incident, certain properties of the subsidiary, SYN-TECH CHEM. & PHARM. CO., LTD. ("SYN-TECH") were damaged. For the year ended December 31, 2021, SYN-TECH assessed the minimum damage indemnity based on the actual loss and replacement cost, obtained available information from a third-party notary public through its on-site inspection and investigation, and recognised insurance claim income of $171,191 (listed as "Other income") which does not exceed the fire losses of each asset. As of December 31, 2021, the insurance company is still in the process of disaster identification and the total amount of insurance claims can be confirmed when the process finished. The detail information please refer to Note 10, 'SIGNIFICANT DISASTER LOSS'.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash:		
Revolving funds and petty cash	$ 8,354	$ 6,733
Checking accounts and demand deposits	1,052,089	639,647
	1,060,443	646,380
Cash equivalents:		
Time deposits	600,794	174,549
Repurchase bonds	903,158	215,254
	1,503,952	389,803
	$ 2,564,395	$ 1,036,183

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

B. As of December 31, 2021 and 2020, the carrying amount of more than 3-month time deposits (listed as "Financial assets at amortised cost - current") was $57,840 and $308,540, respectively.

C. As of December 31, 2021, cash and cash equivalents amounting to $232,092 were pledged to others as collateral for short-term borrowings (listed as "Financial assets at amortised cost - current"). The detail information please refer to Note 8, 'Pledged assets'. As of December 31, 2020, the Group had no cash and cash equivalents pledged to others.

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

	December 31, 2021	December 31, 2020
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	$ 131,424	$ 133,424
Unlisted stocks	12,000	12,000
	143,424	145,424
Valuation adjustment	(8,517)	(8,861)
	$ 134,907	$ 136,563
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Emerging stocks	$ 1,759	$ 1,759
Unlisted stocks	18,980	18,980
	20,739	20,739
Valuation adjustment	(5,587)	(6,692)
	$ 15,152	$ 14,047

A. The Group recognised net gain (listed as "Other gains and losses") of $1,458 and $203 for the years ended December 31, 2021 and 2020, respectively.

B. The Group's financial assets at fair value through profit or loss - non-current, Der Yang Biotechnology Venture Capital, conducted a capital reduction in August 2020. The Group has reversed 51 thousand shares at the initial investment price of $506 proportionately.

C. As of December 31, 2021 and 2020, the Group has no financial assets at fair value through profit or loss pledged to others.

D. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2), 'Financial instruments'.

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

	December 31, 2021	December 31, 2020
Equity instruments		
Listed stocks	$ 120,704	$ 160,510
Unlisted stocks	196,997	196,997
	317,701	$ 357,507
Valuation adjustment	(89,356)	47,245
	$ 228,345	$ 404,752

A. The Group has elected to classify equity instruments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. 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 was its book value.

B. The Group participated in cash capital increase of SYN-TECH CHEM. & PHARM. CO., LTD. (SYN-TECH) by investing cash of $256,939, and obtained a total of 4,282 thousand shares on December 8, 2021, which resulted in the increase of consolidated shareholding from 12.60% to 20.14% and becoming SYN-TECH's single largest corporate shareholder. Through comprehensive assessment and together with another major shareholder, the Group has the ability to direct SYN-TECH's relevant activities, and accordingly, obtained substantial control over SYN-TECH from the date. Based on the aforementioned transaction, the Group transferred financial assets at fair value through other comprehensive income – non-current in the amount of $256,788 to the acquisition price, and reclassified unrealised gain amounting to $105,185 to retained earnings.

C. The Group disposed financial assets at fair value through other comprehensive income in the amount of $18,921 for the year ended December 31, 2021. This resulted in cumulative gain on disposal amounting to $9,513, which was reclassified to retained earnings for the year ended December 31, 2021.

D. The Group recognised ($21,903) and ($39,372) in other comprehensive income for fair value change for the years ended December 31, 2021 and 2020, respectively.

E. The Group recognised dividend income of $20,635 and $14,898 in profit or loss (listed as "Other income") in relation to the financial assets at fair value through other comprehensive income for the years ended December 31, 2021 and 2020, respectively.

F. As of December 31, 2021 and 2020, the Group has no financial assets at fair value through other comprehensive income pledged to others.

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

(4) Notes and accounts receivable

	December 31, 2021	December 31, 2020
Notes receivable	$ 277,786	$ 170,117
Less: Allowance for uncollectible accounts	(360)	(215)
	$ 277,426	$ 169,902
Accounts receivable	$ 887,381	$ 778,711
Less: Allowance for uncollectible accounts	(6,558)	(5,772)
	$ 880,823	$ 772,939

A. The ageing analysis of notes and accounts receivable is as follows:

	December 31, 2021	December 31, 2020
Notes receivable:		
During the credit period	$ 277,331	$ 169,100
Overdue up to 90 days	455	1,017
	$ 277,786	$ 170,117
Accounts receivable:		
During the credit period	$ 836,449	$ 743,933
Overdue up to 90 days	39,102	34,283
Overdue 91 to 180 days	11,751	429
Overdue 181 to 270 days	-	66
Overdue over 271 days	79	-
	$ 887,381	$ 778,711

The above aging analysis was based on days overdue.

B. As of December 31, 2021 and 2020, notes and accounts receivable were all from contracts with customers. As of January 1, 2020, the balance of receivables from contracts with customers amounted to $904,345.

C. 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 was its book value.

D. As of December 31, 2021 and 2020, the Group has no notes and accounts receivable pledged to others.

E. Information relating to credit risk of notes and accounts receivable is provided in Note 12(2), ‘Financial instruments’.

(5) Inventories

	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Merchandise	$ 103,716	($ 2,573)	$ 101,143
Raw materials	450,407	(23,004)	427,403
Supplies	78,489	(7,431)	71,058
Work in process	159,739	(3,206)	156,533
Finished goods	480,510	(19,119)	461,391
	$ 1,272,861	($ 55,333)	$ 1,217,528

	December 31, 2020		
	Cost	Allowance for valuation loss	Book value
Merchandise	$ 104,256	($ 5,658)	$ 98,598
Raw materials	244,201	(10,754)	233,447
Supplies	72,623	(5,919)	66,704
Work in process	108,363	(701)	107,662
Finished goods	398,087	(10,986)	387,101
	$ 927,530	($ 34,018)	$ 893,512

A. The cost of inventories recognised as expenses for the year:

	For the years ended December 31,	
	2021	2020
Cost of goods sold	$ 2,489,380	$ 2,333,177
Loss on scrapped inventories	14,343	38,940
Loss on decline in market value	7,658	3,153
Underapplied fixed manufacturing overhead	13,702	3,140
Gain on physical inventory	(680)	(938)
	$ 2,524,403	$ 2,377,472
Fire losses (listed as “Other gains and losses”) (Note)	$ 4,608	-

(Note) Please refer to Note 10, ‘SIGNIFICANT DISASTER LOSS’.

(6) Non-current assets held for sale

A. Part of land, buildings and machinery of the subsidiary of the Company, Multipower Enterprise Corp. (hereinafter referred to as “Multipower”) have been reclassified as held for sale following the approval of Multipower’s Board of Directors on November 9, 2020, with the purpose of raising working capital and increasing the efficiency of capital utilisation. The aforementioned assets amounted to $165,110. Multipower signed a contract with the buyer (the associate of the Company, WE CAN MEDICINES CO., LTD.) in January 2021 at an agreed transaction price of $245,602. Except for machinery amounting to $53 that was not sold and eventually back to property, plant and equipment and adjustment of agreement in May 2021, the transfer of remaining non-current assets held for sale was completed in March 2021.

B. In May 2021, the buyer had reached an amended adjusted agreement with Multipower to adjust sold items and reduce sale price to $245,553 and transferring the unsold machinery and equipment amounting to $2 back to property, plant and equipment.

C. For the year ended December 31, 2021, the Group recoginsed gain of $80,498 (listed as "Other gains and losses") from the above transactions. However, since the counterparty of the transactions was the Group's associate, the unrealised gain was eliminated in proportion to the Group's shareholding in its associate and was recognised as deduction of "investments accounted for under equity method" and "share of profits and losses of investments accounted for under equity method", both in the amount of $24,545.

(7) Investments accounted for under equity method

A. Movements of investments accounted for under equity method:

	For the years ended December 31,	
	2021	2020
At January 1	$ 250,693	$ 180,000
Acquisition of investments accounted for under equity method	288,810	69,732
Share of profit or loss of investments accounted for under equity method	(6,157)	3,047
Earnings distribution of investments accounted for under equity method	(997)	-
Changes in net equity of accounted for under equity method	2,287	-
Capital surplus－Adjustment to non-proportional acquisition of associates and joint ventures accounted for under equity method	-	(1,187)
Other equity interest－Actuarial losses of defined benefit plan	73	(365)
Other equity interest－Financial statements translation differences of foreign operations	(2,661)	(534)
Effects on business combinations	(6,209)	-
At December 31	$ 525,839	$ 250,693

(Note) In January 2021, the Group participated in a private placement of common stock issued by GENEFERM BIOTECHNOLOGY CO., LTD. by investing $273,840. Restriction of rights and conditions for further transfer of these securities are specified in Article 43-8 of the Securities and Exchange Act. There was no such transaction in 2020.

B. Details of investments accounted for under the equity method are as follows:

	December 31, 2021	December 31, 2020
WE CAN MEDICINES CO., LTD.	$ 205,362	$ 216,761
GENEFERM BIOTECHNOLOGY CO., LTD.	289,865	-
CNH TECHNOLOGIES, INC. (Note)	-	9,453
Taiwan Biosim Co., Ltd.	30,612	24,479
	$ 525,839	$ 250,693

(Note) Refer to Note 4(3),” Basis of consolidation”.

C. Associates:

(a) The basic information of the associates that are material to the Group is as follows:

Company name	Principal place of business	Shareholding December 31, 2021	Shareholding December 31, 2020
WE CAN MEDICINES CO., LTD.	Taiwan	33.61%	33.61%
GENEFERM BIOTECHNOLOGY CO., LTD.	Taiwan	29.42%	—

(b) The summarised financial information of the associates that are material to the Group is as follows:

i. <u>Balance sheets</u>

(i) WE CAN MEDICINES CO., LTD.

	December 31, 2021	December 31, 2020
Current assets	$ 994,918	$ 938,513
Non-current assets	1,215,304	827,725
Current liabilities	(776,113)	(592,745)
Non-current liabilities	(749,573)	(527,969)
Total net assets	$ 684,536	$ 645,524
Share in associate's net assets	$ 230,073	$ 216,961
Unrealised loss from transctions with associates	(24,711)	(200)
Carrying amount of the associate	$ 205,362	$ 216,761

(ii) GENEFERM BIOTECHNOLOGY CO., LTD.

	December 31, 2021
Current assets	$ 741,253
Non-current assets	573,683
Current liabilities	(429,236)
Non-current liabilities	(138,041)
Total net assets	$ 747,659
Share in associate's net assets	$ 219,961
Goodwill	70,651
Unrealised loss from transactions with associate	(747)
Carrying amount of the associate	$ 289,865

ii. Statements of comprehensive income

(i) WE CAN MEDICINES CO., LTD.

	For the years ended December 31,	
	2021	2020
Revenue	$ 2,794,071	$ 2,666,748
Net income for the year	$ 38,794	$ 42,708
Total comprehensive income for the year	$ 39,012	$ 41,744

(ii) GENEFERM BIOTECHNOLOGY CO., LTD.

	For the year ended December 31, 2021
Revenue	$ 522,194
Net income for the year	$ 57,413
Total comprehensive income for the year	$ 57,218

(c) As of December 31, 2021 and 2020, the carrying amount of the Group’s individually immaterial associates amounted to $30,612 and $33,932, respectively. The share in associates’ financial performance is as follows:

	For the years ended December 31,	
	2021	2020
Net loss for the year	($ 8,837)	($ 10,961)
Total comprehensive loss for the year	($ 8,837)	($ 10,961)

(d) As of December 31, 2021, the fair value of the Group's investment accounted for under equity method, GENEFERM BIOTECHNOLOGY CO., LTD. (hereinafter referred to as "GENEFERM ") was $532,200.

(e) The subsidiary of the Company, SYNGEN BIOTECH CO., LTD, holds 29.42% ownership of GENEFERM and is GENEFERM’s single largest corporate shareholder. However, the Group does not hold more than 50 percent of voting rights during shareholders' meetings and has no agreement with other shareholders to negotiate or jointly make decisions, which indicates that the Group does not have the ability to direct the relevant activities. Therefore, the Group concluded that it has no control or significant influence over GENEFERM.

D. For the years ended December 31, 2021 and 2020, the details of the Group’s equity transactions are provided in Note 7, ”Related party transactions”.

E. As of December 31, 2021 and 2020, the Group has no investment accounted for under the equity method pledged to others.

(8) Property, plant and equipment

	Land	Buildings	Machinery	Utility equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress and equipment to be inspected	Total
At January 1, 2021									
Cost	$ 420,370	$ 1,671,082	$ 1,376,498	$ 218,392	$ 22,541	$ 34,887	$ 516,181	$ 86,338	$ 4,346,289
Accumulated depreciation	-	(719,855)	(941,778)	(167,903)	(16,591)	(31,414)	(343,541)	-	(2,221,082)
	$ 420,370	$ 951,227	$ 434,720	$ 50,489	$ 5,950	$ 3,473	$ 172,640	$ 86,338	$ 2,125,207
For the year ended December 31, 2021									
At January 1	$ 420,370	$ 951,227	$ 434,720	$ 50,489	$ 5,950	$ 3,473	$ 172,640	$ 86,338	$ 2,125,207
Additions-cost	-	7,101	35,089	1,520	1,783	5,169	37,265	81,315	169,242
Transfers (Note 1)									
-cost	-	1,796	42,123	551	375	2,935	9,357	(1,384)	55,753
-accumulated depreciation	-	-	(607)	-	-	(20)	291	-	(336)
Acquisition from business combinations	75,972	145,086	166,256	28,389	-	-	130,476	5,084	551,263
Depreciation	-	(40,980)	(89,453)	(8,433)	(1,446)	(2,036)	(37,309)	-	(179,657)
Fire loss-cost (Note 2)	-	(39,274)	(71,743)	(3,762)	-	(1,808)	(2,210)	-	(118,797)
-accumulated depreciation	-	24,460	27,819	1,486	-	1,808	1,531	-	57,104
Disposals-cost	-	-	(4,007)	(3,411)	-	(532)	(4,507)	-	(12,457)
-accumulated depreciation	-	-	3,512	3,215	-	485	4,311	-	11,523
Net exchange differences	-	(524)	(75)	-	(1)	(2)	(45)	-	(647)
At December 31	$ 496,342	$ 1,048,892	$ 543,634	$ 70,044	$ 6,661	$ 9,472	$ 311,800	$ 171,353	$ 2,658,198
At December 31, 2021									
Cost	$ 496,342	$ 1,818,836	$ 1,661,738	$ 250,123	$ 24,689	$ 41,396	$ 759,754	$ 171,353	$ 5,224,231
Accumulated depreciation	-	(769,944)	(1,118,104)	(180,079)	(18,028)	(31,924)	(447,954)	-	(2,566,033)
	$ 496,342	$ 1,048,892	$ 543,634	$ 70,044	$ 6,661	$ 9,472	$ 311,800	$ 171,353	$ 2,658,198

	Land	Buildings	Machinery	Utility equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress and equipment to be inspected	Total
At January 1, 2020									
Cost	$ 515,143	$ 1,571,452	$ 1,292,635	$ 210,271	$ 21,799	$ 51,945	$ 497,658	$ 33,198	$ 4,194,101
Accumulated depreciation	-	(675,548)	(861,272)	(159,804)	(15,522)	(41,293)	(324,018)	-	(2,077,457)
	$ 515,143	$ 895,904	$ 431,363	$ 50,467	$ 6,277	$ 10,652	$ 173,640	$ 33,198	$ 2,116,644
For the year ended December 31, 2020									
At January 1	$ 515,143	$ 895,904	$ 431,363	$ 50,467	$ 6,277	$ 10,652	$ 173,640	$ 33,198	$ 2,116,644
Additions-cost	-	9,846	56,046	3,480	1,009	573	24,660	199,291	294,905
Transfers-cost (Note 3)	(94,773)	88,086	32,073	4,641	1	(17,324)	7,168	(146,152)	(126,280)
-accumulated depreciation (Note 3)	-	8,649	3,886	-	-	13,281	2,891	-	28,707
Depreciation	-	(52,849)	(88,764)	(8,099)	(1,260)	(3,709)	(35,596)	-	(190,277)
Disposals-cost	-	(595)	(4,905)	-	(296)	(338)	(12,232)	-	(18,366)
-accumulated depreciation	-	595	4,824	-	218	338	12,098	-	18,073
Net exchange differences	-	1,591	197	-	1	-	11	1	1,801
At December 31	$ 420,370	$ 951,227	$ 434,720	$ 50,489	$ 5,950	$ 3,473	$ 172,640	$ 86,338	$ 2,125,207
At December 31, 2020									
Cost	$ 420,370	$ 1,671,082	$ 1,376,498	$ 218,392	$ 22,541	$ 34,887	$ 516,181	$ 86,338	$ 4,346,289
Accumulated depreciation	-	(719,855)	(941,778)	(167,903)	(16,591)	(31,414)	(343,541)	-	(2,221,082)
	$ 420,370	$ 951,227	$ 434,720	$ 50,489	$ 5,950	$ 3,473	$ 172,640	$ 86,338	$ 2,125,207

(Note 1) Including transfer of $6,603 from ‘Inventories’; transfer of $49,722 from ‘Prepayment for equipment’; transfer of $55 from ‘Non-current assets held for sale, net’ and transfer of $963 to expenses.

(Note 2) Refer to Note 10, ‘SIGNIFICANT DISASTER LOSS’.

(Note 3) Including transfer of $14,722 from ‘Inventories’; transfer of $54,454 from ‘Prepayment for equipment’; transfer of $165,110 to ‘Non-current assets held for sale, net’ and transfer of $1,639 to expenses.

A. As of December 31, 2021 and 2020, the carrying amount of land, buildings and other equipment held for operating leases are as follows:

	December 31, 2021	December 31, 2020
Land	$ 5,264	$ 5,264
Buildings	$ 11,399	$ 11,798
Other equipment	$ 3,057	$ 3,917

B. Amount of borrowing costs capitalised as part of property, plant and equipment and the interest rates for such capitalisation for the years ended December 31, 2021 and 2020 are as follows:

	For the years ended December 31,	
	2021	2020
Capitalised interest payments	$ 369	$ 192
Interest rate	0.70%～0.77%	0.75%～0.80%

C. Information about the property, plant and equipment that were pledged to others as collateral as of December 31, 2021 and 2020 is provided in Note 8, ‘PLEDGED ASSETS’.

(9) Leasing arrangements－lessee

A. The Group leases various assets including land, buildings and transportation equipment. Rental contracts are typically made for periods of 2 ~ 50 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:

	December 31, 2021	December 31, 2020
	Carrying amount	Carrying amount
Land	$ 266,183	$ 230,464
Buildings	22,013	23,852
Transportation equipment	8,951	9,758
	$ 297,147	$ 264,074

	For the years ended December 31,	
	2021	2020
	Depreciation charge	Depreciation charge
Land	$ 12,979	$ 11,118
Buildings	7,315	6,468
Transportation equipment	807	808
	$ 21,101	$ 18,394

C. The additions to right-of-use assets were $6,481 and $78,468 for the years ended December 31, 2021 and 2020, respectively. The amount of right-of-use assets due to business combinations was $48,404 for the year ended December 31, 2021.

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

	For the years ended December 31,	
	2021	2020
Items affecting profit or loss		
Interest expense on lease liabilities	$ 2,729	$ 2,283
Expense on short-term lease contract	2,353	2,440
Expense on leases of low-value assets	476	276
	$ 5,558	$ 4,999

E. The Group's total cash outflow for leases were $24,040 and $21,351 for the years ended December 31, 2021 and 2020, respectively.

(10) Intangible assets

	Goodwill	Software	Patents	Others	Total
At January 1, 2021					
Cost	$ 70,513	$ 32,628	$ 18,107	$ 84,058	$ 205,306
Accumulated amortisation	(248)	(28,043)	(13,591)	(60,740)	(102,622)
Accumulated impairment	-	-	-	(13,924)	(13,924)
Net exchange differences	-	(16)	219	-	203
	$ 70,265	$ 4,569	$ 4,735	$ 9,394	$ 88,963
For the year ended December 31, 2021					
At January 1	$ 70,265	$ 4,569	$ 4,735	$ 9,394	$ 88,963
Additions - acquired separately	-	4,808	-	-	4,808
Additions - business combinations	56,043	422	45,891	44,911	147,267
Amortisation	-	(3,655)	(1,496)	(1,477)	(6,628)
Loss on impairment	-	-	-	(1,810)	(1,810)
At December 31	$ 126,308	$ 6,144	$ 49,130	$ 51,018	$ 232,600
At December 31, 2021					
Cost	$ 126,556	$ 37,858	$ 63,998	$ 128,969	$ 357,381
Accumulated amortisation	(248)	(31,698)	(15,087)	(62,217)	(109,250)
Accumulated impairment	-	-	-	(15,734)	(15,734)
Net exchange differences	-	(16)	219	-	203
	$ 126,308	$ 6,144	$ 49,130	$ 51,018	$ 232,600

	Goodwill	Software	Patents	Others	Total
At January 1, 2020					
Cost	$ 70,513	$ 47,380	$ 18,107	$ 84,058	$ 220,058
Accumulated amortisation	(248)	(38,154)	(12,095)	(59,251)	(109,748)
Accumulated impairment	-	-	-	(13,924)	(13,924)
Net exchange differences	-	(19)	219	-	200
	$ 70,265	$ 9,207	$ 6,231	$ 10,883	$ 96,586
For the year ended December 31, 2020					
At January 1	$ 70,265	$ 9,207	$ 6,231	$ 10,883	$ 96,586
Additions - acquired separately	-	161	-	-	161
Amortisation	-	(4,802)	(1,496)	(1,489)	(7,787)
Disposal - cost	-	(14,913)	-	-	(14,913)
- accumulated amortisation		14,913	-	-	14,913
Net exchange differences	-	3	-	-	3
At December 31	$ 70,265	$ 4,569	$ 4,735	$ 9,394	$ 88,963
At December 31, 2020					
Cost	$ 70,513	$ 32,628	$ 18,107	$ 84,058	$ 205,306
Accumulated amortisation	(248)	(28,043)	(13,591)	(60,740)	(102,622)
Accumulated impairment	-	-	-	(13,924)	(13,924)
Net exchange differences	-	(16)	219	-	203
	$ 70,265	$ 4,569	$ 4,735	$ 9,394	$ 88,963

A. No borrowing costs were capitalised as part of intangible assets for the years ended December 31, 2021 and 2020.

B. Details of amortisation on intangible assets are as follows:

	For the years ended December 31,	
	2021	2020
Operating costs	$ 2,842	$ 4,293
Selling expenses	979	1,237
General and administrative expenses	2,401	1,727
Research and development expenses	406	530
	$ 6,628	$ 7,787

C. The Group acquired intangible assets through business combinations in December 2021. The detail information please refer to Note 6(30), 'Business combinations'.

D. The Group applied value in use method when calculating recoverable amount of goodwill and determined the recoverable amount to be greater than the carrying amount; thus, no impairment was identified. Goodwill distributed to cash generating unit according to operating segment is shown below:

	December 31, 2021	December 31, 2020
Multipower Enterprise Corp.	$ 70,265	$ 70,265
SYN-TECH CHEM. & PHARM. CO., LTD.	$ 56,043	$ -

E. Impairment information about the intangible assets is provided in Note 6(11), "Impairment of non-financial assets".

F. As of December 31, 2021 and 2020, the Company has no intangible assets pledged to others.

(11) Impairment of non-financial assets

A. Goodwill is tested annually for impairment. Goodwill is allocated to the Group's cash-generating unit 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 cash flow projections based on financial budgets approved by the cash-generating unit. Cash flow of financial budgets is prepared based on forecasts of growth of future annual revenue, profit and capital expenditure. Management determined budgeted gross margin based on past performance and its expectation of market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segments.

B. The recoverable amount of all cash-generating units calculated using the value-in-use exceeded their carrying amount, so goodwill was not impaired for the years ended December 31, 2021 and 2020.

C. The Group wrote down the carrying amount of the assets based on the recoverable amount and recognised an impairment loss of $1,810 according to revaluation report from external expert. The key assumptions used for value-in-use calculations are as follows:

	For the year ended December 31, 2021
Royalty ratio	4.50%
Growth rate	1.52%
Discount rate	15.00%

D. As of December 31, 2021 and 2020, the carrying amount of accumulated impairment of non-financial assets was $15,734 and $13,924, respectively.

(12) Short-term borrowings

Type of borrowings	December 31, 2021	Interest rate range	Collateral
Unsecured bank borrowings	$ 787, 989	0. 57%～0. 90%	None
Bank secured borrowings	280, 000	0. 80%～1. 15%	Time deposits, land and buildings
	$ 1, 067, 989		

Type of borrowings	December 31, 2020	Interest rate range	Collateral
Unsecured bank borrowings	$ 391,000	0.63%～0.86%	None
Bank secured borrowings	175,000	0.81%～0.84%	Land and buildings
	$ 566,000		

Please refer to Note 6(24), 'Finance costs' for more information regarding interest expenses recognised in profit or loss by the Group for the years ended December 31, 2021 and 2020.

(13) Short-term notes and bills payable

	December 31, 2021	Interest rate range	Collateral
Commercial papers payable	$ 290, 000	0. 45%～0. 65%	None

As of December 31, 2020, the Group has no short-term notes and bills payable.

A. The above commercial papers payable are issued and secured by China Bills Finance Corporation and other financial institutions.

B. Please refer to Note 6(24), 'Finance costs' for more information regarding interest expenses recognised in profit or loss by the Group for the years ended December 31, 2021 and 2020.

(14) Long-term borrowings

Type of borrowings	Maturity date	December 31, 2021	Interest rate	Collateral	Note
Bank secured borrowings	2026.1.15	$ 50, 000	0. 90%	Constuction in progress	(Note)

(Note) The principal has a grace period of 35 months. After the grace period expires, the principal and interest are payable in 25 installments.

A. As of December 31, 2020, the Group has no long-term borrowings.

B. Please refer to Note 6(24), 'Finance costs' for more information regarding interest expenses recognised in profit or loss by the Group for the years ended December 31, 2021 and 2020, refer to Note 6(24), 'Finance costs'.

(15) Pensions

A. The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labour Standards Law, covering all regular employees' service years prior to the enforcement of the Labour 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 and its domestic subsidiaries contribute monthly an amount equal to 2%~5% 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 and its domestic subsidiaries would assess the balance in the aforementioned labour pension reserve account by December 31, every year. If the account balances are not enough to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contribution for the deficit by next year. In accordance with defined benefit pension plan, the Company and its domestic subsidiaries disclose the related information as follows:

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

	December 31, 2021	December 31, 2020
Present value of defined benefit obligations	($ 579,620)	($ 536,100)
Fair value of plan assets	391,648	322,160
	($ 187,972)	($ 213,940)
Net defined benefit liability in the balance sheet (Note 1)	($ 205,314)	($ 227,978)
Net defined benefit asset in the balance sheet (Note 2)	17,342	14,038
	($ 187,972)	($ 213,940)

(Note 1) Listed as 'Net defined benefit liability-non-current'.

(Note 2) Listed as 'Other non-current assets'.

(b) Movements in defined benefit liability are as follows:

For the year ended December 31, 2021	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
At January 1	($ 536,100)	$ 322,160	($ 213,940)
Current service cost	(4,227)	-	(4,227)
Interest (expense) income	(1,597)	985	(612)
Effects of pension plan curtailment	811	-	811
	(541,113)	323,145	(217,968)
Remeasurements:			
Return on plan assets	-	5,513	5,513
Change in demographic assumptions	(1,219)	-	(1,219)
Change in financial assumptions	3,076	-	3,076
Experience adjustments	12,287	-	12,287
	14,144	5,513	19,657
Pension fund contribution	-	18,466	18,466
Paid pension	16,916	(16,581)	335
Effects of business combinations	(69,567)	61,105	(8,462)
At December 31	($ 579,620)	$ 391,648	($ 187,972)

For the year ended December 31, 2020	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
At January 1	($ 518,127)	$ 284,872	($ 233,255)
Current service cost	(4,242)	-	(4,242)
Interest (expense) income	(3,839)	2,131	(1,708)
	(526,208)	287,003	(239,205)
Remeasurements:			
Return on plan assets	-	9,335	9,335
Change in demographic assumptions	(11)	-	(11)
Change in financial assumptions	(23,469)	-	(23,469)
Experience adjustments	(24)	-	(24)
	(23,504)	9,335	(14,169)
Pension fund contribution	-	39,434	39,434
Paid pension	13,612	(13,612)	-
At December 31	($ 536,100)	$ 322,160	($ 213,940)

(c) The Bank of Taiwan was commissioned to manage the Fund of the Company's and its domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labour Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company and its domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and its domestic subsidiaries are unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The fair value of plan assets as of December 31, 2021 and 2020 is given in the Annual Labour Retirement Fund Utilisation Report announced by the government.

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

	For the years ended December 31,	
	2021	2020
Discount rate	0.70%	0.30%～0.40%
Future salary increases	2.00%～3.00%	2.00%～2.50%

For the years ended December 31, 2021 and 2020, assumptions regarding future mortality rate are set based on the 6th and 5th Taiwan Standard Ordinary Experience Mortality Table, respectively.

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

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2021				
Effect on present value of defined benefit obligation	($ 13,411)	$ 13,874	$ 13,567	($ 13,188)
December 31, 2020				
Effect on present value of defined benefit obligation	($ 13,305)	$ 13,789	$ 13,483	($ 13,084)

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

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

(e) Expected contributions to the defined benefit pension plan of the Group for the year ended December 31, 2022 amount to $11,068.

(f) As of December 31, 2021, the weighted average duration of that retirement plan is 8~10 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	$ 18,398
2-5 years	113,407
Over 5 years	483,520
	$ 615,325

B. Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labour 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 Labour Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The Group's subsidiaries, Jiangsu Standard Biotech Pharmaceutical Co., Ltd. and Jiangsu Standard-Dia Biopharma Co., Ltd., in Mainland China are subject to the government sponsored 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 a certain percentage of employees' monthly salaries and wages. For the years ended December 31, 2021 and 2020, the contribution rates are from 19% to 30%. Other than the monthly contributions, the Group has no further obligations. The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2021 and 2020 were $40,965 and $40,881, respectively.

(16) Share capital – common stock

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

	For the years ended December 31,	
	2021	2020
Beginning and ending balance	178,696	178,696

B. As of December 31, 2021, the Company's authorised capital was $2,000,000, and the paid-in capital was $1,786,961, consisting of 178,696 thousand shares of ordinary share, with a par value of $10 (in dollars) per share. Shares can be issued several times. All proceeds from shares issued have been collected.

(17) Capital surplus

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

B. In November 2020, the associate of the Company, WE CAN MEDICINES CO., LTD., increased its capital by issuing new shares. The Company did not acquire share proportionally to its interest. The change of the transaction resulted in a decrease in the equity attributable to owners of parent by $1,187 and is recorded under capital surplus.

C. In January 2021, the subsidiary of the Company participated in a private placement of common stock issued by GENEFERM BIOTECHNOLOGY CO., LTD., causing decrease in the equity attributable to owners of parent by $2,287 and is recorded under capital surplus.

D. For the year ended December 31, 2021, pursuant to the Business letter No. 10602420200 issued by the Ministry of Economic Affairs in September 2017, the Company reclassified dividends payable of $48, which was expired and not collected by the shareholders, to capital surplus.

E. Please refer to Note 6(29), 'Transactions with non-controlling interest' for more information regarding changes of capital surplus due to transactions with non-controlling interest.

(18) Retained earnings

A. Within the limit, 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.

B. Under the Company's Articles of Incorporation, as the Company operates in a volatile business environment and is in the stable growth stage, the Board of Directors takes into consideration the Company's future capital needs, long-term financial planning and shareholders' needs for cash inflow. The Company's earnings, if any, are distributed in the following order:

(a) Pay all taxes.

(b) Cover accumulated deficit.

(c) Appropriate 10% as legal reserve, until such legal reserve amounts to the total paid-in capital.

(d) Appropriate or reverse special reserve in accordance with regulations.

(e) At least 10% of the remainder and previous unappropriated retained earnings as stockholders' bonus and cash dividends shall account for at least 20% of total dividends distributed. If the cash dividend is below $0.5 (in dollars) per share, the Company can distribute stock dividends instead of cash dividends upon resolution of the shareholders.

When the shareholders bonus is distributed in stock dividend, it shall be allocated according to the resolutions of the shareholders during their meeting. The Company authorised the Board of Directors to process resolution resolved by a majority vote at the meeting attended by two-thirds of the total number of directors: all or part of distributed dividends and bonus, and capital reserve/legal surplus reserve shall be distributed by cash. The result shall be reported to the shareholders' meeting.

C. 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.

D. As resolved by the Board of Directors on March 24, 2020 and May 4, 2021, the Company recognised cash dividends distributed to owners amounting to $268,044 ($1.5 (in dollars) per share) and $321,653 ($1.8 (in dollars) per share) for the appropriations of 2019 and 2020 earnings, respectively. On March 15, 2022, the Board of Directors resolved for the distribution of dividends from 2021 earnings of $446,740 ($2.5 (in dollars) per share). Information about the distribution of dividends by the Company as proposed by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(19) Other equity

	For the year ended December 31, 2021		
	Currency translation	Unrealised gain on valuation of financial assets	Total
At January 1	($ 16,788)	$ 46,093	$ 29,305
Currency translation differences			
- Company	(4,186)	-	(4,186)
Valuation adjustment			
- Company	-	(14,673)	(14,673)
- Subsidiaries	-	(6,417)	(6,417)
Valuation adjustment transferred to retained earnings			
- Company	-	(111,739)	(111,739)
- Subsidiaries	-	(2,619)	(2,619)
At December 31	($ 20,974)	($ 89,355)	($ 110,329)

	For the year ended December 31, 2020		
	Currency translation	Unrealised gain on valuation of financial assets	Total
At January 1	($ 14,544)	$ 85,065	$ 70,521
Currency translation differences			
- Company	(2,244)	-	(2,244)
Valuation adjustment			
- Company	-	(17,991)	(17,991)
- Subsidiaries	-	(20,981)	(20,981)
At December 31	($ 16,788)	$ 46,093	$ 29,305

(20) Operating revenue

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

	For the year ended December 31, 2021		
	Domestic	International	Total
Revenue from sales of medicine	$ 1, 995, 862	$ 529, 263	$ 2, 525, 125
Revenue from sales of dietary supplement	1, 430, 808	144, 750	1, 575, 558
Revenue from rendering of services	12, 049	-	12, 049
Others	277, 666	213, 684	491, 350
	$ 3, 716, 385	$ 887, 697	$ 4, 604, 082

	For the year ended December 31, 2020		
	Domestic	International	Total
Revenue from sales of medicine	$ 1, 944, 550	$ 455, 847	$ 2, 400, 397
Revenue from sales of dietary supplement	1, 277, 916	82, 085	1, 360, 001
Revenue from rendering of services	7, 678	-	7, 678
Others	306, 393	230, 931	537, 324
	$ 3, 536, 537	$ 768, 863	$ 4, 305, 400

B. The Group has recognised the following revenue-related contract liabilities:

	December 31, 2021	December 31, 2020	January 1, 2020
Contract liabilities – sales of medicine	$ 40, 569	$ 93, 239	$ 54, 476
Contract liabilities – sales of dietary supplement	26, 197	28, 675	37, 688
Contract liabilities – others	12, 349	13, 748	1, 863
	$ 79, 115	$ 135, 662	$ 94, 027

(a) Due to changes in nature of transactions, some of the Group's contract liabilities were repaid during 2021, and the remaining $14,774 was listed as “Current refund liabilities”.

(b) Revenue recognised that was included in the contract liability balance at the beginning of the years ended December 31, 2021 and 2020 were $101,584 and $57,409, respectively.

(21) Interest income

	For the years ended December 31,	
	2021	2020
Interest income	$ 4,247	$ 11,203

(22) Other income

	For the years ended December 31,	
	2021	2020
Dividend income	$ 20,738	$ 15,315
Rental income	2,069	2,163
Fire insurance claim income (Note)	66,301	-
Technology transfer income	8,674	16,097
Research income	20,848	3,612
Royalty income	11,250	11,250
Other income	40,302	44,548
	$ 170,182	$ 92,985

(Note) Refer to Note 10, 'SIGNIFICANT DISASTER LOSS'.

(23) Other gains and losses

	For the years ended December 31,	
	2021	2020
Net gain on current financial assets at fair value through profit or loss	$ 1,458	$ 203
Fire losses (Note)	(66,301)	-
Net gain on disposal of non-current assets held for sale	80,498	-
Net loss on disposal of property, plant and equipment	(846)	(79)
Net loss on disposal of other non-current assets	(5,872)	-
Net currency exchange loss	(25,595)	(33,068)
Impairment loss on non-financial assets	(1,810)	-
Other losses	(5,486)	(379)
	($ 23,954)	($ 33,323)

(Note) Refer to Note 10, 'SIGNIFICANT FIRE LOSS'.

(24) Finance costs

	For the years ended December 31, 2021	2020
Interest expense		
Bank borrowings	$ 4,890	$ 5,481
Lease liabilities	2,729	2,283
	7,619	7,764
Less: Capitalisation of qualifying assets	(369)	(192)
	$ 7,250	$ 7,572

(25) Expenses by nature

	For the year ended December 31, 2021		
	Recognised in operating costs	Recognised in operating expenses	Total
Employee benefit expenses	$ 518,424	$ 611,538	$ 1,129,962
Depreciation	154,122	46,636	200,758
Amortisation	7,464	12,842	20,306
	$ 680,010	$ 671,016	$ 1,351,026

	For the year ended December 31, 2020		
	Recognised in operating costs	Recognised in operating expenses	Total
Employee benefit expenses	$ 486,400	$ 627,119	$ 1,113,519
Depreciation	159,754	48,917	208,671
Amortisation	8,702	16,413	25,115
	$ 654,856	$ 692,449	$ 1,347,305

(26) Employee benefit expenses

	For the year ended December 31, 2021		
	Recognised in operating costs	Recognised in operating expenses	Total
Wages and salaries	$ 430,345	$ 522,523	$ 952,868
Labour and health insurance expenses	43,942	46,522	90,464
Pension costs	21,437	23,556	44,993
Other personnel expenses	22,700	18,937	41,637
	$ 518,424	$ 611,538	$ 1,129,962

	For the year ended December 31, 2020		
	Recognised in operating costs	Recognised in operating expenses	Total
Wages and salaries	$ 406,358	$ 536,070	$ 942,428
Labour and health insurance expenses	38,733	42,721	81,454
Pension costs	20,258	26,573	46,831
Other personnel expenses	21,051	21,755	42,806
	$ 486,400	$ 627,119	$ 1,113,519

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year (pre-tax profit before deducting employees' compensation and directors' and supervisors' remuneration), after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall be 1%~10% for employees' compensation and shall not be higher than 3% for directors' and supervisors' remuneration. Employees' compensation will be distributed in the form of shares or cash. Qualification requirements of employees, including the employees of subsidiaries of the company meeting certain specific requirements, are entitled to receive aforementioned stock or cash. The Company may, by a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation distributed in the form of shares or in cash; and in addition thereto a report of such distribution shall be submitted to the shareholders during their meeting.

B. Employees' compensation was accrued at $8,339 and $6,306 for the years ended December 31, 2021 and 2020, respectively; while directors' and supervisors' remuneration was accrued at $3,000 and $2,000, respectively. The aforementioned amounts were recognised in salary expenses that were estimated and accrued based on the distributable net profit of current year calculated by the percentage prescribed under the Company's Articles of Incorporation. As resolved by the Board of Directors on March 15, 2022, the employees' compensation and directors' and supervisors' remuneration were $8,341 and $3,003, respectively, and the employees' compensation will be distributed in the form of cash. The employees' compensation and directors' and supervisors' remuneration for 2020 as resolved by the Board of Directors was $8,536, and the employees' compensation will be distributed in the form of cash. The difference of $230 between the aforementioned amount and the amount of $8,306 recognised in the 2020 financial statements, mainly caused by estimation differences, had been adjusted in the profit or loss of 2021. Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors and shareholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(27) Income tax

A. Income tax expense:

(a) Components of income tax expense:

	For the years ended December 31, 2021	2020
Current tax:		
Current tax on profits for the year	$ 180,877	$ 150,340
Tax on undistributed earnings	7,325	1,118
Over provision of prior year's income tax	(10,460)	(9,920)
	177,742	141,538
Deferred tax:		
Origination and reversal of temporary differences	(794)	5,829
Total income tax expense	$ 176,948	$ 147,367

(b) The income tax relating to components of other comprehensive income is as follows:

	For the years ended December 31, 2021	2020
Remeasurement of defined benefit obligation	$ 3,931	($ 2,834)

B. Reconciliation between income tax expense and accounting profit:

	For the years ended December 31, 2021	2020
Tax calculated based on profit before tax and statutory tax rate	$ 233,709	$ 178,312
Effect of amount not allowed to be recognised under regulations	(39,110)	(10,428)
Effect from tax-exempt income	(14,576)	(11,042)
Effect from net operating loss carryfoward	(973)	(673)
Tax on undistributed earnings	7,325	1,118
Separate taxation	1,033	-
Provision of prior year's income tax	(10,460)	(9,920)
Income tax expense	$ 176,948	$ 147,367

C. Amounts of deferred tax assets or liabilities as a result of temporary differences, investment tax credit and loss carryforward are as follows:

	For the year ended December 31, 2021				
	January 1	Business combinations	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets					
Temporary differences:					
Bad debts	$ 2,933	$ -	$ 19	$ -	$ 2,952
Unrealised loss on inventories from market value decline	6,804	2,731	1,532	-	11,067
Unrealised exchange loss	10,180	168	4,284	-	14,632
Investment loss	37,568	-	1,948	-	39,516
Unrealised impairment loss on intangible assets	2,785	-	362	-	3,147
Unrealised sales returns and allowance	4,166	-	(1,054)	-	3,112
Unused compensated absences	6,717	408	380	-	7,505
Pensions	36,883	3,023	(3,045)	(3,931)	32,930
indemnity	2,376	-	(2,376)	-	-
Employee benefits	3	-	-	-	3
Investment tax credits					
Deferred investment tax credits	1,426	-	(1,426)	-	-
Loss carryforward	26,747	-	(166)	-	26,581
	$138,588	$ 6,330	$ 458	($ 3,931)	$ 141,445
Deferred tax liabilities					
Temporary differences:					
Gain on investment	$ -	($ 336)	$ 336	$ -	$ -
Intangible assets identified from business combinations	-	(18,161)	-	-	(18,161)
Provision for land value increment tax	(61,992)	(12,674)	-	-	(74,666)
	($ 61,992)	($ 31,171)	$ 336	$ -	($ 92,827)
	$ 76,596	($ 24,841)	$ 794	($ 3,931)	$ 48,618

	For the year ended December 31, 2020			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets				
Temporary differences:				
Bad debts	$ 3,969	($ 1,036)	$ -	$ 2,933
Unrealised loss on inventories from market value decline	6,173	631	-	6,804
Unrealised exchange loss	5,510	4,670	-	10,180
Investment loss	36,675	893	-	37,568
Unrealised impairment loss on intangible assets	2,785	-	-	2,785
Unrealised sales returns and allowance	7,594	(3,428)	-	4,166
Unused compensated absences	6,163	554	-	6,717
Pensions	40,737	(6,688)	2,834	36,883
Unrealised loss on scrapped inventories	1,385	(1,385)	-	-
Unrealised loss on indemnity	2,376	-	-	2,376
Lease expenses	13	(13)	-	-
Employee benefits	-	3	-	3
Investment tax credits				
Deferred investment tax credits	1,428	(2)	-	1,426
Loss carryforward	26,775	(28)	-	26,747
	$ 141,583	($ 5,829)	$ 2,834	$ 138,588
Deferred tax liabilities				
Temporary differences:				
Provision for land value increment tax	($ 61,992)	$ -	$ -	($ 61,992)
	$ 79,591	($ 5,829)	$ 2,834	$ 76,596

D. The Company qualifies for “Regulations for Encouraging Manufacturing Enterprises and Technical Service Enterprises in the Newly Emerging, Important and Strategic Industries” and is entitled to income tax exemption for 5 consecutive years starting from 2017.

E. Expiration dates of loss carryforward and amounts of unrecognised deferred tax assets are as follows:

December 31, 2021				
Year incurred	Amount filed/ approved	Unused amount	Unrecognised deferred tax assets	Usable until year
2012～2021	$ 307, 492	$ 298, 452	$ 165, 546	2022～2031

December 31, 2020				
Year incurred	Amount filed/ approved	Unused amount	Unrecognised deferred tax assets	Usable until year
2011～2020	$ 338, 207	$ 329, 167	$ 195, 431	2021～2030

F. The Company's income tax returns through 2018 have been assessed and approved by the Tax Authority. The Company does not have any administrative remedy as of March 15, 2022.

(28) Earnings per share

	For the year ended December 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 706, 734	178, 696	$ 3. 95
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 706, 734	178, 696	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	222	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 706, 734	178, 918	$ 3. 95

	For the year ended December 31, 2020		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 524, 172	178, 686	$ 2. 93
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 524, 172	178, 686	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	192	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 524, 172	178, 878	$ 2. 93

(29) Transactions with non-controlling interest

A. In September 2021, the Group acquired part of shares of its subsidiary—Advpharma Inc. for a total cash consideration of $262. The carrying amount was $185 at the acquisition date. This transaction resulted in a decrease in the equity attributable to owners of the parent by $77.

B. In April 2020, the Group acquired part of shares of its subsidiary—Advpharma Inc. for a total cash consideration of $203. The carrying amount was $150 at the acquisition date. This transaction resulted in a decrease in the equity attributable to owners of the parent by $53.

(30) Business combinations

A. In order to enhance competitiveness through resources integration and in line with the Group's business development strategy, the Group participated in the cash capital increase of SYN-TECH CHEM. & PHARM. CO., LTD. (SYN-TECH) in December 2021 by investing $256,939 in cash and investment in equity securities previously owned amounting to $256,788 (listed as 'Financial assets at fair value through other comprehensive income – non-current'). The Group had the ability to direct relevant activities together with other large stockholders. As a result, the Group obtained substantial control over SYN-TECH. Refer to Note 4(3)(b) for the details of SYN-TECH's main business operations.

B. The following table summarises the consideration paid for SYN-TECH and the fair values of the assets acquired and liabilities assumed at the acquisition date, as well as the fair value of the non-controlling interest at the acquisition date:

		December 8, 2021
Purchase price		
Cash paid	$	256,939
Equity instruments		256,788
Fair value of the non-controlling interest (Note)		1,431,689
	$	1,945,416
Fair value of the identifiable assets acquired and liabilities assumed		
Cash	$	1,280,919
Other current assets		670,898
Property, plant and equipment		551,263
Identifiable intangible assets		91,224
Other non-current assets		118,396
Current liabilities	(	730,421)
Non-current liabilities	(	92,906)
Total identifiable net assets	$	1,889,373
Goodwill	$	56,043

(Note) Consideration of the purchase price of the stock equities and deduction of implicit cost of the controlling interest has been taken when evaluating the fair value of the non-controlling interest.

C. While obtaining substantial control over SYN-TECH, the Group also gained control over CNH TECHNOLOGIES, INC. (CNH), which was previously listed under 'Investments accounted for under equity method'. The following table summarises the fair values of the assets acquired and liabilities assumed at the acquisition date, as well as the fair value of the non-controlling interest at the acquisition date:

	December 8, 2021
Purchase price	
Investments accounted for under equity method - shareholding previously owned by the Group	$ 6,209
Investments accounted for under equity method - shareholding owned by SYN-TECH	12,594
Fair value of the non-controlling interest	5,490
	$ 24,293

Fair value of the identifiable assets acquired and liabilities assumed	
Cash	$ 4,486
Other current assets	22,164
Current liabilities	(2,357)
Total identifiable net assets	$ 24,293

D. Since December 8, 2021, the acquisition date of SYN-TECH and CNH, the operating revenue and income before income tax attributed by SYN-TECH and CNH was $38,740 and $2,203, respectively. Assuming that SYN-TECH and CNH had been consolidated since January 1, 2021, the operating revenue and income before income tax attributed by the Group for the year ended December 31, 2021 would have been $5,266,307 and $1,136,920, respectively.

(31) Supplemental cash flow information

A. Investing activities with partial cash payments:

	For the years ended December 31,	
	2021	2020
Acquisition of property, plant and equipment	$ 169,242	$ 294,905
Add: Beginning balance of notes payable	2,607	19,239
Beginning balance of payable on equipment (listed as "Other payables")	13,002	8,783
Less: Ending balance of notes payable	(37,743)	(2,607)
Ending balance of payable on equipment (listed as "Other payables")	(19,922)	(13,002)
Capitalised interest	(369)	(192)
Cash paid for acquisition of property, plant and equipment	$ 126,817	$ 307,126

B. Operating and investing activities with no cash flow effects:

	For the years ended December 31,	
	2021	2020
(1) Elimination of allowance for uncollectible accounts	$ –	$ 14
(2) Receivables from disposal of other non-current assets (listed as "Other receivables")	$ 38,364	$ –
(3) Receivables for fire insurance claims	$ 61,693	$ –
(4) Inventories transferred to property, plant and equipment	$ 6,603	$ 14,722
(5) Prepayments for equipment transferred to property, plant and equipment	$ 49,722	$ 54,454
(6) Non-current assets held for sale, net transferred to property, plant and equipmen, net	$ 55	$ –
(7) Property, plant and equipment transferred to non-current assets held for sale, net	$ –	$ 165,110

C. Please refer to Note 6(30), 'Business combinations' for the information of the cash acquired from business combinations.

(32) Changes in liabilities from financing activities

	Short-term borrowings	Short-term notes and bills payable	Lease liabilities	Long-term borrowings	Guarantee deposits received	Total
At January 1, 2021	$ 566,000	$ –	$ 219,195	$ –	$ 1,371	$ 786,566
Changes in cash flow from financing activities	224,221	–	(18,482)	50,000	(839)	254,900
Effect of business combinations	277,768	290,000	53,273	–	–	621,041
Changes in other non-cash items	–	–	6,002	–	–	6,002
At December 31, 2021	$ 1,067,989	$ 290,000	$ 259,988	$ 50,000	$ 532	$ 1,668,509

	Short-term borrowings	Short-term notes and bills payable	Lease liabilities	Guarantee deposits received	Total
At January 1, 2020	$ 565,000	$ 300,000	$ 157,460	$ 18,399	$ 1,040,859
Changes in cash flow from financing activities	1,000	(300,000)	(16,352)	(17,028)	(332,380)
Changes in other non-cash items	–	–	78,087	–	78,087
At December 31, 2020	$ 566,000	$ –	$ 219,195	$ 1,371	$ 786,566

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Group
WE CAN MEDICINES CO., LTD. (WE CAN)	Associate
Taiwan Biosim Co., Ltd. (Biosim)	Associate
GENEFERM BIOTECHNOLOGY CO., LTD.	Associate
SUN YOU BIOTECH PHARM CO., LTD. (SUN YOU)	Other related party (The manager of the Company is SUN YOU's corporate director)
SYN-TECH CHEM & PHARM CO., LTD. (SYN-TECH)	Other related party (The Company is SYN-TECH's corporate director) (Note)
Fan Dao Nan Foundation (Fan Dao Nan)	Other related party (The corporate director of the Company)

(Note) The Company participated in the cash capital increase of SYN-TECH and therefore obtained substantial control over it on December 8, 2021. SYN-TECH has changed from other related party to the Company's subsidiary from the date. Below disclosure transactions was before the said date.

(2) Significant related party transactions

A. Sales of goods

	For the years ended December 31, 2021	For the years ended December 31, 2020
Associates	$ 111,934	$ 100,024
Other related parties	21,261	20,439
	$ 133,195	$ 120,463

Prices of goods sold to related parties are determined each time when delivering goods. Terms of transactions are similar with those to third parties, which is cash payment in 2 months after billing, or to obtain cheques with a maturity of 4~6 months upon billing.

B. Purchases of goods

	For the years ended December 31, 2021	For the years ended December 31, 2020
Other related parties	$ 52,405	$ 69,418
Associates	41,810	164
	$ 94,215	$ 69,582

Goods are purchased based on the price lists in force and terms that would be available to regular suppliers. Payment terms are cheques with a maturity of 3~4 months after inspection has passed.

C. Property transactions

In March 2021, the Group disposed of its non-current assets held for sale, net to its related party, WE CAN, for a price of $245,553 based on the valuation report and recognized gains on disposal of non-current assets held for sale, net of $80,498 (listed as 'other gains and losses').

D. Equity transactions

(a) The Group participated in the cash capital increase of the associate, WE CAN, by investing $69,732 in November 2020.

(b) The Group participated in the cash capital increase of the associate, Biosim, by investing $14,970 in August 2021.

E. Other expenses

	For the years ended December 31, 2021	2020
Advertisement expenses:		
Associates	$ 2,247	$ 2,946
Research and development expenses:		
Other related parties	$ 144	$ 82
Associates	69	-
	$ 213	$ 82
Donations:		
Other related parties	$ 7,000	$ -
Miscellaneous expenses:		
Associates	$ 12,300	$ 219
Other related parties	209	20
	$ 12,509	$ 239

F. Other income

	For the years ended December 31, 2021	2020
Other income:		
Associates	$ 11,750	$ 12,564
Other related parties	3,641	734
	$ 15,391	$ 13,298

G. Ending balance of goods sold

	December 31, 2021	December 31, 2020
Receivables from related parties:		
Associates	$ 36,722	$ 24,657
Other related parties	6,317	7,403
	$ 43,039	$ 32,060

The receivables from related parties arise mainly from sales transactions. The receivables are unsecured in nature and bear no interest. There are no provisions held against receivables from related parties.

H. Other receivables

	December 31, 2021	December 31, 2020
Receivables from related parties:		
Associates	$ 1,355	$ 1,170
Other related parties	-	4
	$ 1,355	$ 1,174

I. Ending balance of goods purchased

	December 31, 2021	December 31, 2020
Payables to related parties:		
Other related parties	$ 543	$ 19,137
Associates	24,277	22
	$ 24,820	$ 19,159

The payables to related parties arise mainly from purchase transactions. The payables bear no interest.

J. Lease transactions－lessee

(a) The Group leases land from other related parties, Fan Dao Nan and WE CAN. Rental contracts are made for the periods from October 1, 2016 to September 30, 2027 and April 1, 2021 to March 31, 2022, respectively. Rents are paid quarterly and monthly.

(b) As of December 31, 2021 and 2020, the carrying amount of 'right-of-use assets' are $8,364 and $4,048, respectively.

(c) As of December 31, 2021 and 2020, the carrying amount of lease liability are $8,452 and $4,095, respectively. The Group recognised interest expense of $103 and $51 for the years ended December 31, 2021 and 2020, respectively (listed as 'Finance costs').

(3) Key management compensation

	For the years ended December 31,	
	2021	2020
Salaries and other short-term employee benefits	$ 28,195	$ 33,924

8. PLEDGED ASSETS

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

Pledged asset	Book value December 31, 2021	Book value December 31, 2020	Purposes
Pledged time deposits (Note 1)	$ 232,092	$ -	Short-term borrowings
Land (Note 2)	46,406	288,489	Short-term and long-term borrowings
Buildings-net (Note 2)	176,239	282,695	Short-term and long-term borrowings
Machinery and equipment -net (Note 2)	23,031	28,552	Long-term borrowings
Other equipment-net (Note 2)	118	168	Long-term borrowings
Construction in progress (Note 2)	108,733	77,213	Long-term borrowings
	$ 586,619	$ 677,117	

(Note 1) Listed as 'Financial assets at amortised cost -current'.

(Note 2) Listed as 'Property, plant and equipment'.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

As of December 31, 2021 and 2020, the Group's significant contingent liabilities and unrecognised contract commitments are as follows:

(1) The balances for contracts that the Group entered into for the purchase of property, plant and equipment, but not yet due were $291,800 and $126,923, respectively.

(2) The amounts of the letter of credit that the Group issued but not yet negotiated were $－ and $2,262, respectively.

(3) Endorsements/guarantees for financing within the Group are as follows:

Endorsor/guarantor	Endorsee/guarantee	December 31, 2021	December 31, 2020
Standard Chem. & Pharm. Co., Ltd.	Standard Pharmaceutical Co., Ltd.	$ 83,040	$ 85,440

The actual endorsement/guarantee amount provided by the Group for the above subsidiaries were both $－.

(4) The Company has implemented its work-division and resource integration, to enhance competitiveness and business performance through spin-off of its synthesis department to the related party－SYN-TECH CHEM & PHARM CO., LTD. (SYN-TECH) after the resolution by the Board of Directors on March 16, 2021. Based on the appraised value of $341,000 for the department to be spun-off, the Company will receive 4,532 thousand shares of SYN-TECH newly issued common stock as consideration. The effective date was set on October 1, 2021. However, there was a significant fire incident on May 20, 2021, causing severe damage to certain property, plant and

equipment that was part of the spin-off. The Company evaluated that there was no significant difference between the fair value of the plant and equipment recovered and their previous appraisal value; therefore the effective date was postponed to July 1, 2022, as resolved by the Board of Directors on August 24, 2021.

10. SIGNIFICANT DISASTER LOSS

(1) The parent company:

The Company was affected by the fire incident in the neighbouring company on May 20, 2021, which resulted in the damage of certain property, plant and equipment, and inventories and therefore interrupting part of the operations. The Company had derecognised some damaged property, plant and equipment and inventories amounting to $61,693 and $4,608 respectively. The total loss as a result of the fire incident was $66,301 (listed as ‘Other gains and losses’).

The Company had obtained property insurance for its property, plant and equipment. The insurance company is currently handling the follow-up indemnity and claim procedures with the assistance of its commissioned third-party notaries. The Company has inspected some purchasing contract of the assets and after consideration of Consumer Price Index, calculated the replacement cost that could be covered by the insurance based on external information. The Company recognized indemnity income at $66,301 (listed as ‘Other income’) limited to the loss of each property. For the year ended December 31, 2021, since the insurance company had checked part of the damaged property, the Company received insurance claim of $4,608, with the remaining of $61,693 (listed as ‘Other receivables’) awaiting further settlement of the insurance company. As the assessment of the amount of insurance claims requires further confirmation by the insurance company and involves a certain degree of uncertainty, there might be a material difference from the estimated amount.

(2) Subsidiary:

The subsidiary, SYN-TECH CHEM. & PHARM. CO., LTD., suffered from a fire incident on May 20, 2021, which resulted in the damage of certain property, plant and equipment and inventories and therefore interrupting part of the operations. SYN-TECH had disposed some damaged property, plant and equipment and inventories amounting to $130,434 and $40,757, respectively. The total loss of the fire incident was $171,191 (listed as ‘Other gains and losses’).

SYN-TECH had obtained property insurance for its property, plant and equipment. Currently, the insurance company is handling the follow-up indemnity and claim procedures with the assistance of its commissioned third-party notaries. SYN-TECH has inspected some purchasing contract of the assets and after consideration of Consumer Price Index, calculated the replacement cost that could be covered by the insurance based on the document made by a third-party notary through on-site investigation and accessible information. SYN-TECH recognized indemnity income at $171,191 limited to the loss of each property for the period ended June 30, 2021. For the year ended December 31, 2021, since the insurance company had checked part of the damaged property, SYN-TECH received insurance claim of $35,035, with the remaining of $136,156 (listed as ‘Other receivables’) awaiting further settlement of the insurance company. As the assessment of the amount of insurance claims requires further confirmation by the insurance company and involves a certain degree of uncertainty, there might be a material difference from the estimated amount.

11. SIGNIFICANT EVENT AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2021	December 31, 2020
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 150,059	$ 150,610
Financial assets at fair value through other comprehensive income		
Designation of equity instruments	$ 228,345	$ 404,752
Financial assets at amortised cost		
Cash and cash equivalents	$ 2,564,395	$ 1,036,183
Financial assets at amortised cost	289,932	308,540
Notes receivable	277,426	169,902
Accounts receivable	880,823	772,939
Other receivables	331,809	24,413
Guarantee deposits paid	42,710	25,209
	$ 4,387,095	$ 2,337,186

	December 31, 2021	December 31, 2020
Financial liabilities		
Financial liabilities at amortised cost		
Short-term borrowings	$ 1,067,989	$ 566,000
Short-term notes and bills payable	290,000	–
Notes payable	301,940	228,002
Accounts payable	322,406	210,569
Other payables	454,443	393,726
Current refund liabilities	14,774	–
Long-term borrowings	50,000	–
Guarantee deposits received	532	1,371
	$ 2,502,084	$ 1,399,668
Lease liabilities	$ 259,988	$ 219,195

B. Risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. To minimise any adverse effects on the financial performance of the Group, derivative financial instruments may be used to hedge certain risk.

(b) 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 cooperation 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.

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 the transactions of the Group used in various functional currency, primarily with respect to the USD, EUR, JPY and RMB. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

ii. The Group has certain sales and purchases denominated in USD and other foreign currencies. Changes in market exchange rates would affect the fair value. However, the payment and collection periods of asset and liability positions in foreign currencies are close, market risk can be offset. The Group does not expect significant interest rate risk.

iii. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. However, the net investments of foreign operations are strategic investments, thus the Group does not hedge the investments.

iv.The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD, PHP and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2021		
	Foreign currency amount (In thousands)	Exchange rate	Book value
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD: NTD	$ 60,217	27.68	$1,666,807
EUR: NTD	955	31.32	29,911
JPY: NTD	361,015	0.2405	86,824
RMB: NTD	23,671	4.344	102,827
Financial liabilities			
Monetary items			
USD: NTD	307	27.68	8,498
EUR: NTD	29	31.32	908
JPY: NTD	232,915	0.2405	56,016

	December 31, 2020		
	Foreign currency amount (In thousands)	Exchange rate	Book value
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD: NTD	$ 31,201	28.48	$ 888,604
EUR: NTD	314	35.02	10,996
JPY: NTD	25,001	0.2763	6,908
RMB: NTD	39,045	4.377	170,900
Financial liabilities			
Monetary items			
USD: NTD	2,136	28.48	60,833
EUR: NTD	15	35.02	525

With regard to sensitivity analysis of foreign currency exchange rate risk, if the exchange rates of NTD to all foreign currencies had appreciated/depreciated by 1%, with all other factors remaining constant, the Group's net income for the years ended December 31, 2021 and 2020 would have increased/decreased by $14,550 and $8,095, respectively.

v. Total exchange loss, including realized and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2021 and 2020 amounted to $25,595 and $33,068, respectively.

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 and open-end funds issued by the domestic 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, post-tax profit for the years ended December 31, 2021 and 2020 would have increased/decreased by $1,642 and $1,662, 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 $3,177 and $3,575, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

i. The Group's main interest rate risk arises from long-term and short-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. During the years ended December 31, 2021 and 2020, the Group's borrowings at variable rate were denominated in the NTD.

ii. With regard to sensitivity analysis of interest rate risk, if interest rates on borrowings at that date had been 1% higher/lower with all other variables held constant, post-tax profit for the years ended December 31, 2021 and 2020 would have been $58 and $61 lower/higher, respectively, mainly as a result of higher/lower interest expense on 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.

ii. The Group manages its credit risk taking into consideration the entire company's concern. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilization of credit limits is regularly monitored.

iii. In line with credit risk management procedure, payment reminders are sent as the contract payments are past due, whereby the default occurs when the contract payments are past due over certain period of time, and recourse procedures are initiated. However, the Group will continue executing the recourse procedures to secure their rights.

iv. The Group classifies customer's notes and accounts receivable in accordance with credit rating of customer. The Group applies the modified approach using provision matrix to estimate expected credit loss under the provision matrix basis. The Group used the forecastability of conditions to adjust historical and timely information to assess the default possibility of notes and accounts receivable, whereby rate ranging from 0.03% to 100% are applied to the provision matrix. Movements in relation to the Group applying the modified approach to provide loss allowance for notes and accounts receivable are as follows:

	For the year ended December 31, 2021		
	Notes receivable	Accounts receivable	Total
Beginning balance	$ 215	$ 5, 772	$ 5, 987
Provision for impairment	145	786	931
Ending balance	$ 360	$ 6, 558	$ 6, 918

	For the year ended December 31, 2020		
	Notes receivable	Accounts receivable	Total
Beginning balance	$ 171	$ 12, 267	$ 12, 438
Provision for (reversal of) impairment	44	(6, 481)	(6, 437)
Write-offs during the year	–	(14)	(14)
Ending balance	$ 215	$ 5, 772	$ 5, 987

(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 on any of its borrowing facilities.

ii. Surplus cash held by the Group over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts, time deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts.

iii. The Group has the following undrawn borrowing facilities:

	December 31, 2021	December 31, 2020
Floating rate:		
Expiring within one year	$ 2,130,771	$ 1,246,298
Expiring beyond one year	588	867,568
	$ 2,131,359	$ 2,113,866

iv. 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:

December 31, 2021	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Non-derivative financial liabilities:				
Short-term borrowings	$1,069,221	$ -	$ -	$ -
Short-term notes and bills payable	290,000	-	-	-
Notes payable	301,940	-	-	-
Accounts payable	322,406	-	-	-
Other payables	454,443	-	-	-
Reimbursement	14,774	-	-	-
Lease liabilities	22,811	20,588	57,554	178,450
Long-term borrowings	447	447	50,486	-
Guarantee deposits received	-	532	-	-

December 31, 2020	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Non-derivative financial liabilities:				
Short-term borrowings	$ 566,643	$ -	$ -	$ -
Notes payable	228,002	-	-	-
Accounts payable	210,569	-	-	-
Other payables	393,726	-	-	-
Lease liabilities	20,152	19,254	49,725	151,916
Guarantee deposits received	-	1,371	-	-

v. For non-derivative financial liabilities, the Group's non-derivative financial liabilities do not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(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 and emerging stocks with active market is included.

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

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

B. The carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, financial assets at amortised cost - current, notes receivable, accounts receivable, other receivables, guarantee deposits paid, short-term borrowings, short-term notes and bills payable, notes payable, accounts payable, other payables, current refund liabilities, long-term borrowings and guarantee deposits received) are approximate to their fair values.

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

(a)The related information of the nature of the assets is as follows:

December 31, 2021	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 134,907	$ -	$ 15,152	$ 150,059
Financial assets at fair value through other comprehensive income				
Equity securities	134,689	-	93,656	228,345
	$ 269,596	$ -	$ 108,808	$ 378,404

December 31, 2020	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 136,563	$ -	$ 14,047	$ 150,610
Financial assets at fair value through other comprehensive income				
Equity securities	310,274	-	94,478	404,752
	$ 446,837	$ -	$ 108,525	$ 555,362

(b) The methods and assumptions the Group used to measure fair value are as follows:

(i)The instruments that the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed stocks	Open-end fund	Unlisted stocks
Market quoted price	Closing price	Net asset value	Latest closing price on the balance sheet date

(ii) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. 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 parent company only balance sheet date.

(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 parent company only balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

D. There was no transfer between Level 1 and Level 2 in 2021 and 2020.

E. The following table presents the changes in Level 3 instruments in 2021 and 2020:

	For the years ended December 31,	
	2021	2020
At January 1	$ 108,525	$ 131,561
Capital reduction and return of shares	-	(506)
Recognised in profit or loss (Note 1)	1,105	(738)
Recognised in other comprehensive loss (Note 2)	(822)	(21,792)
At December 31	$ 108,808	$ 108,525

(Note 1) Listed as “Other income or loss”.

(Note 2) Listed as “Unrealised gain or loss on financial assets at fair value through other comprehensive income”.

F. For the years ended December 31, 2021 and 2020, there was no transfer from or to Level 3.

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

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

	Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted stocks	$ 108,808	Market comparable companies	Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value

	Fair value at December 31, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted stocks	$ 108,525	Market comparable companies	Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value

J. The Group has carefully assessed the valuation models and assumptions used to measure fair value; therefore, the fair value measurement is reasonable. However, use of different valuation models or assumptions may result in different measurement. The following is the effect on profit or loss or on other comprehensive income from financial assets categorised within Level 3 if the inputs used to valuation models have changed:

			December 31, 2021			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Discount for lack of marketability	± 3%	$ 649	($ 649)	$ 4,014	($ 4,014)

			December 31, 2020			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Discount for lack of marketability	± 3%	$ 602	($ 602)	$ 4,049	($ 4,049)

(4) Other information

Due to the spread of the COVID-19 and the government's promotion of various anti-epidemic measures, the Group has adopted relevant measures such as workplace hygiene management and continued to manage related matters in accordance with the 'Guidelines for Continued Operation of Enterprises in Response to Server Specialized Infectious Pneumonia Epidemic'. All factories are operated in an alternate mode, and there is no material adverse impact on all operation.

13. SUPPLEMENTARY DISCLOSURES

(Only 2021 information is disclosed in accordance with the current regulatory requirements.)

(1) Significant transactions information

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

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Holding of marketable securities at the end of the year (not including subsidiaries, associates and joint ventures): Please refer to table 3.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: Please refer to table 4.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: None.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.

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

J. Significant inter-company transactions during the reporting periods: Please refer to table 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 6.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 7.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

(4) Major stockholders' information

Major stockholders' information: Please refer to table 8.

14. SEGMENT INFORMATION

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions. There is 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 year in accordance with global marketing expansion of the Group.

(2) Measurement of segment information

The chief operating decision maker evaluates the performance of operating segments based on pre-tax income. Accounting policies applied on the operating segments are consistent with the significant accounting policies applied in the preparation of the consolidated financial statements set out in Note 4.

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

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

	For the year ended December 31, 2021				
	Medicine	Dietary supplement	Business combinations	Others	Total
Segment revenue	$2,589,306	$ 1,663,711	$ -	$ 527,559	$4,780,576
Revenue from internal customers	(64,181)	(88,153)	-	(24,160)	(176,494)
Revenue from external	2,525,125	1,575,558	-	503,399	4,604,082
Inter-segment profit before income tax	740,811	320,895	-	214,636	1,276,342
Segment assets	3,491,968	2,877,993	2,795,393	938,667	10,104,021
Segment liabilities	1,459,931	703,498	825,684	315,294	3,304,407

	For the year ended December 31, 2020			
	Medicine	Dietary supplement	Others	Total
Segment revenue	$2,458,032	$ 1,421,596	$ 563,233	$ 4,442,861
Revenue from internal customers	(57,635)	(61,595)	(18,231)	(137,461)
Revenue from external	2,400,397	1,360,001	545,002	4,305,400
Inter-segment profit before income tax	552,536	150,174	100,542	803,252
Segment assets	3,484,614	2,367,952	1,196,881	7,049,447
Segment liabilities	1,297,275	581,983	264,354	2,143,612

(4) Reconciliation for segment income (loss), assets and liabilities

A. 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. A reconciliation of reportable segment income before income tax to the profit before income tax is provided as follows:

	For the years ended December 31,	
	2021	2020
Reportable segment income before income tax	$ 1,061,706	$ 702,710
Other segments profit before income tax	214,636	100,542
Including inter-segment loss	(262,592)	(30,325)
Profit before income tax	$ 1,013,750	$ 772,927

B. The amounts provided to the chief operating decision-maker with respect to total assets and total liabilities are measured in a manner consistent with that of the financial statements. No reconciliation is needed.

(5) Information on product and service

Revenue from external customers is mainly from manufacturing, research and development, sale and wholesale of various medicine, food and medical products. Details of revenue are as follows:

	For the years ended December 31,	
	2021	2020
Revenue from sales of medicine	$ 2,525,125	$ 2,400,397
Revenue from sales of dietary supplement	1,575,558	1,360,001
Revenue from rendering of services	12,049	7,678
Others	491,350	537,324
	$ 4,604,082	$ 4,305,400

(6) Geographical information

Geographical information for the years ended December 31, 2021 and 2020 is as follows:

	For the years ended December 31,			
	2021		2020	
	Revenue (Note 1)	Non-current assets (Note 2)	Revenue (Note 1)	Non-current assets (Note 2)
Taiwan	$ 3,716,385	$ 3,191,126	$ 3,536,537	$ 2,430,410
Mainland China	357,375	157,429	225,978	169,067
Vietnam	97,606	-	98,799	-
Japan	59,330	-	51,289	-
South Korea	65,820	-	44,860	-
Philippines	43,057	-	60,540	-
Singapore	38,597	-	24,412	-
Thailand	37,118	-	37,815	-
Egypt	22,143	-	37,010	-
America	19,810	-	32,724	-
Others	146,841	381	155,436	1,048
	$ 4,604,082	$ 3,348,936	$ 4,305,400	$ 2,600,525

(Note 1) Revenue is based on where the clients are located.

(Note 2) Non-current assets include property, plant and equipment, right-of-use assets, intangible assets, prepayments for equipment, and partial other non-current assets.

(7) Major customer information

Major customer information of the Group (revenue accounted for more than 10% revenue) for the years ended December 31, 2021 and 2020 is as follows:

	For the years ended December 31,	
	2021	2020
Company A	$ 459,454	$ 440,813

STANDARD CHEM & PHARM. CO., LTD. AND SUBSIDIARIES

Loans to others

For the year ended December 31, 2021

Table 1

Expressed in thousands of NTD

Number	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance	Ending balance (Note 2)	Actual amount drawn down	Interest rate	Nature of loan (Note 1)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral Item	Collateral Value	Limit on loans granted to a single party	Ceiling on total loans granted	Note
1	Standard Pharmaceutical Co., Ltd.	Jiangsu Standard Biotech Pharmaceutical Co., Ltd.	Other receivables	Yes	$ 83,040	$ 83,040	$ 83,040	1.20%	2	$ -	Operating capital	$ -	—	$ -	$ 369,630	$ 369,630	(Notes 3)
2	Jiangsu Standard Biotech Pharmaceutical Co., Ltd.	Jiangsu Standard-Dia Biopharma Co., Ltd.	Other receivables	Yes	4,561	4,561	4,561	1.20%	2	-	Operating capital	-	—	-	17,151	20,582	(Notes 3)

Note 1: The code represents the nature of financing activities as follows:

(1) Trading partner.

(2) Short-term financing.

Note 2: The ending balance is the credit limit approved by the Board of Directors.

Note 3: Calculation of limit on loans granted to a single party and ceiling on total loans granted:

(1) Limit on loans granted to a single party:

(a) For the companies having business relationship with the Company, limit on loans granted to a single party is the higher value of purchasing and selling during current or latest year on the year of financing.

(b) For short-term financing, limit on loans granted to a single party is 5% of the Company’s net assets based on the latest audited consolidated financial statements.

(c) Limit on loans granted by Standard Pharmaceutical Co., Ltd. to a single party is 200% of the creditor’s net assets based on the latest audited or reviewed consolidated financial statements.

(d) Limit on loans granted by Jiangsu Standard Biotech Pharmaceutical to a single party is 25% of the creditor’s net assets based on the latest audited or reviewed consolidated financial statements.

(2) Ceiling on total loans granted to a single party:

(a) Ceiling on total loans granted by the Company to single party is 10% of the Company’s net assets.

(b) Ceiling on total loans granted by Standard Pharmaceutical Co., Ltd. to single party is 200% of the creditor’s net assets.

(c) Ceiling on total loans granted by Jiangsu Standard Biotech Pharmaceutical to single party is 30% of the creditor’s net assets.

(3) For short-term financing, ceiling on total loans granted to all direct or indirect wholly-owned domestic and foreign subsidiaries of the Company is not limited to 40% of the creditors’ net assets.

Note 4: Foreign currencies were translated into New Taiwan Dollars with exchange rate as of December 31, 2021 as follows: USD: NTD 1:27.68 and RMB: NTD 1:4.344.

STANDARD CHEM & PHARM. CO., LTD. AND SUBSIDIARIES

Provision of endorsements and guarantees to others

For the year ended December 31, 2021

Table 2

Expressed in thousands of NTD

Number	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 1)	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 (Note 1)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Note
		Company name	Relationship with the endorser/guarantor											
0	Standard Chem & Pharm. Co., Ltd.	Standard Pharmaceutical. Co., Ltd.	Subsidiary	$ 868,375	$ 83,040	$ -	$ -	$ -	2%	$ 2,170,938	Y	N	N	-

Note 1: Under "Procedures for Provision of Endorsements and Guarantees", the total endorsement and guarantee provided shall not exceed 50% of the Company's net assets; the amount provided for each counterparty shall not exceed 20% of the Company's net assets.

Note 2: Foreign currencies were translated into New Taiwan Dollars with exchange rate as of December 31, 2021 as follows: USD: NTD 1:27.68.

STANDARD CHEM & PHARM. CO., LTD. AND SUBSIDIARIES

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

December 31, 2021

Table 3

Expressed in thousands of NTD

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	As of December 31, 2021 Book value	Ownership (%)	Fair value	Note
Standard Chem & Pharm. Co., Ltd	Bonds with repurchase agreement:							
	China Bills Finance Corporation	—	1	—	$ 83,380	-	$ 83,380	-
	Mega Bills Finance Co., Ltd.	—	1	—	56,521	-	56,521	-
	International Bills Finance Corporation	—	1	—	55,976	-	55,976	-
	Stocks:							
	Original BioMedicals Co., Ltd.	—	2	200,000	-	0.43%	-	-
	NCKU Venture Capital Co., Ltd.	—	3	650,000	3,685	4.17%	3,685	-
	NTU Innovation & Incubation Co., Ltd.	—	3	480,000	3,557	3.76%	3,557	-
	TaiwanJ Pharmaceuticals Co., Ltd.	—	3	258,133	2,607	0.34%	2,607	-
	HER-SING CO., LTD.	The Company is HER-SING Co., Ltd.'s corporate director	4	3,055,000	42,312	17.71%	42,312	-
	SUN YOU BIOTECH PHARM CO., LTD.	The manager of the Company is SUN YOU BIOTECH PHARM CO., LTD.'s director	4	3,378,006	43,069	18.13%	43,069	-
	Green Management International Co., Ltd.	—	4	109,672	1,754	5.14%	1,754	-
	Kenda Pharmacentiocal Co., Ltd.	—	4	5,000,000	3,450	19.42%	3,450	-
	Rossmax International Ltd.	—	4	899,000	18,969	1.07%	18,969	-
	EASYWELL BIOMEDICALS, INC.	—	4	7,278,000	115,720	4.45%	115,720	-
Chia Scheng Investment Co., Ltd.	Beneficiary certificates:							
	Taishin Ta-Chong Money Market Fund	—	2	368,142	5,283	-	5,283	-
	Taishin 1699 Money Market Fund	—	2	50,000	684	-	684	-
	Stocks:							
	SUN YOU BIOTECH PHARM CO., LTD.	The manager of the Company is SUN YOU BIOTECH PHARM CO., LTD.'s director	4	240,846	3,071	1.29%	3,071	-
	Stason Pharmaceuticals, Inc.	—	4	4,000,000	-	13.02%	-	-
MULTIPOWER ENTERPRISE CORP.	Bonds with repurchase agreement:							
	International Bills Finance Corporation	—	1	—	150,000	-	150,000	-
	Mega Bills Finance Co., Ltd.	—	1	—	20,000	-	20,000	-
	China Bills Finance Corporation	—	1	—	20,000	-	20,000	-
Advpharma Inc.	Beneficiary certificates:							
	Taiwan Cooperative Bank Money Market Fund	—	2	2,000,000	20,510	-	20,510	-
	Mega Diamond Money Market Fund	—	2	3,166,588	40,145	-	40,145	-
	FSITC Taiwan Money Market Fund	—	2	1,652,490	25,566	-	25,566	-
	Taishin 1699 Money Market Fund	—	2	1,473,047	20,149	-	20,149	-

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	As of December 31, 2021 Book value	Ownership (%)	Fair value	Note
	UPAMC James Bond Money Market Fund	—	2	477,020	$ 8,048	-	$ 8,048	-
	Shin Kong US Harvest Balanced TWD A	—	2	245,916	2,725	-	2,725	-
	Cathay Senior Secured High Yield Bond	—	2	271,919	2,850	-	2,850	-
	Capital Money Market Fund	—	2	431,305	7,029	-	7,029	-
	Shin Kong Emergin Wealthy Nations Bond Fund A	—	2	195,290	1,918	-	1,918	-
Advpharma Inc.	Stocks:							
	Der Yang Biotechnology Venture Capital Co., Ltd.	—	3	117,997	1,363	3.70%	1,363	-
	TaiwanJ Pharmaceuticals Co., Ltd.	—	3	25,203	255	0.03%	255	-
Syngen Biotech Co,. Ltd.	Bonds with repurchase agreement:							
	Mega Bills Finance Co., Ltd.	—	1	—	66,432	-	66,432	-
	Stocks:							
	NCKU Venture Capital Co., Ltd.	—	3	650,000	3,685	4.17%	3,685	-
SYN-TECH CHEM & PHARM CO., LTD.	Bonds with repurchase agreement:							
	China Bills Finance Corporation	—	1	—	450,849	-	450,849	-

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.
Note 2: The general ledger account is classified into the following four categories:

1. Cash and cash equivalents
2. Financial assets at fair value through profit or loss - current
3. Financial assets at fair value through profit or loss - non-current
4. Financial assets at fair value through other comprehensive income - non-current

Note 3: Foreign currencies were translated into New Taiwan Dollars with exchange rate as of December 31, 2021 as follows: USD: NTD 1:27.68.

STANDARD CHEM & PHARM. CO., LTD. AND SUBSIDIARIES

Acquisition or sale of the same security with the accumulated cost reaching $300 million or 20% of the Company's paid-in capital

For the year ended December 31, 2021

Table 4

Expressed in thousands of NTD

					Beginning balance (Note)		Addition		Disposal				Other increase (decrease)		Ending balance	
Investor	Type and name of securities	General ledger account	Name of the counterparty	Relationship	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Sale Price	Book Value	Gain (loss) on disposal	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount
Standard Chem & Pharm. Co., Ltd.	Stock: SYN-TECH CHEM & PHARM CO.,	Investment accounted for under the equity method	Cash capital increase and Advpharma Inc.	Subsidiary	3,188	$ 246,151	4,956	$ 300,280	-	$ -	$ -	$ -	-	($ 32,464)	8,144	$ 513,967

(Note) Listed as "Financial assets at fair value through other comprehensive income - non-current ", the detail information please refer to Note 6(3),' Financial assets at fair value through other comprehensive income - non-current' for more information.

STANDARD CHEM & PHARM. CO., LTD. AND SUBSIDIARIES

Significant inter-company transactions during the reporting period

For the year ended December 31, 2021

Table 5

Expressed in thousands of NTD

				Transaction			
Number (Note 2)	Company name	Counterparty	Relationship (Note 3)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 4)
0	Standard Chem & Pharm. Co., Ltd.	Syngen Biotech Co,. Ltd.	1	Purchases	$ 69,526	Pay cheques with a maturity of 3~4 months after inspection had passed	2%
			1	Accounts payable	(22,498)	–	–
		Souriree Biotech & Pharm. Co., Ltd.	1	Purchases	59,091	Pay cheques with a maturity of 3~4 months after inspection had passed	1%
1	Standard Pharmaceutical Co., Ltd.	Jiangsu Standard Biotech Pharmaceutical Co., Ltd.	3	Other receivables	83,142	–	1%

Note 1: As the amounts and counterparties of significant inter-company transactions are the same from the opposite transaction sides, no disclosure is required. Only transactions amounting to more than $10,000 are disclosed.

Note 2: 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 3: 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 4: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on ending balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the year to consolidated total operating revenues for statement of comprehensive income accounts.

Note 5: Foreign currencies were translated into New Taiwan Dollars with exchange rate as of December 31, 2021 as follows: USD: NTD 1:27.68 and RMB: NTD 1:4.344.

STANDARD CHEM & PHARM. CO., LTD. AND SUBSIDIARIES

Information on investees

For the year ended December 31, 2021

Table 6

Expressed in thousands of NTD

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2021	Initial investment amount: Balance as at December 31, 2020	Shares held as at December 31, 2021: Number of shares	Shares held as at December 31, 2021: Ownership (%)	Shares held as at December 31, 2021: Book value	Net profit (loss) of the investee for the year ended December 31, 2021	Investment income (loss) recognised for the year ended December 31, 2021	Note
Standard Chem & Pharm. Co., Ltd.	Standard Pharmaceutical Co., Ltd.	Samoa	Research and development, trading, investment and other business of medical products	$ 396,953	$ 396,953	13,000,000	100.00	$ 184,815	($ 10,750)	($ 10,750)	Subsidiary
	Chia Scheng Investment Co., Ltd.	Taiwan	General investment	161,356	161,356	14,553,000	100.00	10,835	(82)	(82)	Subsidiary
	STANDARD CHEM. & PHARM. PHILIPPINES, INC.	Philippines	Import and export of various medical products, medicine, supplements	6,762	6,762	192,195	100.00	530	(666)	(666)	Subsidiary
	Inforight Technology Co., Ltd.	Taiwan	Wholesale of multi-function printers and information software	5,000	5,000	500,000	100.00	3,697	(616)	(616)	Subsidiary
	Souriree Biotech & Pharm. Co., Ltd.	Taiwan	Manufacturing of western medicine and retail and wholesale of various medicines	41,549	41,549	5,649,126	93.17	32,080	4,894	5,076	Subsidiary
	Multipower Enterprise Corp.	Taiwan	Import and export of western medicine, nourishment and function food, processing, manufacturing and sale of food	293,063	293,063	19,840,600	90.72	347,322	43,980	39,656	Subsidiary
	Advpharma Inc.	Taiwan	Research and development, manufacturing and sale of various medicine	525,933	525,671	53,226,806	88.71	275,805	(3,127)	(2,698)	Subsidiary
	Syngen Biotech Co., Ltd.	Taiwan	Research and development, manufacturing and sale of APIs, biopesticide, fertiliser and biochemical nutrition, sale of preventive medicine	330,203	330,203	12,651,146	46.68	808,183	237,770	109,478	Subsidiary (Note 1)
	SYN-TECH CHEM. & PHARM. CO., LTD.	Taiwan	Manufacturing and sale of APIs, reagent, surfactant, Chinese, western, and veterinary medicinal products	512,314	-	8,143,796	20.33	513,967	103,835	1,534	Subsidiary (Note 2)

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2021	Initial investment amount: Balance as at December 31, 2020	Shares held as at December 31, 2021: Number of shares	Shares held as at December 31, 2021: Ownership (%)	Shares held as at December 31, 2021: Book value	Net profit (loss) of the investee for the year ended December 31, 2021	Investment income (loss) recognised for the year ended December 31, 2021	Note
Standard Chem & Pharm. Co., Ltd.	WE CAN MEDICINES CO., LTD.	Taiwan	Wholesale of various medicine	$ 282,868	$ 282,868	13,442,909	33.61	$ 205,362	$ 38,794	($ 11,473)	Associate
	Taiwan Biosim, Co., Ltd.	Taiwan	Research and developmentof various medicine	49,900	34,930	4,990,000	49.90	30,612	(17,709)	(8,837)	Associate
Syngen Biotech Co., Ltd	SYNGEN BIOTECH INTERNATIONAL SDN. BHD.	Malaysia	Research and development, manufacturing and sale of APIs and biochemical nutrition, sale of preventive medicine	7,322	7,322	1,000,000	100.00	1,703	(811)	-	Subsidiary (Note 3)
	GENEFERM BIOTECHNOLOGY CO., LTD.	Taiwan	Research and development, design, quantification, manufacturing and sale of microbial and edible mushroom medicine fermentation, herbal and vegetal functional products, fruit and vegetable fermentation concentrates and protein products, management of the aforementioned trade business, technological consultancy, etc.	273,840	-	12,000,000	29.42	289,865	57,413	-	Associate (Note 3)
Advpharma Inc.	CNH TECHNOLOGIES INC.	America	Inspection of medicine, retail and wholesale of various chemistry	13,734	13,734	400,000	35.60	8,649	(1,532)	-	(Note 3)
SYN-TECH CHEM. & PHARM. CO., LTD.	Advpharma Inc.	Taiwan	Research and development, manufacturing and sale of various medicine	9,626	9,626	1,495,414	2.49	7,942	(3,127)	-	(Note 3)
	CNH TECHNOLOGIES INC.	America	Inspection of medicine, retail and wholesale of various chemistry	21,092	21,092	535,050	47.62	17,942	(1,532)	-	(Note 3)

Note 1: In September 2016, the subsidiary, Syngen Biotech Co., Ltd. ("Syngen"), filed for an initial public offering with Taipei Exchange. As part of the public trading process, the Company allowed its underwriter to exercise the overallotment option, which decreased the Company's ownership percentage in Syngen to below 50%. However, the Company did not lose control over Syngen.

Note 2: The company participated in the cash captial increase of SYN-TECH CHEM. & PHARM. CO., LTD., which results in becoming SYN-TECH's single largest corporate shareholder and having substantial control over it.

Note 3: Not required to disclose income (loss) recognised.

Note 4: Foreign currencies were translated into New Taiwan Dollars with exchange rate as of December 31, 2021 as follows: USD: NTD 1:27.68.

STANDARD CHEM & PHARM. CO., LTD. AND SUBSIDIARIES

Information on investments in Mainland China

For the year ended December 31, 20201

Table 7

Expressed in thousands of NTD

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Net income (loss) of investee for the year ended December 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised for the year ended December 31, 2021	Book value of investments in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2021	Note
					Remitted to Mainland China	Remitted back to Taiwan							
Jiangsu Standard Biotech Pharmaceutical Co., Ltd.	Research and development, technical consulting and technical services of medicine	$ 249,120	(Note 1)	$ 248,844	$ -	$ -	$ 248,844	($ 11,905)	100.00	($ 11,905)	$ 68,568	$ -	(Note 3)
Jiangsu Standard-Dia Biopharma Co., Ltd.	Research and development, manufacturing and sale of various medicine	184,164	(Note 2)	-	-	-	-	(13,704)	55.00	(7,437)	1,038	-	(Note 3)

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 4)
Standard Chem & Pharm. Co., Ltd.	$ 248,844	$ 249,120	$ 4,079,768

Note 1: Indirect investment in Mainland China through an existing company (Standard Pharmaceutical Co., Ltd.) located in the third area.
Note 2: Indirect investment in Mainland China through an existing company (Jiangsu Standard Biotech Pharmaceutical Co., Ltd.) located in Mainland China.
Note 3: Recognition is based on investees' financial statements audited and attested by independent accountants.
Note 4: Ceiling is the higher of net assets or 60% of consolidated equity.
Note 5: Foreign currencies were translated into New Taiwan Dollars with exchange rate as of December 31, 2021 as follows: USD: NTD 1:27.68 and RMB: NTD 1:4.344.

STANDARD CHEM & PHARM. CO., LTD. AND SUBSIDIARIES
Major Shareholders Information
December 31, 2021

Table 8

Major Shareholder's Name	Shares	
	Number of shares	Percentage
Chin-Tsai, Fan	20,786,813	12%
Tzu-Pin, Fan	19,518,084	11%
Mei-Rong, Fan Hung	14,584,781	8%
Tzu-Tin, Fan	11,766,604	7%
Sen-Hao, Cheng	9,405,888	5%
Tsuey-Wen, Yeh	9,124,669	5%

Note 1: The information of major shareholders in this table is calculated by TDCC on the last business day at the end of each quarter to calculate that the shareholder-holding company has completed the book-entry delivery (including treasury stocks) of common stocks and special stocks totaling more than 5%. As for the share capital recorded in the company’s financial report and the company’s actual number of shares registered and delivered may be different due to the calculation bases.

Note 2: If shareholder has his/hers shares been entrusted, it shall disclosed in the trustee's individual accounts. As for shareholder's declareation of shares held by insiders with more than 10%, for shareholding that includes shares on hand and those have been entrusted, and the right to their entrust property, etc., please refer to MOPS's website.