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**JOHNSON CHEMICAL PHARMACEUTICAL WORKS CO., LTD.
AND SUBSIDIARY**

CONSOLIDATED FINANCIAL STATEMENTS

For The Period from January 1, 2021 to September 30, 2021

And

For The Period from January 1, 2020 to September 30, 2020

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The reader is advised that these consolidated financial statements were prepared in Chinese originally. In the event of a conflict between these consolidated financial statements and the original Chinese version or a difference in interpretation between the two versions, the Chinese version of consolidated financial statements shall prevail.

**JOHNSON CHEMICAL PHARMACEUTICAL WORKS CO., LTD.
AND SUBSIDIARY**

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Review Report of Independent Accountants Translated from Chinese

To Johnson Chemical Pharmaceutical Works Co., Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of Johnson Chemical Pharmaceutical Works Co., Ltd. (the “Company”) and subsidiary as of September 30, 2021 and 2020, the related consolidated statements of comprehensive income for the period from July 1, 2021 to September 30, 2021, period from July 1, 2020 to September 30, 2020, period from January 1, 2021 to September 30, 2021, and the period from January 1, 2020 to September 30, 2020, and the related consolidated statements of changes in equity and cash flows for the period from January 1, 2021 to September 30, 2021 and for the period from January 1, 2020 to September 30, 2020, and notes to the consolidated financial statements, including the summary of significant accounting policies (together “the consolidated financial statements”). Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed and became effective by Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with Statement of Auditing Standards No. 65, “Review of Financial Information Performed by the Independent Auditor of the Entity” of the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company and subsidiaries as at September 30, 2021 and 2020, their consolidated financial performance for the period from July 1, 2021 to September 30, 2021, period from July 1, 2020 to September 30, 2020, period from January 1, 2021 to September 30, 2021, and the period from January 1, 2020 to September 30, 2020, and their cash flows for the period from January 1, 2021 to September 30, 2021, and the period from January 1, 2020 to September 30, 2020, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

LIN, LI-HUANG
HSU, JUNG-HUANG
Ernst & Young, Taiwan
November 3, 2021

Notice to Readers

The accompanying consolidated financial statements are intended only to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally accepted and applied in the Republic of China.

Accordingly, the accompanying consolidated financial statements and report of independent accountants 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, Ernst & Young 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.

English Translation of Consolidated Financial Statements Originally Issued in Chinese
 JOHNSON CHEMICAL PHARMACEUTICAL WORKS CO., LTD. AND SUBSIDIARY
 CONSOLIDATED BALANCE SHEETS

September 30, 2021, December 31, 2020 and September 30, 2020

(Expressed in Thousands of New Taiwan Dollars)

(September 30, 2021 and 2020 were unaudited)

	NOTES	As at		
		September 30, 2021	December 31, 2020	September 30, 2020
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	4&6(1)	\$192,589	\$295,668	\$307,990
Notes receivable, net	4&6(3)	16,900	18,371	17,924
Accounts receivable, net	4&6(4)	66,380	68,496	64,050
Other receivables	4	888	956	1,063
Inventories, net	4&6(5)	153,222	157,919	141,350
Prepayments		1,177	3,439	3,503
Other current assets		463	159	129
Total current assets		431,619	545,008	536,009
NONCURRENT ASSETS				
Financial assets at fair value through other comprehensive income, noncurrent	4&6(2)	20,736	14,790	15,282
Property, plant and equipment	4&6(6)&8	386,343	359,316	525,699
Investment property	4&6(7)	166,595	166,595	-
Intangible assets	4&6(8)	6,011	7,071	7,425
Deferred tax assets	4&6(17)	3,140	2,730	2,933
Refundable deposits		1,844	1,503	1,583
The net defined benefit asset	4&6(10)	6,733	1,513	-
Total noncurrent assets		591,402	553,518	552,922
TOTAL ASSETS		\$1,023,021	\$1,098,526	\$1,088,931

(The accompany notes are an integral part of consolidated financial statements)

(To be continued)

English Translation of Consolidated Financial Statements Originally Issued in Chinese
 JOHNSON CHEMICAL PHARMACEUTICAL WORKS CO., LTD. AND SUBSIDIARY
 CONSOLIDATED BALANCE SHEETS

September 30, 2021, December 31, 2020 and September 30, 2020

(Expressed in Thousands of New Taiwan Dollars)

(September 30, 2021 and 2020 were unaudited)

	NOTES	As at		
		September 31, 2021	December 31, 2020	September 30, 2020
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings	4&6(9)	\$80,000	\$130,000	\$150,000
Contract liabilities, current	4&6(12)	7,550	4,879	7,179
Accounts payable	4	38,119	52,020	44,112
Other payables	4	40,341	39,133	34,015
Current tax liabilities	4&6(17)	10,029	7,731	4,368
Other current liabilities		3,880	6,564	5,264
Total current liabilities		179,919	240,327	244,938
NONCURRENT LIABILITIES				
Net defined benefit liabilities, noncurrent	4&6(10)	-	-	1,293
Total non current liabilities		-	-	1,293
TOTAL LIABILITIES		179,919	240,327	246,231
EQUITY ATTRIBUTABLE TO THE PARENT COMPANY 6(11)				
Capital				
Common stock		300,188	300,188	300,188
Additional paid-in capital		400,856	400,856	400,856
Retained earnings				
Legal reserve		98,674	92,048	92,048
Special reserve		10,826	8,829	8,829
Unappropriated earnings		37,438	67,104	51,113
Total retained earnings		146,938	167,981	151,990
Other equity		(4,880)	(10,826)	(10,334)
TOTAL EQUITY		843,102	858,199	842,700
TOTAL LIABILITIES AND EQUITY		\$1,023,021	\$1,098,526	\$1,088,931

(The accompanying notes are an integral part of consolidated financial statements)

English Translation of Consolidated Financial Statements Originally Issued in Chinese
JOHNSON CHEMICAL PHARMACEUTICAL WORKS CO., LTD. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the three-month and nine-month periods ended September 30, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)
(Unaudited)

ITEM	NOTES	For the three-month periods		For the nine-month periods	
		ended September 30,	ended September 30,	ended September 30,	ended September 30,
		2021	2020	2021	2020
NET SALES	4&6(12)	\$100,351	\$105,342	\$304,991	\$320,587
COST OF GOODS SOLD	6(5)&6(14)	(57,123)	(57,441)	(176,510)	(175,562)
GROSS PROFIT		43,228	47,901	128,481	145,025
OPERATING EXPENSES	6(14)				
Sales and marketing expense		(17,524)	(19,149)	(55,135)	(56,282)
General and administrative expense		(6,323)	(6,656)	(19,514)	(19,313)
Research and development expense		(2,551)	(4,210)	(7,668)	(10,502)
Total operating expense		(26,398)	(30,015)	(82,317)	(86,097)
OPERATING INCOME		16,830	17,886	46,164	58,928
NON-OPERATING INCOME AND EXPENSES	6(15)				
Interest income		82	206	473	831
Other income		134	48	669	295
Other gains and losses		(66)	(25)	(232)	(64)
Finance costs		(238)	(226)	(849)	(290)
Subtotal		(88)	3	61	772
INCOME BEFORE INCOME TAX		16,742	17,889	46,225	59,700
INCOME TAX EXPENSE	4&6(17)	(3,465)	(3,683)	(9,632)	(9,427)
NET INCOME		13,277	14,206	36,593	50,273
OTHER COMPREHENSIVE INCOME					
Not to be reclassified to profit or loss in subsequent periods					
Remeasurements of defined benefit plans					
Unrealized gains (losses) from equity instruments					
investments measured at fair value through					
other comprehensive income	4&6(16)	645	(8,375)	5,946	(1,505)
TOTAL OTHER COMPREHENSIVE INCOME		645	(8,375)	5,946	(1,505)
TOTAL COMPREHENSIVE INCOME		\$13,922	\$5,831	\$42,539	\$48,768
NET INCOME ATTRIBUTABLE TO :					
Shareholders of the parent		\$13,277	\$14,206	\$36,593	\$50,273
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Shareholders of the parent		\$13,922	\$5,831	\$42,539	\$48,768
Earnings per share (NTD)					
Basic earnings per share	6(18)	\$0.44	\$0.47	\$1.22	\$1.67
Diluted earnings per share	6(18)	\$0.44	\$0.47	\$1.22	\$1.67

(The accompanying notes are an integral part of consolidated financial statements)

English Translation of Consolidated Financial Statements Originally Issued in Chinese
 JOHNSON CHEMICAL PHARMACEUTICAL WORKS CO., LTD. AND SUBSIDIARY
 CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
 For the nine-month periods ended September 30, 2021 and 2020
 (Expressed in Thousands of New Taiwan Dollars)
 (Unaudited)

EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT

	Retained earnings				Other equity		Total equity
	Capital	Additional paid-in capital	Legal reserve	Special reserve	Unappropriated earnings	Unrealized gains from equity instruments measured at fair value through other comprehensive income	
Balance as of January 1, 2020	\$300,188	\$400,856	\$85,610	\$5,765	\$64,376	\$(8,829)	\$847,966
Appropriation and distribution of 2019 retained earnings:							
Legal reserve	-	-	6,438	-	(6,438)	-	-
Special reserve	-	-	-	3,064	(3,064)	-	-
Cash Dividends	-	-	-	-	(54,034)	-	(54,034)
Net income for the nine-month ended September 30, 2020	-	-	-	-	50,273	-	50,273
Other comprehensive income for the nine-month ended September 30, 2020	-	-	-	-	-	(1,505)	(1,505)
Total comprehensive income	-	-	-	-	50,273	(1,505)	48,768
Balance as of September 30, 2020	\$300,188	\$400,856	\$92,048	\$8,829	\$51,113	\$(10,334)	\$842,700
Balance as of January 1, 2021	\$300,188	\$400,856	\$92,048	\$8,829	\$67,104	\$(10,826)	\$858,199
Appropriation and distribution of 2020 retained earnings:							
Legal reserve	-	-	6,626	-	(6,626)	-	-
Special reserve	-	-	-	1,997	(1,997)	-	-
Cash Dividends	-	-	-	-	(57,636)	-	(57,636)
Net income for the nine-month ended September 30, 2021	-	-	-	-	36,593	-	36,593
Other comprehensive income for the nine-month ended September 30, 2021	-	-	-	-	-	5,946	5,946
Total comprehensive income	-	-	-	-	36,593	5,946	42,539
Balance as of September 30, 2021	\$300,188	\$400,856	\$98,674	\$10,826	\$37,438	\$(4,880)	\$843,102

(The accompanying notes are an integral part of consolidated financial statements)

English Translation of Consolidated Financial Statements Originally Issued in Chinese
 JOHNSON CHEMICAL PHARMACEUTICAL WORKS CO., LTD. AND SUBSIDIARY
 CONSOLIDATED STATEMENTS OF CASH FLOWS
 For the nine-month periods ended September 30, 2021 and 2020
 (Expressed in Thousands of New Taiwan Dollars)
 (September 30, 2021 and 2020 were unaudited)

ITEM	For the nine-month periods ended September 30,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income before tax	\$46,225	\$59,700
Adjustments to reconcile net income before tax to net cash provided by operating activities:		
Depreciation expense	10,057	8,721
Amortization expense	1,060	1,061
Interest expense	849	290
Interest income	(473)	(831)
Loss on disposal of property, plant and equipment	10	-
Changes in operating assets and liabilities:		
Notes receivable, net	1,471	(357)
Accounts receivable, net	2,116	18,591
Other receivables	68	(17)
Inventories, net	4,697	(7,907)
Prepayments	2,262	(1,866)
Other current assets	(304)	443
Contract liabilities, current	2,671	(168)
Accounts payable	(13,901)	(341)
Other payables	1,330	(3,469)
Other current liabilities	(2,684)	2,362
Net defined benefit liabilities	(5,220)	(296)
Cash generated from operations	<u>50,234</u>	<u>75,916</u>
Interest received	473	831
Interest paid	(971)	(290)
Income tax paid	<u>(7,744)</u>	<u>(15,543)</u>
Net cash provided by operating activities	<u>41,992</u>	<u>60,914</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property, plant and equipment	(37,094)	(158,289)
Increase in refundable deposits	(341)	(140)
Net cash used in investing activities	<u>(37,435)</u>	<u>(158,429)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase in short-term loans	-	150,000
Decrease in short-term loans	(50,000)	-
Cash dividends paid	<u>(57,636)</u>	<u>(54,034)</u>
Net cash (used) generated in financing activities	<u>(107,636)</u>	<u>95,966</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(103,079)	(1,549)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	295,668	309,539
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$192,589</u>	<u>\$307,990</u>

(The accompanying notes are an integral part of consolidated financial statements)

JOHNSON CHEMICAL PHARMACEUTICAL WORKS CO., LTD. AND SUBSIDIARY
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
For The Nine-Month Periods Ended September 30, 2021 and 2020
(Amounts in thousands of New Taiwan Dollars unless otherwise specified)

1. History and organization

Johnson Chemical Pharmaceutical Works Co., Ltd. (“the Company”) was incorporated in December 1966. On March 2, 2007, the Company changed its Chinese name upon approval by the stockholders. As of September 30, 2021, the capital of the Company was NT\$300,188 thousand. The main activities of the Company are manufacturing pharmaceutical ingredients, import and sell pharmaceutical materials and products.

The Company’s common shares were publicly listed on the Taipei Exchange (TPEX) on December 25, 2013. The Company’s registered office and the main business location are at No. 77 and No. 79, Section 4, Sanhe Road, Sanchong Dist., New Taipei City, Taiwan, R.O.C.

2. Date and procedures of authorization of consolidated financial statements for issue

The consolidated financial statements of the Company and its subsidiary (“the Group”) for the nine-month periods ended September 30, 2021 and 2020 were authorized for issue by the Board of Directors on November 3, 2021.

3. Newly issued or revised standards and interpretations

- (1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after January 1, 2021. The adoption of these new standards and amendments had no material impact on the Group.

- (2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board (“IASB”) which are endorsed by FSC, but not yet adopted by the Group as at the end of the reporting period are listed below.

Item	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements	1 January 2022

JOHNSON CHEMICAL PHARMACEUTICAL WORKS CO., LTD. AND SUBSIDIARY
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of New Taiwan Dollars unless otherwise specified)

- (a) Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements

A. Updating a Reference to the Conceptual Framework (Amendments to IFRS 3)

The amendments updated IFRS 3 by replacing a reference to an old version of the Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018. The amendments also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential “day 2” gains or losses arising for liabilities and contingent liabilities. Besides, the amendments clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Conceptual Framework.

B. Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

C. Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments clarify what costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

D. Annual Improvements to IFRS Standards 2018 - 2020

Amendment to IFRS 1

The amendment simplifies the application of IFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.

Amendment to IFRS 9 Financial Instruments

The amendment clarifies the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

Amendment to Illustrative Examples Accompanying IFRS 16 Leases

The amendment to Illustrative Example 13 accompanying IFRS 16 modifies the treatment of lease incentives relating to lessee’s leasehold improvements.

JOHNSON CHEMICAL PHARMACEUTICAL WORKS CO., LTD. AND SUBSIDIARY
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of New Taiwan Dollars unless otherwise specified)

Amendment to IAS 41

The amendment removes a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in IAS 41 with those in other IFRS Standards.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after 1 January 2022. The standards and interpretations have no material impact on the Group.

- (3) Standards or interpretations issued, revised or amended, by International Accounting Standards Board (“IASB”) which are not endorsed by FSC, but not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 “Insurance Contracts”	1 January 2023
c	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2023
d	Disclosure Initiative - Accounting Policies – Amendments to IAS 1	1 January 2023
e	Definition of Accounting Estimates – Amendments to IAS 8	1 January 2023
f	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1 January 2023

- (a) IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 *Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures*, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

JOHNSON CHEMICAL PHARMACEUTICAL WORKS CO., LTD. AND SUBSIDIARY
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of New Taiwan Dollars unless otherwise specified)

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.

(b) IFRS 17 “Insurance Contracts”

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in June 2020. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after 1 January 2023 (from the original effective date of 1 January 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after 1 January 2023.

(c) Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

(d) Disclosure Initiative - Accounting Policies – Amendments to IAS 1

The amendments improve accounting policy disclosures that to provide more useful information to investors and other primary users of the financial statements.

(e) Definition of Accounting Estimates – Amendments to IAS 8

The amendments introduce the definition of accounting estimates and included other amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to help companies distinguish changes in accounting estimates from changes in accounting policies.

JOHNSON CHEMICAL PHARMACEUTICAL WORKS CO., LTD. AND SUBSIDIARY
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of New Taiwan Dollars unless otherwise specified)

- (f) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Group’s financial statements were authorized for issue, the local effective dates are to be determined by FSC. The remaining new or amended standards and interpretations have no material impact on the Group.

4. Summary of significant accounting policies

- (1) Statement of compliance

The consolidated financial statements of the Group for the nine-month periods ended September 30, 2021 and 2020 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”) and IAS 34 Interim Financial Reporting as endorsed and became effective by the FSC.

- (2) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars (“NT\$”) unless otherwise stated.

- (3) Basis of consolidation

Preparation principle of consolidated financial statement

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- (a) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- (b) exposure, or rights, to variable returns from its involvement with the investee, and
- (c) the ability to use its power over the investee to affect its returns

JOHNSON CHEMICAL PHARMACEUTICAL WORKS CO., LTD. AND SUBSIDIARY
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of New Taiwan Dollars unless otherwise specified)

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee
- (b) rights arising from other contractual arrangements
- (c) the Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiary are fully consolidated from the acquisition date, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The consolidated financial statements of the subsidiary are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiary 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.

If the Group loses control of a subsidiary, it:

- (a) derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- (b) derecognizes the carrying amount of any non-controlling interest;
- (c) recognizes the fair value of the consideration received;
- (d) recognizes the fair value of any investment retained;
- (e) recognizes any surplus or deficit in profit or loss; and
- (f) reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss.

The consolidated entities are listed as follows:

Investor	Subsidiary	Main businesses	Percentage of ownership (%)		
			September 30, 2021	December 31, 2020	September 30, 2020
The Company	Pei Jin International Co., Ltd.	Wholesale and retail of drugs and medicines	100%	100%	100%

JOHNSON CHEMICAL PHARMACEUTICAL WORKS CO., LTD. AND SUBSIDIARY
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of New Taiwan Dollars unless otherwise specified)

(4) Foreign currency transactions

The Group's consolidated financial statements are presented in NT\$, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

- (a) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
- (b) Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for consolidated financial instruments.
- (c) Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(5) Current and noncurrent distinction

An asset is classified as current when:

- (a) The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
- (b) The Group holds the asset primarily for the purpose of trading
- (c) The Group expects to realize the asset within twelve months after the reporting period
- (d) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

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A liability is classified as current when:

- (a) The Group expects to settle the liability in its normal operating cycle
- (b) The Group holds the liability primarily for the purpose of trading
- (c) The liability is due to be settled within twelve months after the reporting period
- (d) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. 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.

All other liabilities are classified as noncurrent.

(6) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid time deposits (including ones that have maturity within 12 months) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(7) Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IFRS 9 Financial Instruments are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

(a) Financial instruments: Recognition and Measurement

The Group accounts for regular way purchase or sales of financial assets on the trade date.

The Group classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

- A. the Group's business model for managing the financial assets and
- B. the contractual cash flow characteristics of the financial asset.

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Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

- A. the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- B. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- A. purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- B. financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- A. the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- B. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

- A. A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
- B. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
- C. Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
 - (i) Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
 - (ii) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Group made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represents a recovery of part of the cost of investment.

Financial asset measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

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Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

(b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the balance sheet.

The Group measures expected credit losses of a financial instrument in a way that reflects:

- A. an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- B. the time value of money; and
- C. reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measures as follow:

- A. At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
- B. At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
- C. For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.
- D. For lease receivables arising from transactions within the scope of IFRS 16, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

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At each reporting date, the Group needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

(c) Derecognition of financial assets

A financial asset is derecognized when:

- A. The rights to receive cash flows from the asset have expired
- B. The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred
- C. The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

(d) Financial liabilities and equity

Classification between liabilities or equity

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Financial liabilities

Financial liabilities within the scope of IFRS 9 Financial Instruments are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

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Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss.

Financial liability is classified as held for trading if:

- A. it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- B. on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- C. it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

- A. it eliminates or significantly reduces a measurement or recognition inconsistency; or
- B. a group of financial liabilities or a group of financial assets and a financial liability is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

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Derecognition of financial liabilities

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

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(e) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(8) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (a) In the principal market for the asset or liability, or
- (b) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

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A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(9) Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition is accounted for as follows:

Raw materials - Purchase cost on a first in, first out basis.

Finished goods and work in progress - Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Rendering of services is accounted in accordance with IFRS 15 and not within the scope of inventories.

(10) Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. 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 is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 Property, plant and equipment. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

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Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	3-50 years
Machinery and equipment	2-30 years
Transportation equipment	3-8 years
Office equipment	1-14 years
Other equipment	2-36 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

(11) Investment property

The Group's owned investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, other than those that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, investment properties are measured using the cost model in accordance with the requirements of IAS 16 Property, plant and equipment for that model. If investment properties are held by a lessee as right-of-use assets and is not held for sale in accordance with IFRS 5, investment properties are measured in accordance with the requirements of IFRS 16.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

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The Group transfers properties to or from investment properties according to the actual use of the properties.

The Group transfers to or from investment properties when there is a change in use for these assets. Properties are transferred to or from investment properties when the properties meet, or cease to meet, the definition of investment property and there is evidence of the change in use.

(12) Leases

The Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, has both of the following:

- (a) the right to obtain substantially all of the economic benefits from use of the identified asset; and
- (b) the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximising the use of observable information.

Group as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group recognizes right-of-use asset and lease liability for all leases which the Group is the lessee of those lease contracts.

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At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments discount using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- (a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- (b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- (c) amounts expected to be payable by the lessee under residual value guarantees;
- (d) the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- (e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liability on an amortised cost basis, which is increasing the carrying amount to reflect interest on the lease liability by using an effective interest method; and reducing the carrying amount to reflect the lease payments made.

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- (a) the amount of the initial measurement of the lease liability;
- (b) any lease payments made at or before the commencement date, less any lease incentives received;
- (c) any initial direct costs incurred by the lessee; and
- (d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use applying a cost model.

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If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group presents right-of-use assets and lease liabilities in the consolidated balance sheet and presents interest expense separately from the depreciation charge associate with those leases in the consolidated income statement.

For short-term leases or leases of low-value assets, the Group elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

For the rent concession arising as a direct consequence of the Covid-19 pandemic, the Group elected not to assess whether it is a lease modification but accounted it as a variable lease payment.

Group as a lessor

At inception of a contract, the Group classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Group recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Group allocates the consideration in the contract applying IFRS 15.

The Group recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

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(13) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

The policy of intangible assets are described below :

Drug permit license was purchased and certificated from TFDA(Taiwan Food and Drug Administration) are stated at cost and amortised on a straight-line basis over their estimated useful lives of seven years.

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(14) Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 Impairment of Assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or check of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

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(15) Revenue recognition

The Group's revenue arising from contracts with customers are primarily related to sale of goods and rendering of services. The accounting policies are explained as follow:

Sale of goods

The Group manufactures and sells goods. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Group is medical product and revenue is recognized based on the consideration stated in the contract. For certain sales of goods transactions, they are usually accompanied by volume discounts. Therefore, revenue from these sales is recognized based on the price specified in the contract, net of the estimated discounts. The Group estimates the discounts using the expected value method based on historical experiences. Revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur and when the uncertainty associated with the variable consideration is subsequently resolved. During the period specified in the contract, refund liability is recognized for the expected discounts.

The credit period of the Group's sale of goods is from 30 to 180 days. For most of the contracts, when the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The Group usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract. For some of the contracts, the Group has transferred the goods to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. Besides, in accordance with IFRS 9, the Group measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses.

(16) Post-employment benefits

All regular employees of the Company and its domestic subsidiary are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the the Company and its domestic subsidiary. Therefore, fund assets are not included in the Group's consolidated financial statements.

For the defined contribution plan, the Company and its domestic subsidiary will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company and its domestic subsidiary recognize expenses for the defined contribution plan in the period in which the contribution becomes due.

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Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

- (a) the date of the plan amendment or curtailment, and
- (b) the date that the Group recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted and disclosed for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

(17) Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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Deferred tax liabilities are recognized for all taxable temporary differences, except:

- (a) Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- (b) In respect of taxable temporary differences associated with investments in subsidiary, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- (a) Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- (b) In respect of deductible temporary differences associated with investments in subsidiary, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Interim period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period. The estimated average annual effective income tax rate only includes current income tax. The recognition and measurement of deferred tax follows annual financial reporting requirements in accordance with IAS 12. The Group recognizes the effect of change in tax rate for deferred taxes in full if the new tax rate is enacted by the end of the interim reporting period, by charging to profit or loss, other comprehensive income, or directly to equity.

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5. Significant accounting judgments, estimates and assumptions

The preparation of the Group's consolidated financial statements require management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period.

However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(1) Pension benefits

The cost of post-employment benefit and the present value of the pension obligation under defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate and future salary increases, mortality rates and future pension increases.

(2) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Deferred tax assets are recognized for all carry forward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are enough taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

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(3) Accounts receivables - estimation of impairment loss

The Group estimates the impairment loss of accounts receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

(4) Inventories

Estimates of net realisable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

6. Contents of significant accounts

(1) Cash and cash equivalents

	As at		
	September 30, 2021	December 31, 2020	September 30, 2020
Cash on hand	\$55	\$55	\$55
Saving accounts	127,793	86,150	78,075
Checking accounts	1,341	1,063	1,460
Time deposits	63,400	208,400	228,400
Total	\$192,589	\$295,668	\$307,990

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

	As at		
	September 30, 2021	December 31, 2020	September 30, 2020
Financial assets at fair value through other comprehensive income, noncurrent:			
Unlisted companies' stocks	\$20,736	\$14,790	\$15,282

The Group classified certain of its financial assets as financial assets at fair value through other comprehensive income. The financial assets at fair value through other comprehensive income were not pledged.

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(3) Notes receivables

	As at		
	September	December	September
	30, 2021	31, 2020	30, 2020
Notes receivables arising from operating activities	\$16,900	\$18,371	\$17,924
Less: loss allowance	-	-	-
Total	\$16,900	\$18,371	\$17,924

Notes receivables were not pledged.

The Group adopted IFRS 9 for impairment assessment. Please refer to Note 6(13) for more details on accumulated impairment. Please refer to Note 12 for more details on credit risk disclosure.

(4) Accounts receivables

	As at		
	September	December	September
	30, 2021	31, 2020	30, 2020
Accounts receivables	\$69,435	\$71,551	\$67,583
Less: loss allowance	(3,055)	(3,055)	(3,533)
Total	\$66,380	\$68,496	\$64,050

Accounts receivables were not pledged.

Accounts receivables are generally on 30-180-day terms. The total carrying amount as of September 30, 2021, December 31, 2020 and September 30, 2020 are NT\$69,435 thousand, NT\$71,551 thousand and NT\$67,583 thousand, respectively. Please refer to Note 6(13) for more details on impairment of accounts receivables for the periods ended September 30, 2021 and 2020. Please refer to Note 12 for more details on credit risk management.

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(5) Inventories

The net value of inventories as follows:

	As at		
	September 30, 2021	December 31, 2020	September 30, 2020
Merchandise inventory	\$4,410	\$996	\$588
Raw materials	75,533	87,417	78,414
Supplies & parts	7,022	7,431	6,517
Work in progress	10,965	9,518	7,299
Finished goods	55,642	52,557	48,532
Total	\$153,222	\$157,919	\$141,350

The cost of inventories recognized in expenses as follows:

Items	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2021	2020	2021	2020
Cost of goods sold	\$56,378	\$57,387	\$174,683	\$175,029
Loss for market price decline and obsolete and slow-moving inventory	-	-	1,000	-
Gain on physical inventory	(55)	(71)	(158)	(146)
Loss on write-off inventory	800	125	985	679
Total	\$57,123	\$57,441	\$176,510	\$175,562

No inventories were pledged.

(6) Property, plant and equipment

	As at		
	September 30, 2021	December 31, 2020	September 30, 2020
Owner occupied property, plant and equipment	\$386,343	\$359,316	\$525,699

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Owner occupied property, plant and equipment

	Land and land Improvements	Buildings	Machinery and equipment	Office equipment	Transportation equipment	Other equipment	Construction in progress and equipment awaiting examination	Total
Cost:								
As at January 1, 2021	\$265,096	\$84,150	\$76,126	\$14,353	\$95	\$69,286	\$13,539	\$522,645
Additions	-	1,992	132	2,453	-	-	32,587	37,094
Disposals	-	-	-	(1,767)	-	(526)	-	(2,293)
Reclassification	-	3,251	20,302	707	-	5,404	(29,664)	-
As at September 30, 2021	<u>\$265,096</u>	<u>\$89,323</u>	<u>\$96,560</u>	<u>\$15,746</u>	<u>\$95</u>	<u>\$74,164</u>	<u>\$16,462</u>	<u>\$557,446</u>
As at January 1, 2020	\$293,169	\$84,021	\$74,583	\$12,955	\$95	\$61,027	\$2,067	\$527,917
Additions	138,522	129	336	1,495	-	444	17,363	158,289
Disposals	-	-	-	-	-	(30)	-	(30)
Reclassification	-	-	-	-	-	4,262	(4,262)	-
As at September 30, 2020	<u>\$431,691</u>	<u>\$84,150</u>	<u>\$74,919</u>	<u>\$14,450</u>	<u>\$95</u>	<u>\$65,703</u>	<u>\$15,168</u>	<u>\$686,176</u>
Depreciation and impairment:								
As at January 1, 2021	\$-	\$54,756	\$61,826	\$10,265	\$83	\$36,399	\$-	\$163,329
Depreciation	-	2,559	1,944	1,146	5	4,403	-	10,057
Disposals	-	-	-	(1,757)	-	(526)	-	(2,283)
As at September 30, 2021	<u>\$-</u>	<u>\$57,315</u>	<u>\$63,770</u>	<u>\$9,654</u>	<u>\$88</u>	<u>\$40,276</u>	<u>\$-</u>	<u>\$171,103</u>
As at January 1, 2020	\$-	\$51,647	\$59,522	\$9,147	\$77	\$31,393	\$-	\$151,786
Depreciation	-	2,333	1,834	882	5	3,667	-	8,721
Disposals	-	-	-	-	-	(30)	-	(30)
As at September 30, 2020	<u>\$-</u>	<u>\$53,980</u>	<u>\$61,356</u>	<u>\$10,029</u>	<u>\$82</u>	<u>\$35,030</u>	<u>\$-</u>	<u>\$160,477</u>
Net carrying amount as at:								
September 30, 2021	<u>\$265,096</u>	<u>\$32,008</u>	<u>\$32,790</u>	<u>\$6,092</u>	<u>\$7</u>	<u>\$33,888</u>	<u>\$16,462</u>	<u>\$386,343</u>
December 31, 2020	<u>\$265,096</u>	<u>\$29,394</u>	<u>\$14,300</u>	<u>\$4,088</u>	<u>\$12</u>	<u>\$32,887</u>	<u>\$13,539</u>	<u>\$359,316</u>
September 30, 2020	<u>\$431,691</u>	<u>\$30,170</u>	<u>\$13,563</u>	<u>\$4,421</u>	<u>\$13</u>	<u>\$30,673</u>	<u>\$15,168</u>	<u>\$525,699</u>

Please refer to Note 8 for detail of the property, plant and equipment pledged as collaterals.

Components of building that have different useful lives are the main building structure, maintenance units, air conditioning units and others, which are depreciated over 40 to 50 years, 12 to 50 years, 8 to 20 years and 3 to 36 years, respectively.

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(7) Investment property

The Company's investment properties own by the Group.

	Land
Cost:	
As at 1 January, 2021	\$166,595
Transfers from property, plant and equipment	-
As at 30 September, 2021	\$166,595
Depreciation and impairment:	
As at 1 January, 2021	\$-
Depreciation	-
As at 30 September, 2021	\$-
Net carrying amount as at:	
September 30, 2021	\$166,595
December 31, 2020	\$166,595

No investment property was pledged.

The investment property is located in Ligong Section, Wujie Township, Yilan County.

Investment properties held by the Group are not measured at fair value but for which the fair value is disclosed. The fair value measurements of the investment properties are categorized within Level 3. The fair value of investment properties are both NT\$180,594 thousand as at December 31, 2020 and September 30, 2021. The fair value NT\$180,594 thousand has been determined based on valuations performed by an independent valuer. The valuation method used is the compare approach, is supported by the evidence from the market.

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(8) Intangible assets

	Drug permit license
Cost:	
As at January 1, 2021	\$9,900
Acquisitions through business combinations	-
As at September 30, 2021	\$9,900
As at January 1, 2020	\$9,900
Acquisitions through business combinations	-
As at September 30, 2020	\$9,900
Amortization and impairment:	
As at January 1, 2021	\$2,829
Amortization	1,060
As at September 30, 2021	\$3,889
As at January 1, 2020	\$1,414
Amortization	1,061
As at September 30, 2020	\$2,475
Net carrying amount as at:	
September 30, 2021	\$6,011
December 31, 2020	\$7,071
September 30, 2020	\$7,425

Amortization expense of intangible assets under the statement of comprehensive income:

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2021	2020	2021	2020
Operating expenses	\$353	\$354	\$1,060	\$1,061

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(9) Short-term borrowings

	Interest Rates (%)	As at		
		September 30, 2021	December 31, 2020	September 30, 2020
Secured bank loans	1.18%	\$80,000	\$130,000	\$150,000

The Group's unused short-term lines of credits amount to NT\$120,000 thousand, NT\$70,000 thousand, and NT\$50,000 thousand, as at September 30, 2021, December 31, 2020, and September 30, 2020, respectively.

Please refer to Note 8 for more details on financial assets at fair value through other comprehensive income and financial assets measured at amortized cost pledged as security for short-term borrowings.

(10) Post-employment benefits

Defined contribution plan

Expenses under the defined contribution plan for the three-month periods ended September 30, 2021, and 2020 were NT\$1,036 thousand and NT\$1,035 thousand, respectively. Expenses under the defined contribution plan for the nine-month periods ended September 30, 2021 and 2020 were NT\$3,160 thousand and NT\$3,043 thousand, respectively.

Defined benefits plan

Expenses under the defined benefits plan for the three-month periods ended September 30, 2021 and 2020 were NT\$109 thousand and NT\$189 thousand, respectively. Expenses under the defined benefits plan for the nine-month periods ended September 30, 2021 and 2020 were NT\$382 thousand and NT\$568 thousand, respectively.

(11) Equities

(a) Common stock

The Company's authorized and issued capital were NT\$500,000 thousand and NT\$300,188 thousand as at September 30, 2021, December 31, 2020 and September 30, 2020, respectively, each at a par value of NT\$10. Both are 30,019 thousand shares. Each share has one voting right and a right to receive dividends.

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(b) Additional paid-in capital

	As at		
	September 30, 2021	December 31, 2020	September 30, 2020
Gain on sale of assets	\$114,045	\$114,045	\$114,045
Stock issuance premium	286,811	286,811	286,811
Total	\$400,856	\$400,856	\$400,856

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

(c) Retained earnings and dividend policies

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

- A. Payment of all taxes and dues
- B. Offset prior years' operation losses
- C. Set aside 10% of the remaining amount after deducting items (a) and (b) as legal reserve
- D. Set aside or reverse special reserve in accordance with applicable laws and regulations
- E. The distribution of the remaining portion will be proposed by the Board of Directors and resolved in the shareholders' meeting.

The policy of dividend distribution should reflect factors such as the current and future investment environment, fund requirements, domestic and international competition and capital budgets, as well as the interest of the shareholders and maintain balance the dividend distribution and long-term financial planning. The Board of Directors shall make the distribution proposal annually and present it at the shareholders' meeting. The Company's Articles of Incorporation further provide that 0%-80% of the dividends to shareholders must be made in the form of shares and 20%-100% of the dividends must be made in the form of cash.

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According to the Company Act, the Company must set aside legal reserve until such legal reserve amounts to the total authorized capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal reserve which exceeds 25% of the paid-in capital by issuing new shares or in cash in proportion to the number of shares being held by each shareholder.

When the Company distributing distributable earnings, it shall set aside to special reserve, an amount equal to “other net deductions from shareholders” equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements for the adoption of IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders’ equity. For any subsequent reversal of other net deductions from shareholders’ equity, the amount reversed may be distributed from the special reserve.

The FSC on 31 March 2021 issued Order No. Financial-Supervisory-Securities-Corporate-1090150022, which sets out the following provisions for compliance:

On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders’ equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the Company can reverse the special reserve by the proportion of the special reserve first appropriated and distribute it.

Details of the 2020 and 2019 earnings distribution and dividends per share as approved by the board of shareholders’ meeting on May 17, 2021 and May 27, 2020, respectively, were as follows:

	<u>Appropriation of earnings</u>		<u>Dividend per share (NT\$)</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Legal reserve	\$6,626	\$6,438		
Special reserve	1,997	3,064		
Common stock - cash dividend	57,636	54,034	\$1.92	\$1.80

Please refer to Note 6(14) for further details on employees’ compensation and remuneration to directors and supervisors.

(12) Operating revenue

	<u>For the three-month periods ended September 30,</u>		<u>For the nine-month periods ended September 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenue from contracts with customers				
Sale of goods	\$98,301	\$102,860	\$297,242	\$309,732
Other operating revenues	2,050	2,482	7,749	10,855
Total	<u>\$100,351</u>	<u>\$105,342</u>	<u>\$304,991</u>	<u>\$320,587</u>

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Analysis of revenue from contracts with customers during the three-month periods ended September 30, 2021 and 2020 are as follows:

(a) Disaggregation of revenue

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	Single Department 2021	Single Department 2020	Single Department 2021	Single Department 2020
Sales of goods	\$98,301	\$102,860	\$297,242	\$309,732
Manufacturer revenue	2,050	2,482	7,749	10,855
Total	<u>\$100,351</u>	<u>\$105,342</u>	<u>\$304,991</u>	<u>\$320,587</u>
Timing of revenue recognition:				
At a point in time	<u>\$100,351</u>	<u>\$105,342</u>	<u>\$304,991</u>	<u>\$320,587</u>

(b) Contract balances

Contract liabilities, current

	As at			
	September 30, 2021	December 31, 2020	September 30, 2020	January 1, 2020
Sales of goods	<u>\$7,550</u>	<u>\$4,879</u>	<u>\$7,179</u>	<u>\$7,347</u>

The significant changes in the Group's balances of contract liabilities for the three-month periods ended September 30, 2021 and 2020 are as follows:

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2021	2020	2021	2020
Revenue recognized during the year that was included in the balance at the beginning of the year	\$(1,226)	\$(416)	\$(6,775)	\$(5,215)
Increase in receipt in advance during the period (deducting the amount incurred and transferred to revenue during the period)	1,428	-	9,446	5,047

(13) Expected credit losses

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2021	2020	2021	2020
Operating expenses - Expected credit losses				
Accounts receivable	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>

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Please refer to Note 12 for more details on credit risk.

The Group measures the loss allowance of its trade receivables (including notes receivable and accounts receivable) at an amount equal to lifetime expected credit losses. The assessment of the Group's loss allowance as of September 30, 2021 and 2020 are as follow:

The Group considers the grouping of trade receivables by counterparties' credit rating, by geographical region and by industry sector and its loss allowance is measured by using a provision matrix, details are as follow:

As at September 30, 2021

	Not yet due (Note)	Overdue					Total
		<=30 days	31-60 days	61-90 days	91-180 days	>=181 days	
Gross carrying amount	\$85,312	\$601	\$-	\$218	\$191	\$13	\$86,335
Loss ratio	0~3%	5%	10%	50%	100%	100%	
Lifetime expected credit losses	(2,712)	(30)	-	(109)	(191)	(13)	(3,055)
Carrying amount of accounts receivable	\$82,600	\$571	\$-	\$109	\$-	\$-	\$83,280

As at September 30, 2020

	Not yet due (Note)	Overdue					Total
		<=30 days	31-60 days	61-90 days	91-180 days	>=181 days	
Gross carrying amount	\$84,079	\$1,153	\$-	\$151	\$107	\$17	\$85,507
Loss ratio	0~3%	5%	10%	50%	100%	100%	
Lifetime expected credit losses	(3,275)	(58)	-	(76)	(107)	(17)	(3,533)
Carrying amount of accounts receivable	\$80,804	\$1,095	\$-	\$75	\$-	\$-	\$81,974

Note: The Group's notes receivable are not overdue.

The movement in the provision for impairment of notes and accounts receivable during the nine-month periods ended September 30, 2021 and 2020 are as follows:

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	Notes receivable	Accounts receivable
January 1, 2021	\$-	\$3,055
Addition/(reversal) for the current period	-	-
Write off	-	-
September 30, 2021	\$-	\$3,055
January 1, 2020	\$-	\$3,533
Addition/(reversal) for the current period	-	-
Write off	-	-
September 30, 2020	\$-	\$3,533

(14) Summary statement of employee benefits, depreciation and amortization expenses by function during the three-month periods ended September 30, 2021 and 2020:

Items	For the three-month periods ended September 30,					
	2021			2020		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	\$11,799	\$13,667	\$25,466	\$11,219	\$15,232	\$26,451
Labor and health insurance	1,251	1,103	2,354	1,145	1,071	2,216
Pension	595	550	1,145	606	618	1,224
Remuneration to directors	-	819	819	-	798	798
Other employee benefits expense	489	205	694	485	211	696
Depreciation	2,865	705	3,570	2,275	689	2,964
Amortization	-	353	3583	-	354	354

Items	For the nine-month periods ended September 30,					
	2021			2020		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	\$33,388	\$43,523	\$76,911	\$32,205	\$44,103	\$76,308
Labor and health insurance	3,827	3,591	7,418	3,486	3,282	6,768
Pension	1,820	1,722	3,542	1,820	1,791	3,611
Remuneration to directors	-	2,459	2,459	-	2,457	2,457
Other employee benefits expense	1,456	624	2,080	1,468	615	2,083
Depreciation	7,979	2,078	10,057	6,714	2,007	8,721
Amortization	-	1,060	1,060	-	1,061	1,061

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- (a) According to the resolution, no less than 3% of profit of the current year is distributable as employees' compensation and no higher than 5% of profit of the current year is distributable as remuneration to directors and supervisors. However, the company's accumulated losses shall have been covered. 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 in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on profit, the Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors for the three-month period ended September 30, 2021 to be no less than 3% of profit of current period and no higher than 5% of profit of current period, recognized as the employees' compensation and remuneration to directors and supervisors were NT\$546 thousand and NT\$910 thousand, respectively. The estimation of the employees' compensation and remuneration to directors and supervisors for the nine-month period ended September 30, 2021 were NT\$1,507 thousand and NT\$2,512 thousand, respectively, recognized as employee benefits expense. The estimates of the employees' compensation and remuneration to directors and supervisors for the three-month period ended September 30, 2020 were NT\$584 thousand and NT\$973 thousand, respectively. The estimates of the employees' compensation and remuneration to directors and supervisors for the nine-month periods ended September 30, 2020 were NT\$1,947 and NT\$3,245 respectively, recognized as employee benefits expense.

Differences between the estimated amount and the actual distribution of the employee compensation and remuneration to directors and supervisors for the year ended are recognized in profit or loss of the subsequent year.

A resolution was passed at a Board of Directors meeting held on February 26, 2021 to distribute NT\$3,000 thousand and NT\$4,000 thousand in cash as employees' compensation and remuneration to directors and supervisors of 2020, respectively. No material differences exist between the estimated amount and the actual distribution of the employee compensation and remuneration to directors and supervisors for the year ended December 31, 2020.

No material differences exist between the estimated amount and the actual distribution of the employee compensation and remuneration to directors and supervisors for the year ended December 31, 2019.

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- (b) The number of the Group's employees and the number of directors who didn't serve as employee for the nine-month period ended September 30, 2021 were 163 and 6, respectively. The number of the Group's employees and the number of directors who didn't serve as employee for the nine-month period ended September 30, 2020 were 165 and 6, respectively.

(15) Non-operating income and expenses

- (a) Interest income

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2021	2020	2021	2020
Interest income	\$82	\$206	\$473	\$831

- (b) Other income

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2021	2020	2021	2020
Others	\$134	\$48	\$669	\$295

- (c) Other gains and losses

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2021	2020	2021	2020
Loss on disposal of property, plant and equipment	\$(2)	\$-	\$(10)	\$-
Foreign exchange gains (loss), net	(64)	8	(41)	(28)
Other losses	-	(33)	(181)	(36)
Total	\$(66)	\$(25)	\$(232)	\$(64)

- (d) Finance costs

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2021	2020	2021	2020
Interest expense	\$(238)	\$(226)	\$(849)	\$(290)

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(16) Components of other comprehensive income

Three-month period ended September 30, 2021

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	\$645	\$-	\$645	\$-	\$645

For the nine-month periods ended September 30, 2021:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	\$5,946	\$-	\$5,946	\$-	\$5,946

Three-month period ended September 30, 2020:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	\$(8,375)	\$-	\$(8,375)	\$-	\$(8,375)

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For the nine-month periods ended September 30, 2020:

	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Arising during the period	during the period	income, before tax	comprehensive income	income, net of tax
Not to be reclassified to profit or loss in subsequent periods:				
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	\$(1,505)	\$-	\$(1,505)	\$(1,505)

(17) Income tax

The major components of income tax expense for the nine-months ended September 30, 2021 and 2020 are as follows:

Income tax expense recognized in profit or loss

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2021	2020	2021	2020
Current income tax expense:				
Current income tax charge	\$3,636	\$3,810	\$10,032	\$12,681
Adjustment in respect of current income-tax of prior periods	-	-	10	(2,787)
Deferred tax expense (income):				
Deferred tax expense (income) relating to origination and reversal of temporary differences	(171)	(127)	(410)	(467)
Total income tax expense	\$3,465	\$3,683	\$9,632	\$9,427

The assessment of income tax returns

As of September 30, 2021, the assessments of the income tax returns of the Company and its subsidiary are as follows:

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	The assessment of income tax returns
The Company	Assessed and approved up to 2019.
Pei Jin International Co., Ltd.	Assessed and approved up to 2019.

(18) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the period attributable to the parent company by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2021	2020	2021	2020
(a) Basic earnings per share				
Profit attributable to the parent company (in thousand NT\$)	\$13,277	\$14,206	\$36,593	\$50,273
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	30,019	30,019	30,019	30,019
Basic earnings per share (NT\$)	\$0.44	\$0.47	\$1.22	\$1.67
(b) Diluted earnings per share				
Profit attributable to the parent company (in thousand NT\$)	\$13,277	\$14,206	\$36,593	\$50,273
Profit attributable to the parent company after dilution (in thousand NT\$)	\$13,277	\$14,206	\$36,593	\$50,273
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	30,019	30,019	30,019	30,019
Effect of dilution:				
Employee compensation - stock (in thousands)	15	53	59	85
Weighted average number of ordinary shares outstanding after dilution (in thousands)	30,034	30,072	30,078	30,104
Diluted earnings per share (NT\$)	\$0.44	\$0.47	\$1.22	\$1.67

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There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of the consolidated financial statements.

7. Related party transactions

Significant transactions with the related parties

Key management personnel compensation

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2021	2020	2021	2020
Short-term employee benefits	\$2,232	\$2,579	\$8,914	\$9,284
Post-employment benefits	74	102	278	306
Total	<u>\$2,306</u>	<u>\$2,681</u>	<u>\$9,192</u>	<u>\$9,590</u>

8. Assets pledged as security

The following table lists assets of the Group pledged as security:

Items	Carrying amount			Secured liabilities
	September 30, 2021	December 31, 2020	September 30, 2020	
Property, plant and equipment				
- land and buildings	<u>\$158,581</u>	<u>\$155,968</u>	<u>\$156,745</u>	Short-term borrowings

9. Significant contingencies and unrecognized contractual commitments

None.

10. Losses due to major disasters

None.

11. Significant subsequent events

None.

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12. Others

(1) Categories of financial instruments

Financial assets

	As at		
	September 30, 2021	December 31, 2020	September 30, 2020
Financial assets at fair value through other comprehensive income	\$20,736	\$14,790	\$15,282
Financial assets measured at amortized cost			
Cash and cash equivalents (exclude cash on hand)	192,534	295,613	307,935
Notes receivables	16,900	18,371	17,924
Accounts receivables	66,380	68,496	64,050
Other receivables	888	956	1,063
Subtotal	<u>276,702</u>	<u>383,436</u>	<u>390,972</u>
Total	<u>\$297,438</u>	<u>\$398,226</u>	<u>\$406,254</u>

Financial liabilities

	As at		
	September 30, 2021	December 31, 2020	September 30, 2020
Financial liabilities at amortized cost:			
Short-term borrowings	\$80,000	\$130,000	\$150,000
Accounts and other payables	78,460	91,153	78,127
Total	<u>\$158,460</u>	<u>\$221,153</u>	<u>\$228,127</u>

(2) Financial risk management objectives and policies

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Group identifies measures and manages the abovementioned risks based on the Group's policy and risk appetite.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

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(3) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk (such as equity risk).

(4) Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for accounts and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to credit risk management. Credit limits are established for all counter parties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria etc. Certain counter parties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

The Group also uses certain credit enhancement tools (such as advance payment and insurance, etc.) when appropriate to reduce the credit risk of specific counterparties. No significant concentration of credit risk as assessed by the Group.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Group's treasury in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating. Consequently, there is no significant credit risk for these counter parties.

(5) Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments, bank borrowings, convertible bonds and finance leases. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

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Non-derivative financial instruments

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As at September 30, 2021					
Borrowings	\$80,000	\$-	\$-	\$-	\$80,000
Accounts and other payables	78,460	-	-	-	78,460
As at December 31, 2020					
Borrowings	\$130,000	\$-	\$-	\$-	\$130,000
Accounts and other payables	91,153	-	-	-	91,153
As at September 30, 2020					
Borrowings	\$150,000	\$-	\$-	\$-	\$150,000
Accounts and other payables	78,127	-	-	-	78,127

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the nine-month period ended September 30, 2021:

	Short-term borrowings	Total liabilities from financing activities
As at January 1, 2021	\$130,000	\$130,000
Cash flows	(50,000)	(50,000)
As at September 30, 2021	\$80,000	\$80,000
	Short-term borrowings	Total liabilities from financing activities
As at January 1, 2020	\$-	\$-
Cash flows	150,000	150,000
As at September 30, 2020	\$150,000	\$150,000

(7) Fair values of financial instruments

- (a) The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and financial liabilities:

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- A. The carrying amount of cash and cash equivalents, trade receivables, accounts and other payables and other current liabilities approximate their fair value due to their short maturities.
- B. Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).
- C. Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the GreTai Securities Market, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

(b) Fair value measurement hierarchy for financial instruments

Please refer to Note 12(8) for fair value measurement hierarchy for financial instruments of the Group.

(8) Fair value measurement hierarchy

(a) Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement. Level 1, 2 and 3 inputs are described as follows:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 - Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

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(b) Fair value measurement hierarchy of the Group's assets and liabilities

The Group does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Group's assets and liabilities measured at fair value on a recurring basis is as follows:

As at September 30, 2021

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	\$-	\$-	\$20,736	\$20,736
	\$-	\$-	\$20,736	\$20,736

As at December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	\$-	\$-	\$14,790	\$14,790
	\$-	\$-	\$14,790	\$14,790

As at September 30, 2020

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	\$-	\$-	\$15,282	\$15,282
	\$-	\$-	\$15,282	\$15,282

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the year is as follows:

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	Assets
	At fair value through other comprehensive income
	Stocks
Beginning balances as at January 1, 2021	\$14,790
Total gains and losses recognized for the nine-month period ended September 30, 2021:	
Amount recognized in OCI (presented in “Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income)	5,946
Ending balances as at September 30, 2021	\$20,736

	Assets
	At fair value through other comprehensive income
	Stocks
Beginning balances as at January 1, 2020	\$16,787
Total gains and losses recognized for the nine-month period ended September 30, 2020	
Amount recognized in OCI (presented in “Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income)	(1,505)
Ending balances as at September 30, 2021	\$15,282

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

As at September 30, 2021

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
At fair value through other comprehensive income - stocks	Market approach	discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in increase (decrease) in the Group’s other comprehensive income NT\$2,962 thousand.

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As at December 31, 2020

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
At fair value through other comprehensive income - stocks	Market approach	discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in increase (decrease) in the Group's other comprehensive income NT\$2,102 thousand.

As at September 30, 2020

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
At fair value through other comprehensive income - stocks	Market approach	discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in increase (decrease) in the Group's other comprehensive income NT\$2,190 thousand.

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Group's Finance Department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies at each reporting date.

- (c) Fair value measurement hierarchy of the Group's assets and liabilities not measured at fair value but for which the fair value is disclosed

As at September 30, 2021:

	Level 1	Level 2	Level 3	Total
Investment property (please refer to Note 6(7))	\$-	\$-	\$166,595	\$166,595

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As at December 31, 2020:

	Level 1	Level 2	Level 3	Total
Investment property (please refer to Note 6(7))	\$-	\$-	\$166,595	\$166,595

(9) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

(12) Impact of the Covid-19 pandemic on the Group

The global pandemic of the Covid-19 has had an impact on the overall economy and business model since 2020. After the assessment of the Covid-19 impact on the Group's going concern, asset impairment, and financing risks, etc., the Group consider there is no material impact on the Group.

13. Other disclosure

(1) Information at significant transactions

Financial provided: None.

Endorsement/guarantee provided: None.

Marketable securities held: Table 1 (attached).

Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None.

Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None.

Disposal of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None.

Sales from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.

Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.

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Derivative transactions: None.

Intercompany relationships and significant intercompany transaction: No significant transaction.

(2) Information on investees: Table 2 (attached).

(3) Information on investments in mainland China: None.

(4) Information on major shareholders: Table 3 (attached).

14. Segment information

The Group's revenue mainly comes from medical product sales. The management monitors the operating results of its business units separately to make decisions about resource allocation and performance assessment. The accounting policy follows the same accounting policy referred to in Note 4.

Regional information

The Group has no foreign operating units. In addition, the Group's export sales accounts for less than 1% of its net sales, additional export sales information is not disclosed herein.

Important customer information

Because none of the Group's sales to a single customer accounts for more than 10% of its net sales, it is not required to disclose important customer information.

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Attached Table 1: Securities held as of September 30, 2021

Unit: NT\$ thousand

Categories and names of securities	Relationship with securities' issuer	Accounts	Period end				Notes
			Number of shares (in thousand shares)	Carrying amount	Shareholding ratio (%)	Fair value (in dollars)	
Everhealth Pharma Biotech Iotech Co., Ltd.	The Company's Chairman of the Board is among this company's directors	Financial assets at fair value through other comprehensive income, noncurrent	474	\$1,226	3.09	2.59	
Johnpro Biotech Inc.	The Company is this company's directors of the juristic person	Financial assets at fair value through other comprehensive income, noncurrent Total	1,991	\$19,510 \$20,736	12.44	9.80	

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Attached Table 2: Information on investees

Investor company	Investee company	Address	Main businesses and products	Initial Investment		Investment as of September 30, 2021		Net income (loss) of investee company	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Percentage of ownership	Carrying amount			
Johnson Chemical Pharmaceutical Works Co., Ltd.	Pei Jin International Co., Ltd.	New Taipei City	Wholesale and retail of drugs and medicines	\$19,900	\$19,900	100.00%	\$12,981	\$ (709)	\$ (1,769)	

Unit: NT\$ thousand

Note 1 : If a public company has holding company in other country and had issued consolidated financial statement under local regulations,

about these investee could disclosed their holding company's relevant information.

Note 2 : If not belong to Note 1, filled in by the following rules:

- (1) In "Investee", "Region", "Main Business", "Original cost" and "At the end of period" columns should filled in in order follow the company invest directly or invest indirectly and explain each relationship in "Note" column.
- (2) In "Investees company net income" column should filled in each investee net income.
- (3) In "Share of Profits/Losses" column only need to filled in the company recognized each subsidiaries and the company under equity method's profits or loss. Make sure it had contained each subsidiaries had contained their investee profit or loss in their net income.

JOHNSON CHEMICAL PHARMACEUTICAL WORKS CO., LTD. AND SUBSIDIARY

(Except for those mentioned particularly, the following amounts are expressed in NT\$ thousand dollar)

Attached Table 3: Information on major shareholders

Major shareholders' name	Share				Shareholding ratio(%)
	Number of common shares	Number of preferred shares	Number of total shares		
HUANG, BOR-HSUN	2,528,185	-	2,528,185		8.42
LIAO, KUO-AN	1,934,812	-	1,934,812		6.44
LIAO,JIING-CHYUAN	1,853,016	-	1,853,016		6.17
HUANG, MING-NO	1,548,978	-	1,548,978		5.16