Stock Code:4119

SCI PHARMTECH, INC. AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Review Report
For the Three Months Ended March 31, 2021 and 2020

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Independent Auditors' Review Report

To the Board of Directors of SCI Pharmtech, Inc.:

Introduction

We have reviewed the accompanying consolidated balance sheets of SCI Pharmtech, Inc. and its subsidiaries as of March 31, 2021 and 2020, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2021 and 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with Statement of Auditing Standard 65, "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of the 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 the generally accepted auditing standards 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 SCI Pharmtech, Inc. and its subsidiaries as of March 31, 2021 and 2020, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the review resulting in this independent auditors' report are Kuan-Ying Kuo and Shu-Min Hsu.

KPMG

Taipei, Taiwan (Republic of China)
May 6, 2021

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the 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.

The independent auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Reviewed only, not audited in accordance with generally accepted auditing standards as of March 31, 2021 and 2020

SCI PHARMTECH, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

March 31, 2021, December 31, 2020, and March 31, 2020

(expressed in thousands of New Taiwan dollars)

		March 31, 2021		December 31, 2020		March 31, 2020	
	Assets	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current assets:						
1100	Cash and cash equivalents (note 6(a))	$ 811,372	18	633,029	14	656,467	15
1110	Current financial assets at fair value through profit or loss (note 6(b))	-	-	-	-	557,168	13
1170	Notes and accounts receivable, net (notes 6(d) and 6(p))	154,843	3	337,749	8	504,456	12
1206	Other receivables (note 10)	519,057	12	519,651	11	9	-
1310	Inventories, net (note 6(e))	247,549	6	380,879	8	423,545	10
1470	Other current assets	48,314	1	47,503	1	40,735	1
		1,781,135	40	1,918,811	42	2,182,380	51
	Non-current assets:						
1510	Non-current financial assets at fair value through profit or loss (note 6(b))	668,809	15	667,955	14	-	-
1518	Non-current financial assets at fair value through other comprehensive income (note 6(c))	68,211	1	85,697	2	102,728	2
1600	Property, plant and equipment (notes 6(f) and 8)	1,515,046	34	1,500,152	33	1,884,571	44
1755	Right-of-use assets (note 6(g))	2,014	-	2,568	-	2,477	-
1780	Intangible assets	39,888	1	41,319	1	46,206	1
1840	Deferred tax assets	263,546	6	263,546	6	57,243	1
1900	Other non-current assets	119,842	3	89,890	2	34,729	1
		2,677,356	60	2,651,127	58	2,127,954	49
	Total assets	**$ 4,458,491**	**100**	**4,569,938**	**100**	**4,310,334**	**100**

		March 31, 2021		December 31, 2020		March 31, 2020	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current liabilities:						
2170	Notes and accounts payable	$ 20,132	1	80,878	2	70,115	2
2130	Current contract liabilities (note 6(p))	62,291	1	97,295	2	61,726	1
2200	Other payables (note 6(i))	142,881	3	188,938	4	226,079	5
2213	Payables on contractors and equipment	32,131	1	21,064	1	27,758	1
2230	Current tax liabilities	137,681	3	127,490	3	154,014	4
2250	Current provisions (note 6(k))	585,483	13	595,232	13	86,081	2
2280	Current lease liabilities (note 6(j))	1,043	-	1,340	-	1,681	-
2300	Other current liabilities	5,467	-	9,977	-	12,522	-
		987,109	22	1,122,214	25	639,976	15
	Non-Current liabilities:						
2580	Non-current lease liabilities (note 6(j))	988	-	1,248	-	815	-
2570	Deferred tax liabilities	103,811	2	103,811	2	-	-
2640	Provisions for employee benefits, non-current	20,174	1	20,443	-	21,173	-
		124,973	3	125,502	2	21,988	-
	Total liabilities	1,112,082	25	1,247,716	27	661,964	15
	Equity attributable to owners of parent (note 6(n)):						
3100	Ordinary Share	794,853	18	794,853	17	794,853	19
3200	Capital surplus	1,348,339	30	1,348,339	30	1,348,339	31
3310	Legal reserve	390,081	9	390,081	9	332,971	8
3320	Special reserve	-	-	-	-	4,788	-
3350	Unappropriated retained earnings	860,000	19	818,327	18	1,179,766	27
3400	Other components of equity	(46,864)	(1)	(29,378)	(1)	(12,347)	-
	Total equity	3,346,409	75	3,322,222	73	3,648,370	85
	Total liabilities and equity	**$ 4,458,491**	**100**	**4,569,938**	**100**	**4,310,334**	**100**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Reviewed only, not audited in accordance with generally accepted auditing standards

SCI PHARMTECH, INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months ended March 31, 2021 and 2020

(expressed in Thousands of New Taiwan Dollars, except for earnings per common share)

		For the three months ended March 31			
		2021		2020	
		Amount	%	Amount	%
4110	Sales revenue (note 6(p))	$ 323,626	100	784,328	100
5110	Cost of sales (notes 6(e), 6(l) and 12)	227,784	70	425,911	54
5900	**Gross profit**	95,842	30	358,417	46
	Operating expenses (notes 6(l) and 12):				
6100	Selling expenses	14,234	5	30,355	4
6200	Administrative expenses	17,225	5	37,628	5
6300	Research and development expenses	7,029	2	10,232	1
		38,488	12	78,215	10
6900	**Net operating income**	57,354	18	280,202	36
	Non-operating income and expenses:				
7190	Other income	3,352	1	1,230	-
7101	Interest income	227	-	1,463	-
7235	Gains (losses) on financial assets (liabilities) at fair value through profit or loss	854	-	(21,606)	(3)
7510	Interest expense (note 6(j))	(9)	-	(10)	-
7590	Miscellaneous disbursements	(4,332)	(1)	(128)	-
7630	Foreign exchange gains (losses)	(5,568)	(2)	4,664	1
		(5,476)	(2)	(14,387)	(2)
7900	**Profit before tax**	51,878	16	265,815	34
7950	Less: Income tax expenses (note 6(m))	10,205	3	57,484	7
8200	**Profit**	41,673	13	208,331	27
8300	**Other comprehensive income:**				
8310	**Items that may not be reclassified subsequently to profit or loss:**				
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(17,486)	(6)	(34,601)	(5)
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note 6(m))	-	-	-	-
8300	**Other comprehensive income, net**	(17,486)	(6)	(34,601)	(5)
8500	**Total comprehensive income**	**$ 24,187**	**7**	**173,730**	**22**
	Earnings per share (note 6(o)):				
9750	**Basic earnings per share**	**$ 0.52**		**2.62**	
9850	**Diluted earnings per share**	**$ 0.52**		**2.60**	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

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SCI PHARMTECH, INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the three months ended March 31, 2021 and 2020

(expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent						
						Other equity interest	
			Retained earnings			Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings		Total equity
Balance at January 1, 2020	$ 794,853	1,348,339	332,971	4,788	971,435	22,254	3,474,640
Profit for the three months ended March 31, 2020	-	-	-	-	208,331	-	208,331
Other comprehensive income for the three months ended March 31, 2020	-	-	-	-	-	(34,601)	(34,601)
Total comprehensive income for the three months ended March 31, 2020	-	-	-	-	208,331	(34,601)	173,730
Balance at March 31, 2020	**$ 794,853**	**1,348,339**	**332,971**	**4,788**	**1,179,766**	**(12,347)**	**3,648,370**
Balance at January 1, 2021	$ 794,853	1,348,339	390,081	-	818,327	(29,378)	3,322,222
Profit for the three months ended March 31, 2021	-	-	-	-	41,673	-	41,673
Other comprehensive income for the three months ended March 31, 2021	-	-	-	-	-	(17,486)	(17,486)
Total comprehensive income for the three months ended March 31, 2021	-	-	-	-	41,673	(17,486)	24,187
Balance at March 31, 2021	**$ 794,853**	**1,348,339**	**390,081**	**-**	**860,000**	**(46,864)**	**3,346,409**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Reviewed only, not audited in accordance with generally accepted auditing standards

SCI PHARMTECH, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the three months ended March 31, 2021 and 2020

(expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31	
	2021	2020
Cash flows from (used in) operating activities:		
Profit before tax	$ 51,878	265,815
Adjustments for:		
Adjustments to reconcile profit (loss):		
Depreciation expense	13,079	33,070
Amortization expense	1,437	1,470
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(854)	21,606
Interest expense	9	10
Interest income	(227)	(1,463)
Others	(1)	-
Total adjustments to reconcile profit	13,443	54,693
Changes in operating assets and liabilities:		
Decrease (increase) in notes and accounts receivable	182,906	(152,052)
Decrease (increase) in inventories	133,330	103,536
Decrease (increase) in other receivables and other current assets	(217)	(3,791)
Increase (decrease) in contract liabilities	(35,004)	2,634
Increase (decrease) in notes and accounts payable	(60,746)	(24,187)
Increase (decrease) in other payable	(46,057)	(3,751)
Increase (decrease) in provisions	(9,749)	2,124
Increase (decrease) in other current liabilities	(4,510)	10,510
Increase (decrease) in provision for employee benefits, non-current	(269)	(203)
Total changes in operating assets and liabilities	159,684	(65,180)
Total adjustments	173,127	(10,487)
Cash flow from (used in) operations	225,005	255,328
Interest received	227	1,463
Interest paid	(9)	(10)
Income taxes paid	(14)	(141)
Net cash flows from (used in) operating activities	225,209	256,640
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through profit or loss	-	(112,749)
Acquisition of property, plant and equipment	(14,043)	(17,667)
Decrease (increase) in refundable deposits	(2,000)	1,725
Increase in prepayments of property, plant and equipment	(30,310)	(24,541)
Net cash flows from (used in) investing activities	(46,353)	(153,232)
Cash flows from (used in) financing activities:		
Payment of lease liabilities	(513)	(496)
Net cash flows from (used in) financing activities	(513)	(496)
Net increase (decrease) in cash and cash equivalents	178,343	102,912
Cash and cash equivalents at beginning of period	633,029	553,555
Cash and cash equivalents at end of period	$ **811,372**	**656,467**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Reviewed only, not audited in accordance with generally accepted auditing standards

SCI PHARMTECH, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

March 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

SCI Pharmtech, Inc. (the "Company") was incorporated in September 18, 1987 as a company limited by shares and registered under the Ministry of Economic Affairs, R.O.C. The major business activities of the Company are the research and development, manufacture and sale of Active Pharmaceutical Ingredients ("API"), Intermediates, specialty chemicals. The consolidated financial statements of the Company comprise the Company and its subsidiaries (together referred to as the "Group" and individually as the "Group entities"). Please refer to note 4(b) for related information of the Group primarily business activities. Mercuries & Associates, Holding Ltd. is the parent company of the Company.

(2) Approval date and procedures of the consolidated financial statements

These consolidated financial statements were authorized for issuance by the Board of Directors on May 6, 2021.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2021:

- Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform－Phase 2"
- Amendments to IFRS 16 "Covid-19-Related Rent Concessions beyond June 30, 2021"

SCI PHARMTECH, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 " Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- Amendments to IAS 16 "Property, Plant and Equipment－Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts－Cost of Fulfilling a Contract"
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"
- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"

SCI PHARMTECH, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(4) Summary of significant accounting policies:

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC) for a complete set of the annual consolidated financial statements.

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2020. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2020.

(b) Basis of Consolidation

(ii) List of subsidiaries in the consolidated financial statements.

			Shareholding		
Name of investor	**Name of subsidiary**	**Principal activity**	**March 31, 2021**	**December 31, 2020**	**March 31, 2020**
The Company	Yushan Pharmaceuticals Inc. (Yushan)	The research and development, manufacture and sale of API	100.00 %	100.00 %	100.00 %

(c) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period by the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

(d) Employee benefits

The pension cost in the interim period was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year.

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SCI PHARMTECH, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the consolidated financial statements in conformity with the Regulations and IFRSs (in accordance with IAS 34 “Interim Financial Reporting” and endorsed by the FSC) requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2020. For the related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2020.

(6) Explanation of significant accounts:

Expect for the following disclosures, there is no significant difference as compared with those disclosed in the consolidated financial statements for the year ended December 31, 2020. Please refer to note 6 of the 2020 annual consolidated financial statements.

(a) Cash and cash equivalents

	March 31, 2021	December 31, 2020	March 31, 2020
Cash on hand	$ 502	592	506
Checking accounts and demand deposits	446,479	283,291	192,137
Time deposits	127,698	127,505	254,312
Bills sold under repurchase agreements	236,693	221,641	209,512
	$ 811,372	**633,029**	**656,467**

(i) The Group did not provide cash and cash equivalents as collateral for its loans.

(ii) Please refer to note 6(r) for the interest rate risk and sensitivity analysis of the financial assets and liabilities of the Group.

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

	March 31, 2021	December 31, 2020	March 31, 2020
Mandatorily measured at fair value through profit or loss:			
Non-derivative financial assets			
Beneficiary certificate	$ 417,397	417,065	326,033
Stocks listed on domestic markets	251,412	250,890	231,135
Total	**$ 668,809**	**667,955**	**557,168**
Current	**$ -**	**-**	**557,168**
Non-current	**$ 668,809**	**667,955**	**-**

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SCI PHARMTECH, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group reassessed the purpose of holding the aforementioned financial assets and reclassified them under non-current assets from current assets on September 30, 2020.

The Group did not provide any aforementioned financial assets as collateral for its loans as of March 31, 2021, December 31, 2020 and March 31, 2020, respectively.

(c) Financial asset at fair value through other comprehensive income, non-current:

	March 31, 2021	December 31, 2020	March 31, 2020
Financial assets at fair value through other comprehensive income:			
Emerging stocks and unlisted stocks in domestic markets	**$ 68,211**	**85,697**	**102,728**

The Group designated the investments shown above as equity securities as at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for long-term for strategic purposes.

No strategic investments were disposed for the three months ended March 31, 2021 and 2020, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

Please refer to note 6(r) for market risk of the Group.

As of March 31, 2021, December 31, 2020 and March 31, 2020, the Group did not provide any aforementioned financial assets as collateral for its loans.

(d) Notes and accounts receivable

	March 31, 2021	December 31, 2020	March 31, 2020
Notes receivable	$ 702	99	1,532
Accounts receivable	154,141	337,650	504,103
Less: Loss allowance	-	-	(1,179)
	$ 154,843	**337,749**	**504,456**

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables, as well as incorporated forward looking information, including the reasonable prediction of historical credit loss experience and future economic situation (macroeconomic and relevant industry information). The loss allowance provision was determined as follows:

SCI PHARMTECH, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	March 31, 2021		
	Gross carrying amount	Rate of loss allowance provision	Loss allowance provision
Current	$ 107,748	-	-
1 to 30 days past due	38,332	-	-
31 to 60 days past due	1,947	-	-
61 to 90 days past due	6,816	-	-
91 to 180 days past due	-	-	-
181 to 270 days past due	-	-	-
271 to 360 days past due	-	-	-
More than 360 days past due	-	100 %	-
	$ 154,843		**-**

	December 31, 2020		
	Gross carrying amount	Rate of loss allowance provision	Loss allowance provision
Current	$ 211,365	-	-
1 to 30 days past due	106,352	-	-
31 to 60 days past due	19,739	-	-
61 to 90 days past due	293	-	-
91 to 180 days past due	-	-	-
181 to 270 days past due	-	-	-
271 to 360 days past due	-	-	-
	$ 337,749		**-**

	March 31, 2020		
	Gross carrying amount	Rate of loss allowance provision	Loss allowance provision
Current	$ 378,463	-	-
1 to 30 days past due	108,043	-	-
31 to 60 days past due	11,630	-	-
61 to 90 days past due	6,307	-	-
91 to 180 days past due	-	-	-
181 to 270 days past due	-	-	-
271 to 360 days past due	13	-	-
More than 360 days past due	1,179	100 %	1,179
	$ 505,635		**1,179**

(Continued)

SCI PHARMTECH, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The movement in the allowance for notes and trade receivable was as follows:

	For the three months ended March 31,	
	2021	**2020**
Balance at January 1 (Balance at March 31)	$ **-**	**1,179**

As of March 31, 2021, December 31, 2020 and March 31, 2020, the Group did not provide any aforementioned notes and accounts receivable as collaterals for its loans.

(e) Inventories

	March 31, 2021	**December 31, 2020**	**March 31, 2020**
Raw materials	$ 139,777	116,984	96,008
Work in progress	17,431	16,322	65,774
Finished goods	90,341	247,573	261,763
	$ **247,549**	**380,879**	**423,545**

For the three months ended March 31, 2021 and 2020, inventory cost recognized as cost of sales amounting to $161,166 and $407,432, respectively, and unallocated production overheads amounting to $64,999 and $19,118, respectively.

The write-down of inventories to net realizable value were recorded as cost of sales. Furthermore, the Group reversed the allowance for inventory valuation loss and obsolescence because the net realizable value was no longer lower than the cost after the disposal of obsolete inventories. The details are as following:

	2021	**2020**
The write-downs (reversals)	$ **1,619**	**(639)**

As of March 31, 2021, December 31, 2020 and March 31, 2020, the Group did not provide any inventories as collaterals for its loans.

SCI PHARMTECH, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(f) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group were as follows:

	Land	Buildings and construction	Machinery and equipment	Office equipment	Others equipment	Prepayment for equipment and construction in progress	Total
Cost:							
Balance on January 1, 2021	$ 825,680	553,521	543,884	32,917	12,968	222,713	2,191,683
Additions	-	-	3,163	-	-	21,947	25,110
Transferred (out) in	-	-	2,109	243	-	-	2,352
Disposal and derecognitions	-	-	(3,005)	(645)	-	-	(3,650)
Balance on March 31, 2021	**$ 825,680**	**553,521**	**546,151**	**32,515**	**12,968**	**244,660**	**2,215,495**
Balance on January 1, 2020	$ 825,680	737,842	1,667,500	40,656	18,720	168,428	3,458,826
Additions	-	-	1,752	367	-	26,701	28,820
Transferred (out) in	-	-	16,325	-	-	(5,000)	11,325
Disposal and derecognitions	-	(1,051)	(6,568)	(24)	-	-	(7,643)
Balance on March 31, 2020	**$ 825,680**	**736,791**	**1,679,009**	**40,999**	**18,720**	**190,129**	**3,491,328**
Depreciation and impairments loss:							
Balance on January 1, 2021	$ -	248,002	420,724	17,963	4,842	-	691,531
Depreciation for the period	-	4,941	6,536	823	268	-	12,568
Transferred (out) in	-	-	-	-	-	-	-
Disposals and derecognitions	-	-	(3,005)	(645)	-	-	(3,650)
Balance on March 31, 2021	**$ -**	**252,943**	**424,255**	**18,141**	**5,110**	**-**	**700,449**
Balance on January 1, 2020	$ -	334,054	1,219,926	20,099	7,748	-	1,581,827
Depreciation for the period	-	7,997	23,185	993	398	-	32,573
Disposals and derecognitions	-	(1,051)	(6,568)	(24)	-	-	(7,643)
Balance on March 31, 2020	**$ -**	**341,000**	**1,236,543**	**21,068**	**8,146**	**-**	**1,606,757**
Carrying amounts:							
Balance on January 1, 2021	**$ 825,680**	**305,519**	**123,160**	**14,954**	**8,126**	**222,713**	**1,500,152**
Balance on March 31, 2021	**$ 825,680**	**300,578**	**121,896**	**14,374**	**7,858**	**244,660**	**1,515,046**
Balance on January 1, 2020	**$ 825,680**	**403,788**	**447,574**	**20,557**	**10,972**	**168,428**	**1,876,999**
Balance on March 31, 2020	**$ 825,680**	**395,791**	**442,466**	**19,931**	**10,574**	**190,129**	**1,884,571**

In May 2013, the Group purchased a piece of land for the construction of its factory in Taoyuan Luzhu that was auctioned by the court at a price of $211,184. The amount had been paid in full, and the transfer procedures have been completed. The title deed of a certain portion of the land, measuring 2,259 square meters, was given to Mr. Weichyun Wong due to certain legal requirements.

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However, both parties agreed that the Group is the actual owner of the land.

In 2020, the Company derecognized some part of property, plant and equipment in fire damage amounting to $401,187. Please refer to note 10 for the details.

As of March 31, 2021, December 31, 2020 and March 31, 2020, part of the property, plant and equipment the Group had provided at collateral for its loans. Please refer to note 8 for details.

(g) Right-of-use assets

The Group leases many assets including company cars and copy machines. Information about leases for which the Group as a lessee is presented below:

		Amount
Cost:		
Balance on January 1, 2021	$	5,657
Additions		-
Reductions		(90)
Balance on March 31, 2021	**$**	**5,567**
Balance on January 1, 2020 (Same as balance on March 31, 2020)	**$**	**4,747**
Accumulated depreciation:		
Balance on January 1, 2021	$	3,089
Depreciation for the period		511
Reductions		(47)
Balance on March 31, 2021	**$**	**3,553**
Balance on January 1, 2020	$	1,773
Depreciation for the period		497
Balance on March 31, 2020	**$**	**2,270**
Carrying amount:		
Balance on January 1, 2021	**$**	**2,568**
Balance on March 31, 2021	**$**	**2,014**
Balance on January 1, 2020	**$**	**2,974**
Balance on March 31, 2020	**$**	**2,477**

(h) Short-term borrowings

The details of short-term borrowings were as following:

		March 31, 2021	December 31, 2020	March 31, 2020
Unsecured bank loans	$	-	-	-
Unused credit line for short-term borrowings	**$**	**350,000**	**338,989**	**338,038**
Range of interest rates		-	-	-

Please refer to note 8 for the details of property, plant and equipment as collateral for its loans.

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Please refer to note 6(r) for the information of interest risk, foreign currency risk and liquidity risk.

(i) Other payables

	March 31, 2021	December 31, 2020	March 31, 2020
Salaries payable	$ 84,386	118,602	142,365
Others	58,495	70,336	83,714
	$ 142,881	188,938	226,079

(j) Lease liabilities

The carrying amount of lease liabilities was as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Current	$ 1,043	1,340	1,681
Non-current	$ 988	1,248	815

Please refer to note 6(r) for maturity analysis.

	For the three months ended March 31, 2021	2020
The amounts recognized in profit or loss were as follows:		
Interest on lease liabilities	$ 9	10
Expenses relating to short-term leases	$ 2,033	540
Variable lease payments not included in the measurement of lease liabilities	$ 65	153
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets	$ 244	68
Profits from the change of the lease (recorded as other income)	$ (1)	-
The amounts recognized in the statement of cash flows for the Group were as follows:		
Total cash outflow for leases	$ 2,864	1,267

The Group leases company cars and copy machines: The leases typically run for a period of three to six years.

The Group also leases vehicles and office equipment with contract terms of less than one year. These leases are short-term or leases of low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

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(k) Provisions

Except for the following disclosure, there was no significant change for provisions for the periods from January 1 to March 31, 2021 and 2020. For the related information, please refer to note 6(l) of the consolidated financial statements for the year ended December 31, 2020.

	Environmental protection costs	Fire Disaster Indemnity	Total
Balance at January 1, 2021	$ 86,156	509,076	595,232
Provisions used during the year	(3,284)	(6,465)	(9,749)
Balance at December 31, 2021	**$ 82,872**	**502,611**	**585,483**
Balance at January 1, 2020	$ 83,957	-	83,957
Provisions made during the year	16,218	-	16,218
Provisions used during the year	(14,094)	-	(14,094)
Balance at December 31,2020	**$ 86,081**	**-**	**86,081**

(l) Employee benefits

(i) Defined benefit plans

Management believes that there was no material volatility of the market, no material reimbursement and settlement or other material one-time events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2020 and 2019.

The expenses recognized in profit or loss for the Group were as follows:

	For the three months ended March 31,	
	2021	**2020**
Operating cost	$ 172	387
Operating expenses	64	(57)
	$ 236	**330**

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(ii) Defined contribution plans

The Group's expenses under the pension plan cost to the Bureau of Labor Insurance for the three months ended March 31, 2021 and 2020 were as follows:

	For the three months ended March 31,	
	2021	**2020**
Operating cost	$ 1,360	1,305
Selling expenses	66	65
Administration expenses	170	161
Research expenses	223	190
	$ 1,819	**1,721**

(m) Income taxes

(i) The income tax expense in the interim financial statements is measured and disclosed accordance to paragraph B12 of IAS 34 "International Financial Reporting".

(ii) The income tax expenses for the three months ended March 31, 2021 and 2020 were calculated as follows:

	For the three months ended March 31,	
	2021	**2020**
Current income tax expense	**$ 10,205**	**57,484**

(iii) The amount of income tax recognized in other comprehensive income for the three months ended March 31, 2021 and 2020 were as follows:

	For the three months ended March 31,	
	2021	**2020**
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement from defined benefit plans	**$ -**	**-**

(iv) Examination and approval

The ROC tax authorities have examined the Company's and Yushan Pharmaceuticals Inc.'s income tax returns through 2019.

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(n) Capital and other equity

Except for the following disclosure, there was no significant change for capital and other equity for the periods from January 1 to March 31, 2021 and 2020. For the related information, please refer to note 6(o) of the consolidated financial statements for the year ended December 31, 2020.

(i) Retained Earnings

The Company's article of incorporation stipulates that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and special reserves are supposed to set aside in accordance with the relevant regulations or as required by the government. And then any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

According to the Company's dividend policy, the type of dividends should be determined after considering the Company's capital and financial structure, operating conditions, operating surplus, industrial characteristics and cycle. The distribution of net earnings should not be lower than 50% of the current profit before tax. Cash dividends to stockholders should not be lower than 10% of the total dividends.

(ii) Earnings distribution

On March 24. 2021, the Company's Board of Directors resolved to appropriate the 2020 earnings. On June 19, 2020, the shareholder's meeting resolved to distribute the 2019 earnings. These earnings were appropriated as follows:

	2020		2019	
	Amount per share (dollars)	**Total amount**	**Amount per share (dollars)**	**Total amount**
Dividends distributed to ordinary shareholders:				
Cash	$ 0.5	39,743	5.80	461,014
Stock	2.0	158,970	-	-
Total		**$ 198,713**		**461,014**

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(iii) Other equity (net of tax)

		Financial assets measured at fair value through other comprehensive income
Balance at January 1, 2021	$	(29,378)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income		(17,486)
Balance at March 31, 2021	**$**	**(46,864)**
Balance at January 1, 2020	$	22,254
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income		(34,601)
Balance at March 31, 2020	**$**	**(12,347)**

(o) Earnings per share

For the three months ended March 31, 2021 and 2020, the Company' s earnings per share was calculated as follows:

		For the three months ended March 31,	
		2021	**2020**
Basic earnings per share			
Profit attributable to ordinary shareholders of the Company	**$**	**41,673**	**208,331**
Weighted-average number of ordinary shares (thousand shares)		**79,485**	**79,485**
	$	**0.52**	**2.62**
Diluted earnings per share			
Profit attributable to ordinary shareholders of the Company	**$**	**41,673**	**208,331**
Weighted-average number of ordinary shares (thousand shares)		79,485	79,485
Effect of potentially dilutive ordinary shares:			
Effect of employee compensation		487	710
Weighted-average number of ordinary shares (thousand shares) (diluted)		**79,972**	**80,195**
	$	**0.52**	**2.60**

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(p) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended March 31,	
	2021	**2020**
Primary geographical markets:		
Italy	$ 74,816	150,051
China	53,600	11,847
Taiwan	39,597	46,076
United States	26,227	117,724
Spain	25,407	153,942
Turkey	25,285	20,742
Germany	17,236	26,169
Japan	12,182	66,950
Switzerland	-	64,441
Others	49,276	126,386
	$ 323,626	**784,328**
Major products		
Active Pharmaceutical Ingredients	$ 204,570	534,543
Intermediates	110,320	219,521
Specialty Chemical	8,736	30,264
	$ 323,626	**784,328**

(ii) Contract balances

	March 31, 2021	**December 31, 2020**	**March 31, 2020**
Notes and accounts receivable	$ 154,843	337,749	505,635
Less: allowance for impairment	-	-	(1,179)
Total	**$ 154,843**	**337,749**	**504,456**
Contract liabilities (sales received in advance)	**$ 62,291**	**97,295**	**61,726**

Please refer to note 6(d) for the information of accounts receivable and the impairment.

The changes of contract liabilities are arising from the difference of time point, which the Group transfers the ownership of goods and which customers do the payment.

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(q) Remuneration to employees and directors

In accordance with the Articles of incorporation, the Company should contribute no less than 3% of the profit as employee remuneration and less than 2% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The aforementioned employees' compensation will be distributed in shares or cash. The recipients may include the employees of the subordinate of the Company who meet certain specific requirements.

For the three months ended March 31, 2021 and 2020, the remunerations to employees amounted to \$5,016 and \$26,220, respectively, and the remunerations to directors amounted to \$684 and \$3,575, respectively. These amounts were calculated using the Company's net income before tax without the remunerations to employees and directors for each period, multiplied by the proposed percentage which is stated under the Company's proposed Article of Incorporation. These remunerations were expensed under operating costs or expenses for each period. Shares distributed to employees as employees' remuneration are calculated based on the closing price of the Company's shares on the day before the approval by the Board of Directors.

For the year ended December 31, 2020 and 2019, the remunerations to employees amounted to \$44,000 and \$69,459, respectively, and the remunerations to directors amounted to \$1,000 and \$9,301, respectively. The remunerations above are identical to those of the actual distributions. The information is available on the Market Observation Post System website.

(r) Financial Instruments

Except for the contention mentioned below, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For the related information, please refer to note 6(t) of the consolidated financial statements for the year ended December 31, 2020.

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets and contract assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

The Group's customers are mainly from the pharmaceutical industry; therefore, the Group does not concentrate on a specific customer and the sales regions are widely spread, thus, there should be no concern on the significant concentrations of accounts receivable credit risk. And in order to mitigate accounts receivable credit risk, the Group constantly assesses the financial status of its customers, wherein it does not require its customers to provide any collateral.

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3) Receivables and debt securities

a) For credit risk exposure of notes and trade receivables, please refer to note 6(d).

b) Other financial assets at amortized cost include other receivables and time deposits. The counterparties of the time deposits held by the Group are the financial institutions with investment grade credit ratings. Therefore, the credit risk is considered to be low.

(ii) Liquidity Risk

The following table shows the contractual maturities of financial liabilities, excluding estimated interest payments:

	Carrying Amount	Contractual cash flows	Within a year	1 ~ 2 years	Over 2 years
March 31, 2021					
Non-derivative financial liabilities:					
Notes and accounts payable	$ 20,132	(20,132)	(20,132)	-	-
Lease liabilities (including current and non-current)	2,031	(2,063)	(1,066)	(828)	(169)
Other payables	142,881	(142,881)	(142,881)	-	-
Payables on contractors and equipment	32,131	(32,131)	(32,131)	-	-
	$ 197,175	**(197,207)**	**(196,210)**	**(828)**	**(169)**
December 31, 2020					
Non-derivative financial liabilities:					
Notes and accounts payable	$ 80,878	(80,878)	(80,878)	-	-
Lease liabilities (including current and non-current)	2,588	(2,629)	(1,368)	(922)	(339)
Other payables	188,938	(188,938)	(188,938)	-	-
Payables on contractors and equipment	21,064	(21,064)	(21,064)	-	-
	$ 293,468	**(293,509)**	**(292,248)**	**(922)**	**(339)**

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		Carrying Amount	Contractual cash flows	Within a year	1 ~ 2 years	Over 2 years
March 31, 2020						
Non-derivative financial liabilities:						
Notes and accounts payable	$	70,115	(70,115)	(70,115)	-	-
Lease liabilities (including current and non-current)		2,496	(2,566)	(1,731)	(531)	(304)
Other payables		226,079	(226,079)	(226,079)	-	-
Payables on contractors and equipment		27,758	(27,758)	(27,758)	-	-
	$	**326,448**	**(326,518)**	**(325,683)**	**(531)**	**(304)**

The Group is not expecting that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amount.

(iii) Currency risk

1) Exposure to foreign currency risk

The Group's significant exposure to foreign currency risk was as follow:

Foreign currency: in thousands of dollars

	March 31, 2021			December 31, 2020			March 31, 2020		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets									
Monetary items									
USD to TWD	$ 14,258	28.485	406,139	17,704	28.43	503,325	23,772	30.175	717,320
EUR to TWD	3,307	33.28	110,057	3,178	34.82	110,658	2,867	33.04	94,726
Financial liabilities									
Monetary items									
USD to TWD	288	28.485	8,204	1,417	28.43	40,285	1,514	30.175	45,685

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, loans and borrowings, accounts payable, accrued expenses and other payables that are denominated in foreign currency.

The analysis assumes that all other variables remain constant. A strengthening (weakening) 1% of the functional currency against each foreign currency for the three months ended March 31, 2021 and 2020 would have affected the net profit before tax increased or decreased $5,080 and $7,664, respectively. The analysis is performed on the same basis for both periods.

3) Foreign exchange gain and loss on monetary items

The exchange gains and losses of monetary items, including realized and unrealized, are changed into functional currency, which is the Group's presentation currency. For the three months ended March 31, 2021 and 2020, the exchange gains (losses), including realized and unrealized, are $(5,568) and $4,664, respectively.

(iv) Interest rate analysis

For the details of financial assets and liabilities exposed to interest rate risk, please refer to note 6(r) liquidity risk.

The details of financial assets and liabilities exposed to interest rate risk were as follows:

		Carrying amount	
		March 31, 2021	**March 31, 2020**
Variable rate instruments:			
Financial assets	$	445,962	191,855
Financial liabilities		-	-

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 0.25% when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

If the interest rate had increased or decreased by 0.25%, the Group's net profit before tax would have increased or decreased by $279 and $120, respectively, for the three months ended March 31, 2021 and 2020, with all other variable factors remaining constant. This is mainly due to the Group's bank savings with variable interest rates.

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(v) Fair value

1) Fair value hierarchy

The fair value of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income are measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	March 31, 2021				
		Fair Value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	$ 668,809	668,809	-	-	668,809
Financial assets at fair value through other comprehensive income					
Emerging stocks and unlisted stocks on domestic market	68,211	-	-	68,211	68,211
Financial assets measured at amortized cost					
Cash and cash equivalents	811,372	-	-	-	-
Notes and accounts receivable	154,843	-	-	-	-
Other receivables	519,057	-	-	-	-
Refunded deposits (recognized as other non-current assets)	3,210	-	-	-	-
Subtotal	1,488,482				
Total	**$ 2,225,502**				
Financial liabilities measured at amortized cost					
Notes and accounts payable	$ 20,132	-	-	-	-
Lease liabilities (including current and non-current)	2,031	-	-	-	-
Other payables	142,881	-	-	-	-
Payables on contractors and equipment	32,131	-	-	-	-
Total	**$ 197,175**				

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	December 31, 2020				
		Fair Value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	$ 667,955	667,955	-	-	667,955
Financial assets at fair value through other comprehensive income					
Emerging stocks and unlisted stocks on domestic market	85,697	-	-	85,697	85,697
Financial assets measured at amortized cost					
Cash and cash equivalents	633,029	-	-	-	-
Notes and accounts receivable	337,749	-	-	-	-
Other receivables	519,651	-	-	-	-
Refunded deposits (recognized as other non-current assets)	1,210	-	-	-	-
Subtotal	1,491,639				
Total	**$ 2,245,291**				
Financial liabilities measured at amortized cost					
Notes and accounts payable	$ 80,878	-	-	-	-
Lease liabilities (including current and non-current)	2,588	-	-	-	-
Other payables	188,938	-	-	-	-
Payables on contractors and equipment	21,064	-	-	-	-
Total	**$ 293,468**				

	March 31, 2020				
		Fair Value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	$ 557,168	557,168	-	-	557,168
Financial assets at fair value through other comprehensive income					
Emerging stocks and unlisted stocks on domestic market	102,728	19,682	-	83,046	102,728

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	March 31, 2020				
		Fair Value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	656,467	-	-	-	-
Notes and accounts receivable	504,456	-	-	-	-
Other receivables	9	-	-	-	-
Refunded deposits (recognized as other non-current assets)	5,758	-	-	-	-
Subtotal	1,166,690				
Total	$ **1,826,586**				
Financial liabilities measured at amortized cost					
Notes and accounts payable	$ 70,115	-	-	-	-
Lease liabilities (including current and non-current)	2,496	-	-	-	-
Other payables	226,079	-	-	-	-
Payables on contractors and equipment	27,758	-	-	-	-
Total	$ **326,448**				

2) Valuation techniques for financial instruments not measured at fair value

The Group's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

a) Financial assets and liabilities measured at amortized cost

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

3) Valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

Financial instruments trade in active markets is based on quoted market prices. The quoted price of a financial instrument obtained from main exchanges and on-the-run bonds from Taipei Exchange can be used as a base to determine the fair value of the listed companies' equity instrument and debt instrument of the quoted price in an active market.

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If a quoted price of a financial instrument can be obtained in time and often from exchanges, brokers, underwriters, industrial union, pricing institute, or authorities and such price can reflect those actual trading and frequently happen in the market, then the financial instrument is considered to have a quoted price in an active market. If a financial instrument is not in accord with the definition mentioned above, then it is considered to be without a quoted price in an active market. In general, market with low trading volume or high bid-ask spreads is an indication of a non-active market.

Measurements of fair value of financial instruments without an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date.

The measurement of fair value of a non-active market financial instruments held by the Group which do not have quoted market prices are based on the comparable market approach, with the use of key assumptions of price-book ratio multiple or earnings multiple of comparable listed companies as its basic measurement. These assumptions have been adjusted for the effect of discount without the marketability of the equity securities.

4) Transfers from one level to another

For the three months ended March 31, 2021 and 2020, there was no transfer from one level to another.

5) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income Unquoted equity instruments
January 1, 2021	$ 85,697
Total gains and losses recognized:	
In profit or loss	-
In other comprehensive income	(17,486)
March 31, 2021	**$ 68,211**
January 1, 2020	$ 108,619
Total gains and losses recognized:	
In profit or loss	-
In other comprehensive income	(25,573)
March 31, 2020	**$ 83,046**

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For the three months ended March 31, 2021 and 2020, total gains and losses that were included in unrealized gains and losses from financial assets at fair value through other comprehensive income were as follows:

		For the three months ended March 31,	
		2021	**2020**
Total gains and losses recognized:			
In other comprehensive income, and presented in "unrealized gains and losses from financial assets at fair value through other comprehensive income"	$	(17,486)	(25,573)

6) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instruments that use Level 3 inputs to measure fair value include "financial assets measured at fair value through other comprehensive income – debt investments". Financial assets at fair value through other comprehensive income – equity investments without an active market have more than one significant unobservable inputs. The significant unobservable inputs of financial assets at fair value through other comprehensive income – equity investments without an active market are individually independent, and there is no correlation between them.

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Fair value through other comprehensive income– equity investments without an active market	Price-Book ratio method	· The multiplier of Price-Book Ratio (As of March 31, 2021, December 31, 2020 and March 31, 2020 were 1.73~3.38, 1.79~5.01 and 1.98, respectively)	The higher the fair value is, the higher the multiplier will be.
〃	〃	· Lack-of-Marketability discount rate (As of March 31, 2021, December 31, 2020 and March 31, 2020 were 23%~50%, 23%~50% and 50%, respectively)	The higher the Lack-of-Marketability discount rate is, the lower the fair value will be.
〃	Comparable transaction method	· Lack-of-Marketability discount rate (As of March 31, 2020 was 24.31%~30.65%)	The higher the Lack-of-Marketability discount rate is, the lower the fair value will be.

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7) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The Group's measurement on the fair value of financial instruments is deemed reasonable despite different valuation models or assumptions that may lead to various results. For fair value measurements in Level 3, changing one or more of the assumptions would have the following effects on profit or loss and other comprehensive income:

	Inputs	Move up or downs	Other comprehensive income Favorable	Unfavorable
March 31, 2021				
Financial assets at fair value through other comprehensive income	Price-Book ratio multiples	5%	$ 2,910	2,993
Financial assets at fair value through other comprehensive income	Lack-of Marketability discount rate	5%	$ 2,067	2,145
December 31, 2020				
Financial assets at fair value through other comprehensive income	Price-Book ratio multiples	5%	$ 3,496	3,536
Financial assets at fair value through other comprehensive income	Lack-of Marketability discount rate	5%	$ 2,895	2,895
March 31, 2020				
Financial assets at fair value through other comprehensive income	Price-Book ratio multiples	5%	$ 1,911	1,911
Financial assets at fair value through other comprehensive income	Lack-of Marketability discount rate	5%	$ 2,705	2,705

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

(s) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in note 6(u) of the consolidated financial statements for the year ended December 31, 2020.

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(t) Capital management

Management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2020. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2020. Please refer to note 6(v) of the consolidated financial statements for the year ended December 31, 2020.

(u) Investing and financing activities not affecting current cash flow

The Group's investing and financing activities which did not affect the current cash flow for the three months ended March 31, 2021 and 2020, were as follows:

(i) For the acquisition of right-of-use assets by lease for the three months ended March 31, 2021 and 2020, please refer to note 6(g).
(ii) Reconciliation of liabilities arising from financing activities for the three months ended March 31, 2021 and 2020, were as follows:

	January 1, 2021	Cash flows	Non-cash changes: Changes in lease payments	March 31, 2021
Lease liabilities	$ 2,588	(513)	(44)	2,031

	January 1, 2020	Cash flows	Non-cash changes: Changes in lease payments	March 31, 2020
Lease liabilities	$ 2,992	(496)	-	2,496

(7) Related-party transactions:

(a) Names and relationship with related parties: None.

(b) Significant transaction with related parties: None.

(c) Key management personnel compensation

	For the three months ended March 31, 2021	2020
Salary and short-term employee benefits	$ 5,068	14,078

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(8) Pledged assets:

The carrying values of pledged assets were as follows:

Assets	Subject	March 31, 2021	December 31, 2020	March 31, 2020
Land	Pledged as collaterals	$ 42,736	42,736	42,736
Building	〃	4,008	4,171	4,673
		$ 46,744	46,907	47,409

(9) Commitments and contingencies:

(a) As of March 31, 2021, December 31, 2020 and March 31, 2020, the unused balance of the Group's outstanding standby letters of credit amounted to $17,245, $29,106 and $11,962, respectively.

(b) The significant outstanding purchase commitments for property, plant and equipment were as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Acquisitions of property, plant and equipment	$ 98,534	49,143	47,317

(10) Losses Due to Major Disasters:

A major fire accident occurred on December 20, 2020, and caused damage to some buildings, equipment, construction in progress, and inventories, and spreading to several nearby factories, of which property was impaired and business operation was interrupted. The Company derecognized damaged buildings, equipment and construction in progress at $401,187, and the inventories at $175,565, and accrued for the damage loss for nearby damaged companies for $509,076. The total disaster loss is $1,085,828.

Among which, the damage loss is based on the best estimate from the available evidence as of the reporting date. However, the actual loss of the claim is still subject to future negotiation, and there are contingent liabilities that cannot be estimated or recorded.

For the period from January 1 to March 31, 2021, the above compensation losses amounting to $6,465 had been paid. As of March 31, 2021 and December 31, 2020, the fire disaster indemnity was $502,611 and $509,076, respectively, which was recorded under provisions. Please refer to note 6(k).

The Company has already entered into related property insurance contracts and is currently in the process of negotiation with the insurance company to handle claims. The Company has confirmed with the insurance company and its notary to recognize the virtually certain amount of compensation that can be received from the insurance company as claim receivables, but shall not exceed the disaster loss of each asset. As of March 31, 2021 and December 31, 2020, the Company recognizes the claim receivables for $519,057, which was recorded under other receivables. However, the insurance claims involve disaster identification, the Company has not been able to confirm the total amount of insurance claims, and will recognize it when the Company can almost be certain that it can receive the subsequent increase in insurance claims income.

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(11) Subsequent Events:

The Group established an investee company, Framosa Co., Ltd., in Taiwan with Veolia Environment, wherein the Group held 40% shares of the investee company, which engaged in circular economy by purifying and utilizing used solvents. The investment cost amounting to $66,000 had been paid on April 19, 2021.

(12) Other:

(a) The followings are the summary statement of current period employee benefits, depreciation and amortization expenses by function:

By function / By item	For the three months ended March 31, 2021			For the three months ended March 31, 2020		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salary	27,696	16,797	44,493	53,884	40,307	94,191
Labor and health insurance	3,736	1,295	5,031	3,875	1,216	5,091
Pension	1,532	523	2,055	1,692	359	2,051
Remuneration of directors	-	684	684	-	3,575	3,575
Others	783	1,427	2,210	824	2,324	3,148
Depreciation	9,106	3,973	13,079	28,084	4,986	33,070
Amortization	431	1,006	1,437	468	1,002	1,470

(b) Seasonality of operations

The Group’s operations were not affected by seasonality or cyclicality factors.

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the three months ended March 31, 2021:

(i) Loans to other parties: None.

(ii) Guarantees and endorsements for other parties: None.

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(iii) Securities held as of March 31, 2021 (excluding investment in subsidiaries, associates and joint ventures):

Unit: thousand dollars

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Beneficiary Certificate (UPAMC James Bond Money Market Fund)	-	Non-current Financial asset at fair value through profit or loss	2,760	46,501	-	46,501	-
〃	Beneficiary Certificate (Cathay Taiwan Money Market Fund)	-	〃	4,093	51,335	-	51,335	-
〃	Beneficiary Certificate (Nomura Taiwan Money Market)	-	〃	1,273	20,951	-	20,951	-
〃	Beneficiary Certificate (Taishin 1699 Money Market Fund)	-	〃	3,592	49,053	-	49,053	-
〃	Beneficiary Certificate (Jih Sun Money Market Fund)	-	〃	3,022	45,210	-	45,210	-
〃	Beneficiary Certificate (Yuanta USD Money Market Fund-USD)	-	〃	99	30,229	-	30,229	-
〃	Beneficiary Certificate (Nomura Global Short Duration Bond Fund)	-	〃	2,840	30,436	-	30,436	-
〃	Beneficiary Certificate (CTBC Hua Win Money Market Fund)	-	〃	4,064	45,167	-	46,167	-
〃	Beneficiary Certificate (Fubon China Policy Bank Bond ETF)	-	〃	420	8,211	-	8,211	-
〃	Beneficiary Certificate (Yuanta De-Li Money Market Fund)	-	〃	2,744	45,141	-	45,141	-
〃	Beneficiary Certificate (Mega Diamond Money Market Fund)	-	〃	3,568	45,163	-	45,163	-
〃	Stock (Fubon S&P Preferred Shares A)	-	〃	793	49,166	-	49,166	-
〃	Stock (Fubon S&P Preferred Shares B)	-	〃	36	2,239	-	2,239	-
〃	Stock (TAISHIN FINANCIAL HOLDING CO., LTD. Preferred Stock E)	-	〃	400	21,240	-	21,240	-
〃	Stock (Cathay Financial Holding Co., Ltd. Preferred Stock A)	-	〃	790	48,822	-	48,822	-
〃	Stock (Cathay Financial Holding Co., Ltd. Preferred Stock B)	-	〃	33	2,057	-	2,057	-
〃	Stock (Cathay Financial Holding Co., Ltd. Common Stock)	-	〃	28	1,357	-	1,357	-
〃	Stock (Fubon S&P US Preferred Stock)	-	〃	2,350	40,138	-	40,138	-
〃	Stock (CTBC Financial Holding Co., Ltd. Preferred Shares B)	-	〃	685	43,498	-	43,498	-
〃	Stock (Shin Kong Financial Holding Co., Ltd. Preferred Shares A)	-	〃	642	27,895	-	27,895	-
〃	Stock (Chailease Hdding Co., Ltd. Preferred Share A)	-	〃	150	15,000	-	15,000	
〃	Stock (Energenesis Biomedical Co., Ltd)	-	Financial assets at fair value through other comprehensive income	1,458	38,528	2.44 %	38,528	-
〃	Stock (Sunny Pharmtech Inc.)	-	〃	4,497	29,683	3.47 %	29,683	-

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of \$300 million or 20% of the capital stock: None.

(v) Acquisition of individual real estate with amount exceeding the lower of \$300 million or 20% of the capital stock: None.

(vi) Disposal of individual real estate with amount exceeding the lower of \$300 million or 20% of the capital stock: None.

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of \$100 million or 20% of the capital stock: None.

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(viii) Receivables from related parties with amounts exceeding the lower of $100 million or 20% of the capital stock: None.

(ix) Trading in derivative instruments: None.

(x) Business relationships and significant intercompany transactions: None.

(b) Information on investees:

The following is the information on investees for the three months ended March 31, 2021 (excluding information on investees in Mainland China):

Unit: thousand dollars/ thousand shares

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2021			Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 2021	December 31, 2020	Shares (thousands)	Percentage of ownership	Carrying value			
SCI PHARMTECH, INC.	Yushan Pharmaceuticals Inc.	R.O.C.	The research and development, manufacture and sale of API	351,761	351,761	35,190	100 %	349,069	(117)	(117)	Note 1

Note 1：The transactions had been eliminated in the consolidated financial statements.

(c) Information on investment in mainland China: None.

(d) Major shareholders:

Unit: shares

Shareholding / Shareholder's Name	Shares	Percentage
Mercuries & Associates Holding Ltd.	25,236,132	31.74 %
Zhan Liwei	5,050,000	6.35 %

(14) Segment information:

The Group only uses one segment to assess its performance and allocate resources. Hence, there is no need to disclose the information.