Stock Code:4119

SCI PHARMTECH, INC. AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Review Report
For the Nine Months Ended September 30, 2021 and 2020

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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.

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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 September 30, 2021 and 2020, and the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2021 and 2020, and changes in equity and cash flows for the nine months ended September 30, 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

Except as explained in the Basis for Qualified Conclusion paragraph for the nine months ended September 30, 2021, 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.

Basis for Qualified Conclusion for the nine months ended September 30, 2021

As stated in note 6(f), the other equity accounted investments of SCI Pharmtech, Inc. and its subsidiaries in its investee companies of $64,984 thousand as of September 30, 2021, and its equity in net earnings (losses) on these investee companies of $(53) thousand and $(1,016) thousand, respectively, for the three months and nine months ended September 30, 2021, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

Qualified Conclusion and Conclusion

For the nine months ended September 30, 2021, expect for the adjustments, if any, as might have been determined to be necessary had the consolidated financial statements of certain equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements for the nine months ended September 30, 2021, do not present fairly, in all material respects, the consolidated financial position of SCI Pharmtech, Inc. and its subsidiaries as of September 30, 2021 and 2020, and of its consolidated financial performance for the three months and nine months ended September 30, 2021 and 2020, as well as its consolidated cash flows for the nine months ended September 30, 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)
November 5, 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 September 30, 2021 and 2020

SCI PHARMTECH, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

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

(expressed in thousands of New Taiwan dollars)

	Assets	September 30, 2021 Amount	%	December 31, 2020 Amount	%	September 30, 2020 Amount	%
	Current assets:						
1100	Cash and cash equivalents (note 6(a))	$ 427,690	10	633,029	14	478,006	11
1110	Current financial assets at fair value through profit or loss (note 6(b))	595,821	14	-	-	-	-
1170	Notes and accounts receivable, net (notes 6(d) and 6(q))	160,763	4	337,749	8	449,346	11
1206	Other receivables (note 10)	265,848	7	519,651	11	888	-
1310	Inventories, net (note 6(e))	263,312	6	380,879	8	475,961	11
1470	Other current assets	57,616	1	47,503	1	17,558	-
		1,771,050	42	1,918,811	42	1,421,759	33
	Non-current assets:						
1510	Non-current financial assets at fair value through profit or loss (note 6(b))	-	-	667,955	14	654,167	16
1518	Non-current financial assets at fair value through other comprehensive income (note 6(c))	78,009	2	85,697	2	115,993	3
1550	Investments accounted for using the equity method (note 6(f))	64,984	1	-	-	-	-
1600	Property, plant and equipment (notes 6(g) and 8)	1,650,406	39	1,500,152	33	1,883,312	44
1755	Right-of-use assets (note 6(h))	2,545	-	2,568	-	3,085	-
1780	Intangible assets	62,322	1	41,319	1	42,749	1
1840	Deferred tax assets	256,127	6	263,546	6	55,752	1
1900	Other non-current assets	374,761	9	89,890	2	71,828	2
		2,489,154	58	2,651,127	58	2,826,886	67
	Total assets	**$ 4,260,204**	**100**	**4,569,938**	**100**	**4,248,645**	**100**

	Liabilities and Equity	September 30, 2021 Amount	%	December 31, 2020 Amount	%	September 30, 2020 Amount	%
	Current liabilities:						
2170	Notes and accounts payable	$ 24,511	1	80,878	2	86,305	2
2130	Current contract liabilities (note 6(q))	42,219	1	97,295	2	69,981	2
2200	Other payables (note 6(j))	132,531	3	188,938	4	232,091	5
2213	Payables on contractors and equipment	98,030	2	21,064	1	23,876	1
2230	Current tax liabilities	22,301	-	127,490	3	90,548	2
2250	Current provisions (note 6(l))	458,023	11	595,232	13	85,820	2
2280	Current lease liabilities (note 6(k))	1,652	-	1,340	-	1,612	-
2300	Other current liabilities	6,390	-	9,977	-	4,955	-
		785,657	18	1,122,214	25	595,188	14
	Non-Current liabilities:						
2580	Non-current lease liabilities (note 6(k))	914	-	1,248	-	1,492	-
2570	Deferred tax liabilities	103,811	3	103,811	2	-	-
2640	Provisions for employee benefits, non-current	19,687	-	20,443	-	20,758	1
		124,412	3	125,502	2	22,250	1
	Total liabilities	910,069	21	1,247,716	27	617,438	15
	Equity attributable to owners of parent (note 6(o)):						
3100	Ordinary Share	953,824	22	794,853	17	794,853	18
3200	Capital surplus	1,348,339	32	1,348,339	30	1,348,339	32
3310	Legal reserve	426,103	10	390,081	9	390,081	9
3320	Special reserve	29,378	1	-	-	-	-
3350	Unappropriated retained earnings	629,557	15	818,327	18	1,097,016	26
3400	Other components of equity	(37,066)	(1)	(29,378)	(1)	918	-
	Total equity	3,350,135	79	3,322,222	73	3,631,207	85
	Total liabilities and equity	**$ 4,260,204**	**100**	**4,569,938**	**100**	**4,248,645**	**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 and nine months ended September 30, 2021 and 2020

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

		For the three months ended September 30,				For the nine months ended September 30,			
		2021		2020		2021		2020	
		Amount	%	Amount	%	Amount	%	Amount	%
4110	Sales revenue (note 6(q))	$ 228,254	100	678,835	100	728,452	100	2,191,085	100
5110	Cost of sales (notes 6(e), 6(m) and 12)	154,053	67	370,406	55	523,815	72	1,142,766	52
5900	**Gross profit**	74,201	33	308,429	45	204,637	28	1,048,319	48
	Operating expenses (notes 6(m) and 12):								
6100	Selling expenses	13,590	6	23,811	3	38,777	5	91,790	4
6200	Administrative expenses	15,413	7	28,897	4	43,893	6	104,564	5
6300	Research and development expenses	8,404	4	12,086	2	22,418	4	32,928	2
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9 (note 6(d))	-	-	(1,179)	-	-	-	(1,179)	-
		37,407	17	63,615	9	105,088	15	228,103	11
6900	**Net operating income**	36,794	16	244,814	36	99,549	13	820,216	37
	Non-operating income and expenses:								
7190	Other income	9,497	4	9,905	1	21,856	3	11,982	1
7101	Interest income	65	-	759	-	524	-	3,870	-
7235	Gains (losses) on financial assets (liabilities) at fair value through profit or loss	(3,508)	(2)	(6,896)	(1)	(1,902)	-	(14,606)	(1)
7770	Share of gain (loss) of associates and joint ventures accounted for using the equity method, net	(53)	-	-	-	(1,016)	-	-	-
7510	Interest expense (note 6(k))	(11)	-	(13)	-	(32)	-	(32)	-
7590	Miscellaneous disbursements	(5,201)	(2)	(114)	-	(10,190)	(1)	(371)	-
7610	Gains (losses) on disposals of property, plant and equipment	-	-	28	-	-	-	57	-
7630	Foreign exchange gains (losses)	(540)	-	(10,614)	(1)	(15,371)	(2)	(20,058)	(1)
		249	-	(6,945)	(1)	(6,131)	-	(19,158)	(1)
7900	**Profit before tax**	37,043	16	237,869	35	93,418	13	801,058	36
7950	Less: Income tax expenses (note 6(n))	7,123	3	48,953	7	18,074	3	162,141	7
8200	**Profit**	29,920	13	188,916	28	75,344	10	638,917	29
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	19,894	9	2,459	-	(7,688)	(1)	(21,336)	(1)
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note 6(n))	-	-	-	-	-	-	-	-
8300	**Other comprehensive income, net**	19,894	9	2,459	-	(7,688)	(1)	(21,336)	(1)
8500	**Total comprehensive income**	**$ 49,814**	**22**	**191,375**	**28**	**67,656**	**9**	**617,581**	**28**
	Earnings per share (note 6(p)):								
9750	**Basic earnings per share**	**$ 0.31**		**1.98**		**0.79**		**6.70**	
9850	**Diluted earnings per share**	**$ 0.31**		**1.97**		**0.79**		**6.64**	

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 Changes in Equity

For the nine months ended September 30, 2021 and 2020

(expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent						
			Retained earnings			Other equity interest	
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	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 nine months ended September 30, 2020	-	-	-	-	638,917	-	638,917
Other comprehensive income for the nine months ended September 30, 2020	-	-	-	-	-	(21,336)	(21,336)
Total comprehensive income for the nine months ended September 30, 2020	-	-	-	-	638,917	(21,336)	617,581
Appropriation and distribution of retained earnings:							
Legal reserve appropriated	-	-	57,110	-	(57,110)	-	-
Reversal of special reserve	-	-	-	(4,788)	4,788	-	-
Cash dividends of ordinary share	-	-	-	-	(461,014)	-	(461,014)
Balance at September 30, 2020	**$ 794,853**	**1,348,339**	**390,081**	**-**	**1,097,016**	**918**	**3,631,207**
Balance at January 1, 2021	$ 794,853	1,348,339	390,081	-	818,327	(29,378)	3,322,222
Profit for the nine months ended September 30, 2021	-	-	-	-	75,344	-	75,344
Other comprehensive income for the nine months ended September 30, 2021	-	-	-	-	-	(7,688)	(7,688)
Total comprehensive income for the nine months ended September 30, 2021	-	-	-	-	75,344	(7,688)	67,656
Legal reserve appropriated	-	-	36,022	-	(36,022)	-	-
Special reserve appropriated	-	-	-	29,378	(29,378)	-	-
Cash dividends of ordinary share	-	-	-	-	(39,743)	-	(39,743)
Stock dividends of ordinary share	158,971	-	-	-	(158,971)	-	-
Balance at September 30, 2021	**$ 953,824**	**1,348,339**	**426,103**	**29,378**	**629,557**	**(37,066)**	**3,350,135**

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 nine months ended September 30, 2021 and 2020

(expressed in Thousands of New Taiwan Dollars)

	For the nine months ended September 30	
	2021	2020
Cash flows from (used in) operating activities:		
Profit before tax	$ 93,418	801,058
Adjustments for:		
Adjustments to reconcile profit (loss):		
Depreciation expense	40,843	97,287
Amortization expense	5,485	4,349
Expected credit loss (gain)	-	(1,179)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	1,902	14,606
Interest expense	32	32
Interest income	(524)	(3,870)
Share of loss (profit) of associates and joint ventures accounted for using the equity method	1,016	-
Others	2,434	(57)
Total adjustments to reconcile profit	51,188	111,168
Changes in operating assets and liabilities:		
Decrease (increase) in notes and accounts receivable	176,986	(95,763)
Decrease (increase) in inventories	117,567	51,120
Decrease (increase) in other receivables and other current assets	243,690	18,507
Increase (decrease) in notes and accounts payable	(56,367)	(7,997)
Increase (decrease) in contract liabilities	(55,076)	10,889
Increase (decrease) in other payable	(56,407)	2,261
Increase (decrease) in provisions	(137,209)	1,863
Increase (decrease) in other current liabilities	(3,587)	2,943
Increase (decrease) in provision for employee benefits, non-current	(756)	(618)
Total changes in operating assets and liabilities	228,841	(16,795)
Total adjustments	280,029	94,373
Cash flow from (used in) operations	373,447	895,431
Interest received	524	3,870
Interest paid	(32)	(32)
Income taxes paid	(115,844)	(166,773)
Net cash flows from (used in) operating activities	258,095	732,496
Cash flows from (used in) investing activities:		
Proceeds from disposal of financial assets at fair value through profit or loss	70,529	-
Acquisition of financial assets at fair value through profit or loss	(297)	(202,748)
Acquisition of investments accounted for using the equity method	(66,000)	-
Acquisition of property, plant and equipment	(110,996)	(81,815)
Proceeds from disposal of property, plant and equipment	-	57
Decrease (increase) in refundable deposits	(2,000)	6,273
Acquisition of intangible assets	(3,952)	-
Increase in prepayments of property, plant and equipment	(309,613)	(67,267)
Net cash flows from (used in) investing activities	(422,329)	(345,500)
Cash flows from (used in) financing activities:		
Payment of lease liabilities	(1,362)	(1,531)
Cash dividends paid	(39,743)	(461,014)
Net cash flows from (used in) financing activities	(41,105)	(462,545)
Net increase (decrease) in cash and cash equivalents	(205,339)	(75,549)
Cash and cash equivalents at beginning of period	633,029	553,555
Cash and cash equivalents at end of period	**$ 427,690**	**478,006**

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

September 30, 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 November 5, 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"

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its consolidated financial statements:

- 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"

(Continued)

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

(c) 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 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

(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.

SCI PHARMTECH, INC. AND SUBSIDIARIES
Notes to the 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.

Name of investor	Name of subsidiary	Principal activity	Shareholding September 30, 2021	Shareholding December 31, 2020	Shareholding September 30, 2020
The Company	Yushan Pharmaceuticals Inc. (Yushan)	The research and development, manufacture and sale of API	100.00 %	100.00 %	100.00 %

(c) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases.

Gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group's interests in the associate.

When the Group's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

(d) 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.

(Continued)

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

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.

(e) 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.

(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

	September 30, 2021	December 31, 2020	September 30, 2020
Cash on hand	$ 513	592	533
Checking accounts and demand deposits	399,177	283,291	217,588
Time deposits	28,000	127,505	129,675
Bills sold under repurchase agreements	-	221,641	130,210
	$ 427,690	**633,029**	**478,006**

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

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

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

	September 30, 2021	December 31, 2020	September 30, 2020
Mandatorily measured at fair value through profit or loss:			
Non-derivative financial assets			
Beneficiary certificate	$ 346,760	417,065	416,841
Stocks listed on domestic markets	249,061	250,890	237,326
Total	**$ 595,821**	**667,955**	**654,167**
Current	**$ 595,821**	**-**	**-**
Non-current	**$ -**	**667,955**	**654,167**

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. After the fire incident, the Group's capital requirement increased. The Group reassessed the purpose of holding the aforementioned financial assets again and reclassified them under current assets on June 30, 2021.

The Group did not provide any aforementioned financial assets as collateral for its loans as of September 30, 2021, December 31, 2020 and September 30, 2020, respectively.

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

	September 30, 2021	December 31, 2020	September 30, 2020
Financial assets at fair value through other comprehensive income:			
Emerging stocks and unlisted stocks in domestic markets	**$ 78,009**	**85,697**	**115,993**

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 nine months ended September 30, 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(s) for market risk of the Group.

As of September 30, 2021, December 31, 2020 and September 30, 2020, the Group did not provide any aforementioned financial assets as collateral for its loans.

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(d) Notes and accounts receivable

	September 30, 2021	December 31, 2020	September 30, 2020
Notes receivable	$ -	99	240
Accounts receivable	160,763	337,650	449,106
Less: Loss allowance	-	-	-
	$ 160,763	**337,749**	**449,346**

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:

	September 30, 2021		
	Gross carrying amount	Rate of loss allowance provision	Loss allowance provision
Current	$ 109,460	-	-
1 to 30 days past due	16,540	-	-
31 to 60 days past due	23,612	-	-
61 to 90 days past due	8	-	-
91 to 180 days past due	6,200	-	-
181 to 270 days past due	4,943	-	-
271 to 360 days past due	-	-	-
More than 360 days past due	-	-	-
	$ 160,763		**-**

	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		**-**

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SCI PHARMTECH, INC. AND SUBSIDIARIES
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	September 30, 2020		
	Gross carrying amount	**Rate of loss allowance provision**	**Loss allowance provision**
Current	$ 346,169	-	-
1 to 30 days past due	95,659	-	-
31 to 60 days past due	1,797	-	-
61 to 90 days past due	5,721	-	-
91 to 180 days past due	-	-	-
181 to 270 days past due	-	-	-
271 to 360 days past due	-	-	-
	$ 449,346		**-**

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

	For the nine months ended September 30,	
	2021	**2020**
Balance at January 1	$ -	1,179
Impairment losses reversed	-	(1,179)
Balance at September 30	**$ -**	**-**

As of September 30, 2021, December 31, 2020 and September 30, 2020, the Group did not provide any aforementioned notes and accounts receivable as collaterals for its loans.

(e) Inventories

	September 30, 2021	**December 31, 2020**	**September 30, 2020**
Raw materials	$ 139,916	116,984	101,982
Work in progress	26,896	16,322	89,952
Finished goods	96,500	247,573	284,027
	$ 263,312	**380,879**	**475,961**

For the three months and nine months ended September 30, 2021 and 2020, inventory cost recognized as cost of sales amounting to $108,787, $350,575, $368,502 and $1,098,150, respectively, and unallocated production overheads amounting to $45,032, $16,764, $162,190 and $53,048, respectively.

(Continued)

SCI PHARMTECH, INC. AND SUBSIDIARIES
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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:

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
The write-downs (reversals)	$ 234	3,067	(6,877)	(8,432)

As of September 30, 2021, December 31, 2020 and September 30, 2020, the Group did not provide any inventories as collaterals for its loans.

(f) Investments accounted for using the equity method

The components of investments accounted for using the equity method at the reporting date were as follows:

	September 30, 2021	December 31, 2020	September 30, 2020
Associates	$ 64,984	-	-

(i) In April 2021, the Group acquired 40% shares of Framosa Co., Ltd., for $66,000 in cash, resulting in the Group to have significant influence over Framosa Co., Ltd.

(ii) The Group's financial information on investments accounted for using the equity method that are individually insignificant was as follows:

	For the nine months ended September 30, 2021
Attributable to the Group:	
Profit (loss)	$ (1,016)
Other comprehensive income (loss)	-
Comprehensive income (loss)	$ (1,016)

(iii) Pledge to secure

The Group did not provide any investment accounted for using the equity method as collateral for its loans.

(iv) The investments were accounted for using the equity method, and the share of profit or loss and other comprehensive income of those investments were calculated based on the financial statements that have not been reviewed.

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(g) Property, plant and equipment

	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	-	935	8,111	1,190	-	177,726	187,962
Transferred (out) in	-	122,879	6,714	1,521	-	(129,343)	1,771
Disposal and derecognitions	-	-	(3,602)	(645)	-	-	(4,247)
Balance on September 30, 2021	**$ 825,680**	**677,335**	**555,107**	**34,983**	**12,968**	**271,096**	**2,377,169**
Balance on January 1, 2020	$ 825,680	737,842	1,667,500	40,656	18,720	168,428	3,458,826
Additions	-	7,065	18,117	1,534	-	62,370	89,086
Transferred (out) in	-	2,130	17,374	(1,444)	-	(7,130)	10,930
Disposal and derecognitions	-	(1,051)	(8,644)	(24)	-	-	(9,719)
Balance on September 30, 2020	**$ 825,680**	**745,986**	**1,694,347**	**40,722**	**18,720**	**223,668**	**3,549,123**
Depreciation and impairments loss:							
Balance on January 1, 2021	$ -	248,002	420,724	17,963	4,842	-	691,531
Depreciation	-	16,079	20,041	2,568	791	-	39,479
Transferred (out) in	-	-	-	-	-	-	-
Disposals and derecognitions	-	-	(3,602)	(645)	-	-	(4,247)
Balance on September 30, 2021	**$ -**	**264,081**	**437,163**	**19,886**	**5,633**	**-**	**726,763**
Balance on January 1, 2020	$ -	334,054	1,219,926	20,099	7,748	-	1,581,827
Depreciation	-	23,824	67,683	3,054	1,194	-	95,755
Transferred (out) in	-	-	-	(2,052)	-	-	(2,052)
Disposals and derecognitions	-	(1,051)	(8,644)	(24)	-	-	(9,719)
Balance on September 30, 2020	**$ -**	**356,827**	**1,278,965**	**21,077**	**8,942**	**-**	**1,665,811**
Carrying amounts:							
Balance on January 1, 2021	**$ 825,680**	**305,519**	**123,160**	**14,954**	**8,126**	**222,713**	**1,500,152**
Balance on September 30, 2021	**$ 825,680**	**413,254**	**117,944**	**15,097**	**7,335**	**271,096**	**1,650,406**
Balance on January 1, 2020	**$ 825,680**	**403,788**	**447,574**	**20,557**	**10,972**	**168,428**	**1,876,999**
Balance on September 30, 2020	**$ 825,680**	**389,159**	**415,382**	**19,645**	**9,778**	**223,668**	**1,883,312**

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

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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 September 30, 2021, December 31, 2020 and September 30, 2020, part of the property, plant and equipment the Group had provided at collateral for its loans. Please refer to note 8 for details.

(h) 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	1,384
Reductions	(2,545)
Disposal / Write-off	(90)
Balance on September 30, 2021	**$ 4,406**
Balance on January 1, 2020	$ 4,747
Additions	1,662
Reductions	(752)
Balance on September 30, 2020	**$ 5,657**
Accumulated depreciation:	
Balance on January 1, 2021	$ 3,089
Depreciation for the period	1,364
Reductions	(2,545)
Disposal / Write-off	(47)
Balance on September 30, 2021	**$ 1,861**
Balance on January 1, 2020	$ 1,773
Depreciation for the period	1,532
Reductions	(733)
Balance on September 30, 2020	**$ 2,572**
Carrying amount:	
Balance on January 1, 2021	**$ 2,568**
Balance on September 30, 2021	**$ 2,545**
Balance on January 1, 2020	**$ 2,974**
Balance on September 30, 2020	**$ 3,085**

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(i) Short-term borrowings

The details of short-term borrowings were as following:

	September 30, 2021	December 31, 2020	September 30, 2020
Unsecured bank loans	$ -	-	-
Unused credit line for short-term borrowings	$ 350,000	338,989	340,103
Range of interest rates	-	-	-

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

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

(j) Other payables

	September 30, 2021	December 31, 2020	September 30, 2020
Salaries payable	$ 90,653	118,602	161,217
Others	41,878	70,336	70,874
	$ 132,531	188,938	232,091

(k) Lease liabilities

The carrying amount of lease liabilities was as follows:

	September 30, 2021	December 31, 2020	September 30, 2020
Current	$ 1,652	1,340	1,612
Non-current	$ 914	1,248	1,492

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
The amounts recognized in profit or loss were as follows:				
Interest on lease liabilities	$ 11	13	30	32
Expenses relating to short-term leases	$ 18,075	492	32,861	1,284
Variable lease payments not included in the measurement of lease liabilities	$ 10	157	96	406

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	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets	$ 281	59	909	203
Profits from the change of the lease (recorded as other income)	$ -	-	(1)	-

	For the nine months ended September 30,	
	2021	2020
The amounts recognized in the statement of cash flows for the Group were as follows:		
Total cash outflow for leases	$ 35,258	3,456

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.

(l) Provisions

Except for the following disclosure, there was no significant change for provisions for the periods from January 1 to September 30, 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 on January 1, 2021	$ 86,156	509,076	595,232
Provisions made during the year	3,589	-	3,589
Provisions used during the year	(33,066)	(107,732)	(140,798)
Balance on September 30, 2021	$ 56,679	401,344	458,023
Balance on January 1, 2020	$ 83,957	-	83,957
Provisions made during the year	67,891	-	67,891
Provisions used during the year	(66,028)	-	(66,028)
Balance on September 30, 2021	$ 85,820	-	85,820

In 2020, the Group estimated the fire disaster indemnity amounting to $509,076 due to fire spreading to the nearby factories. Please refer to note 10 for the details.

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(m) 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 September 30,		For the nine months ended September 30,	
	2021	**2020**	**2021**	**2020**
Operating cost	$ 172	237	514	1,017
Operating expenses	64	92	195	(28)
Total	**$ 236**	**329**	**709**	**989**

(ii) Defined contribution plans

The Group's expenses under the pension plan cost to the Bureau of Labor Insurance were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	**2020**	**2021**	**2020**
Operating cost	$ 1,203	1,345	3,826	3,975
Selling expenses	59	65	191	196
Administration expenses	166	170	504	497
Research expenses	228	206	677	590
Total	**$ 1,656**	**1,786**	**5,198**	**5,258**

(n) Income taxes

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

(ii) The Group's income tax expenses for the three months and nine months ended September 30, 2021 and 2020 were calculated as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	**2020**	**2021**	**2020**
Current income tax expense	**$ 7,123**	**48,953**	**18,074**	**162,141**

(iii) For the three months and nine months ended September 30, 2021 and 2020, the Group did not recognize income tax expense in equity and other comprehensive income.

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(iv) Examination and approval

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

(o) 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 September 30, 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

Based on the resolutions of annual stockholders’ meetings held on July 15, 2021 and June 21, 2020, the appropriations of dividends from the distributable retained earnings of 2020 and 2019 were 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	158,971	-	-
Total		$ **198,714**		**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	(7,688)
Balance at September 30, 2021	$ (37,066)
Balance at January 1, 2020	$ 22,254
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	(21,336)
Balance at September 30, 2020	$ 918

(p) Earnings per share

The Company's earnings per share was calculated as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	**2020**	**2021**	**2020**
Basic earnings per share				
Profit attributable to ordinary shareholders of the Company	$ 29,920	188,916	75,344	638,917
Weighted-average number of ordinary shares (thousand shares)	95,382	95,382	95,382	95,382
	$ 0.31	1.98	0.79	6.70
Diluted earnings per share				
Profit attributable to ordinary shareholders of the Company	$ 29,920	188,916	75,344	638,917
Weighted-average number of ordinary shares (thousand shares)	95,382	95,382	95,382	95,382
Effect of potentially dilutive ordinary shares:				
Effect of employee compensation	120	659	335	832
Weighted-average number of ordinary shares (thousand shares) (diluted)	95,502	96,041	95,717	96,214
	$ 0.31	1.97	0.79	6.64

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(q) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended September 30, 2021	For the three months ended September 30, 2020	For the nine months ended September 30, 2021	For the nine months ended September 30, 2020
Primary geographical markets:				
Italy	$ 60,883	111,374	193,732	361,782
China	43,339	16,689	137,651	37,433
Germany	63,041	19,392	89,821	49,328
United States	34,992	149,274	75,087	403,984
Taiwan	12,848	44,323	56,652	174,973
Spain	-	140,862	27,369	363,417
Japan	3,388	53,382	18,491	195,924
Netherlands	-	46,198	-	125,580
Others	9,763	97,341	129,649	478,664
	$ 228,254	**678,835**	**728,452**	**2,191,085**
Major products:				
Active Pharmaceutical Ingredients	$ 60,157	530,139	354,888	1,620,513
Intermediates	162,102	113,891	358,056	471,864
Specialty Chemical	5,995	34,805	15,508	98,708
	$ 228,254	**678,835**	**728,452**	**2,191,085**

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(ii) Contract balances

	September 30, 2021	December 31, 2020	September 30, 2020
Notes and accounts receivable	$ 160,763	337,749	449,346
Less: allowance for impairment	-	-	-
Total	**$ 160,763**	**337,749**	**449,346**
Contract liabilities (sales received in advance)	**$ 42,219**	**97,295**	**69,981**

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.

(r) 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 and nine months ended September 30, 2021 and 2020, the remunerations to employees amounted to $4,150, $24,048, $9,698 and $79,398, respectively, and the remunerations to directors amounted to $500, $3,247, $1,252 and $10,788, 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 years 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.

(s) 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.

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(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

As of September 30, 2021, December 31, 2020 and September 30, 2020, there were three major customers that accounted for 67.8%, 21.8% and 19.8% of notes and accounts receivable, respectively, and there is a concentration of credit risk with respect to their notes and accounts receivable. In order to reduce the significant credit loss, the Group monitors and reviews the recoverable amount of the receivables to ensure the uncollectible amount is recognized appropriately as loss allowance.

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
September 30, 2021					
Non-derivative financial liabilities:					
Notes and accounts payable	$ 24,511	(24,511)	(24,511)	-	-
Lease liabilities (including current and non-current)	2,566	(2,598)	(1,679)	(919)	-
Other payables	132,531	(132,531)	(132,531)	-	-
Payables on contractors and equipment	98,030	(98,030)	(98,030)	-	-
	$ 257,638	**(257,670)**	**(256,751)**	**(919)**	**-**

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	Carrying Amount	Contractual cash flows	Within a year	1 ~ 2 years	Over 2 years
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)**
September 30, 2020					
Non-derivative financial liabilities:					
Notes and accounts payable	$ 86,305	(86,305)	(86,305)	-	-
Lease liabilities (including current and non-current)	3,104	(3,157)	(1,646)	(1,000)	(511)
Other payables	232,091	(232,091)	(232,091)	-	-
Payables on contractors and equipment	23,876	(23,876)	(23,876)	-	-
	$ 345,376	**(345,429)**	**(343,918)**	**(1,000)**	**(511)**

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

	September 30, 2021			December 31, 2020			September 30, 2020		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets									
Monetary items									
USD to TWD	$ 15,891	27.80	441,770	17,704	28.43	503,325	19,692	29.05	572,053
EUR to TWD	1,764	32.12	56,660	3,178	34.82	110,658	2,456	33.95	83,381
Financial liabilities									
Monetary items									
USD to TWD	652	27.80	18,126	1,417	28.43	40,285	1,588	29.05	46,131

(Continued)

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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 nine months ended September 30, 2021 and 2020 would have affected the net profit before tax increased or decreased $4,803 and $6,093, 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 and nine months ended September 30, 2021 and 2020, the exchange gains (losses), including realized and unrealized, are $(540), $(10,614), $(15,371) and $(20,058), respectively.

(iv) Interest rate analysis

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

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

	Carrying amount	
	September 30, 2021	**September 30, 2020**
Variable rate instruments:		
Financial assets	$ 398,988	217,238
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 $748 and $407, respectively, for the nine months ended September 30, 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:

	September 30, 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	$ 595,821	595,821	-	-	595,821
Financial assets at fair value through other comprehensive income					
Emerging stocks and unlisted stocks on domestic market	78,009	-	-	78,009	78,009
Financial assets measured at amortized cost					
Cash and cash equivalents	427,690	-	-	-	-
Notes and accounts receivable	160,763	-	-	-	-
Other receivables	265,848	-	-	-	-
Refunded deposits (recognized as other non-current assets)	3,210	-	-	-	-
Subtotal	857,511				
Total	**$ 1,531,341**				
Financial liabilities measured at amortized cost					
Notes and accounts payable	$ 24,511	-	-	-	-
Lease liabilities (including current and non-current)	2,566	-	-	-	-
Other payables	132,531	-	-	-	-
Payables on contractors and equipment	98,030	-	-	-	-
Total	**$ 257,638**				

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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				

	September 30, 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	$ 654,167	654,167	-	-	654,167
Financial assets at fair value through other comprehensive income					
Emerging stocks and unlisted stocks on domestic market	115,993	23,505	-	92,488	115,993
Financial assets measured at amortized cost					
Cash and cash equivalents	478,006	-	-	-	-
Notes and accounts receivable	449,346	-	-	-	-
Other receivables	888	-	-	-	-
Refunded deposits (recognized as other non-current assets)	1,210	-	-	-	-
Subtotal	929,450				
Total	$ 1,699,610				

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	September 30, 2020				
		Fair Value			
	Book value	Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost					
Notes and accounts payable	$ 86,305	-	-	-	-
Lease liabilities (including current and non-current)	3,104	-	-	-	-
Other payables	232,091	-	-	-	-
Payables on contractors and equipment	23,876	-	-	-	-
Total	$ 345,376				

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.

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.

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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 nine months ended September 30, 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	(7,688)
September 30, 2021	**$ 78,009**
January 1, 2020	$ 108,619
Total gains and losses recognized:	
In profit or loss	-
In other comprehensive income	(16,131)
September 30, 2020	**$ 92,488**

For the three months and nine months ended September 30, 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 September 30,		For the nine months ended September 30,	
	2021	**2020**	**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”	$ 19,894	4,922	(7,688)	(16,131)

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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 September 30, 2021, December 31, 2020 and September 30, 2020 were 1.71~4.36, 1.79~5.01 and 2.05, respectively)	The higher the fair value is, the higher the multiplier will be.
〃	〃	· Lack-of-Marketability discount rate (As of September 30, 2021, December 31, 2020 and September 30, 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 September 30, 2020 was 22.17%~30.22%)	The higher the Lack-of-Marketability discount rate is, the lower the fair value will be.

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:

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	Inputs	Move up or downs	Other comprehensive income Favorable	Other comprehensive income Unfavorable
September 30, 2021				
Financial assets at fair value through other comprehensive income	Price-Book ratio multiples	5%	$ 3,303	3,303
Financial assets at fair value through other comprehensive income	Lack-of Marketability discount rate	5%	$ 2,374	2,371
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
September 30, 2020				
Financial assets at fair value through other comprehensive income	Price-Book ratio multiples	5%	$ 1,889	1,889
Financial assets at fair value through other comprehensive income	Lack-of Marketability discount rate	5%	$ 2,778	2,778

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.

(t) 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.

(u) 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.

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(v) 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 nine months ended September 30, 2021 and 2020, were as follows:

(i) For the acquisition of right-of-use assets by lease for the nine months ended September 30, 2021 and 2020, please refer to note 6(h).

(ii) Reconciliation of liabilities arising from financing activities for the nine months ended September 30, 2021 and 2020, were as follows:

	January 1, 2021	Cash flows	Non-cash changes Changes in lease payments	September 30, 2021
Lease liabilities	$ 2,588	(1,362)	1,340	2,566

	January 1, 2020	Cash flows	Non-cash changes Changes in lease payments	September 30, 2020
Lease liabilities	$ 2,992	(1,531)	1,643	3,104

(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 September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Salary and short-term employee benefits	$ 4,144	13,207	12,133	42,482

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Assets	Subject	September 30, 2021	December 31, 2020	September 30, 2020
Land	Pledged as collaterals	$ 42,736	42,736	42,736
Building	〃	3,684	4,171	4,337
		$ 46,420	46,907	47,073

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(9) Commitments and contingencies:

(a) As of September 30, 2021, December 31, 2020 and September 30, 2020, the unused balance of the Group' s outstanding standby letters of credit amounted to $60,048, $29,106 and $9,897, respectively.

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

	September 30, 2021	December 31, 2020	September 30, 2020
Acquisitions of property, plant and equipment	$ 338,164	49,143	47,147

(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 September 30, 2021, the above compensation losses amounting to $107,732 had been paid. As of September 30, 2021, and December 31, 2020, the fire disaster indemnity was $401,344 and $509,076, respectively, which was recorded under provisions. Please refer to note 6(l).

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. For the nine months ended September 30, 2021, the Company had already received the compensation amounting to $253,518 from the insurance company. As of September 30, 2021, and December 31, 2020, the Company recognizes the claim receivables for $265,539 and $519,057, respectively, 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.

(11) Subsequent Events:

In order to improve the Company's business development, at a meeting of the Board of Directors held on September 15, 2021, the Board members approved the construction of Guanyin plant. The proposed investment amount is $1,175,000. Furthermore, the Company entered into a contract amounting to $630,000 with third parties to build the real property on the Company's own land on October 19, 2021. After that, some part of the contract amounting to $63,000 had been paid.

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SCI PHARMTECH, INC. AND SUBSIDIARIES
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(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 September 30, 2021			For the three months ended September 30, 2020		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salary	26,245	15,836	42,081	54,928	31,086	86,014
Labor and health insurance	2,756	1,016	3,772	4,212	1,615	5,827
Pension	1,375	517	1,892	1,582	533	2,115
Remuneration of directors	-	500	500	-	3,247	3,247
Others	748	1,526	2,274	841	2,830	3,671
Depreciation	9,603	4,346	13,949	25,874	5,075	30,949
Amortization	1,027	1,006	2,033	439	1,005	1,444

By function / By item	For the nine months ended September 30, 2021			For the nine months ended September 30, 2020		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salary	78,951	43,139	122,090	164,385	108,256	272,641
Labor and health insurance	9,303	3,338	12,641	11,385	3,792	15,177
Pension	4,340	1,567	5,907	4,992	1,255	6,247
Remuneration of directors	-	1,252	1,252	-	10,788	10,788
Others	2,328	4,037	6,365	2,637	7,472	10,109
Depreciation	28,241	12,602	40,843	82,247	15,040	97,287
Amortization	2,468	3,017	5,485	1,327	3,022	4,349

(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 nine months ended September 30, 2021:

(i) Loans to other parties: None.

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

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(iii) Securities held as of September 30, 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	46,542	-	46,542	-
〃	Beneficiary Certificate (Cathay Taiwan Money Market Fund)	-	〃	4,093	51,382	-	51,382	-
〃	Beneficiary Certificate (Nomura Taiwan Money Market)	-	〃	1,273	20,970	-	20,970	-
〃	Beneficiary Certificate (Taishin 1699 Money Market Fund)	-	〃	3,592	49,109	-	49,109	-
〃	Beneficiary Certificate (Jih Sun Money Market Fund)	-	〃	1,352	20,254	-	20,254	-
〃	Beneficiary Certificate (Yuanta USD Money Market Fund-USD)	-	〃	99	29,529	-	29,529	-
〃	Beneficiary Certificate (Nomura Global Short Duration Bond Fund)	-	〃	2,840	30,419	-	30,419	-
〃	Beneficiary Certificate (Fubon China Policy Bank Bond ETF)	-	〃	420	8,165	-	8,165	-
〃	Beneficiary Certificate (Yuanta De-Li Money Market Fund)	-	〃	2,744	45,181	-	45,181	-
〃	Beneficiary Certificate (Mega Diamond Money Market Fund)	-	〃	3,568	45,209	-	45,209	-
〃	Stock (Fubon S&P Preferred Shares A)	-	〃	793	49,245	-	49,245	-
〃	Stock (Fubon S&P Preferred Shares B)	-	〃	36	2,246	-	2,246	-
〃	Stock (TAISHIN FINANCIAL HOLDING CO., LTD. Preferred Stock E)	-	〃	400	20,840	-	20,840	-
〃	Stock (Cathay Financial Holding Co., Ltd. Preferred Stock A)	-	〃	790	49,059	-	49,059	-
〃	Stock (Cathay Financial Holding Co., Ltd. Preferred Stock B)	-	〃	33	2,054	-	2,054	-
〃	Stock (Cathay Financial Holding Co., Ltd. Common Stock)	-	〃	28	1,639	-	1,639	-
〃	Stock (Fubon S&P US Preferred Stock)	-	〃	2,350	39,739	-	39,739	-
〃	Stock (CTBC Financial Holding Co., Ltd. Preferred Shares B)	-	〃	685	42,675	-	42,675	-
〃	Stock (Shin Kong Financial Holding Co., Ltd. Preferred Shares A)	-	〃	642	26,579	-	26,579	-
〃	Stock (Chailease Hdding Co., Ltd. Preferred Share A)	-	〃	150	14,985	-	14,985	
〃	Stock (Energenesis Biomedical Co., Ltd)	-	Financial assets at fair value through other comprehensive income	1,458	45,177	2.44 %	45,177	-
〃	Stock (Sunny Pharmtech Inc.)	-	〃	4,497	32,832	3.25 %	32,832	-

(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.

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

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(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 nine months ended September 30, 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 September 30, 2021			Net income (losses) of investee	Share of profits/losses of investee	Note
				September 30, 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 %	348,770	(415)	(415)	Note 1
SCI PHARMTECH, INC.	Framosa Co., Ltd.	R.O.C.	Circular economy by purifying and utilizing used solvents	66,000	-	6,600	40 %	64,984	(2,539)	(1,016)	

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.	30,283,358	31.74 %
Zhan Liwei	6,060,000	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.