# HTC CORPORATION

# 3Q21 RESULTS SUMMARY

# DISCLAIMER STATEMENT

- This presentation and release contain “forward-looking statements” which may include projections of future results of operations, financial condition or business prospects based on our own information and other sources.

- Our actual results of operations, financial condition or business prospects may differ from those expressed or implied in these forward-looking statements for a variety of reasons, including but not limited to market demand, price fluctuations, competition, international economic conditions, supply chain issues, exchange rate fluctuations and other risks and factors beyond our control.

- The forward-looking statements in this release reflect the current belief of HTC as of the date of this release. HTC undertakes no obligation to update these forward-looking statements for events or circumstances that occur subsequent to such date.

# EXECUTIVE SUMMARY

3Q21 Financial Highlights:

- Quarterly revenue of NT$1.34 billion with a gross margin of 31.6%, up 1.7% sequentially.
- Quarterly operating loss of NT$0.88 billion with an operating margin of -65.8%.
- Quarterly net loss attributable to owners of the parent was NT$0.77 billion, or an EPS of -NT$0.94.

# EXECUTIVE SUMMARY

3Q21 Business Update:

- After the successful launch of the VIVE Pro 2 headset in Q2, Q3 saw the global launch of the VIVE Pro 2 Full Kit.
- Beatday, a VIVE Originals platform, launched in beta.  Beatday recreates the concert experience, and is described as a metaverse with a focus on music.
- VIVE again partnered with La Biennale di Venezia for the 78th Venice International Film Festival in September. Venice VR Expanded, the official VR arm of the festival, took place online through VRChat and VIVEPORT.
- 'The Sick Rose' VR film was selected for Venice VR Expanded, the official VR arm of the Venice International Film Festival; the 7th VIVE Originals film to be selected. The film also competed in the Grand Jury Prize for Best VR work, Best VR experience and the Best VR Immersive story.

# EXECUTIVE SUMMARY

3Q21 Business Update:

- VictoryXR, T-Mobile and Fisk University in US announced the first 5G-enabled VR cadaver lab for pre-med biology students, using HTC VIVE Focus 3, providing an innovative approach to the anatomy curriculum and saving on physical cadaver requirements.

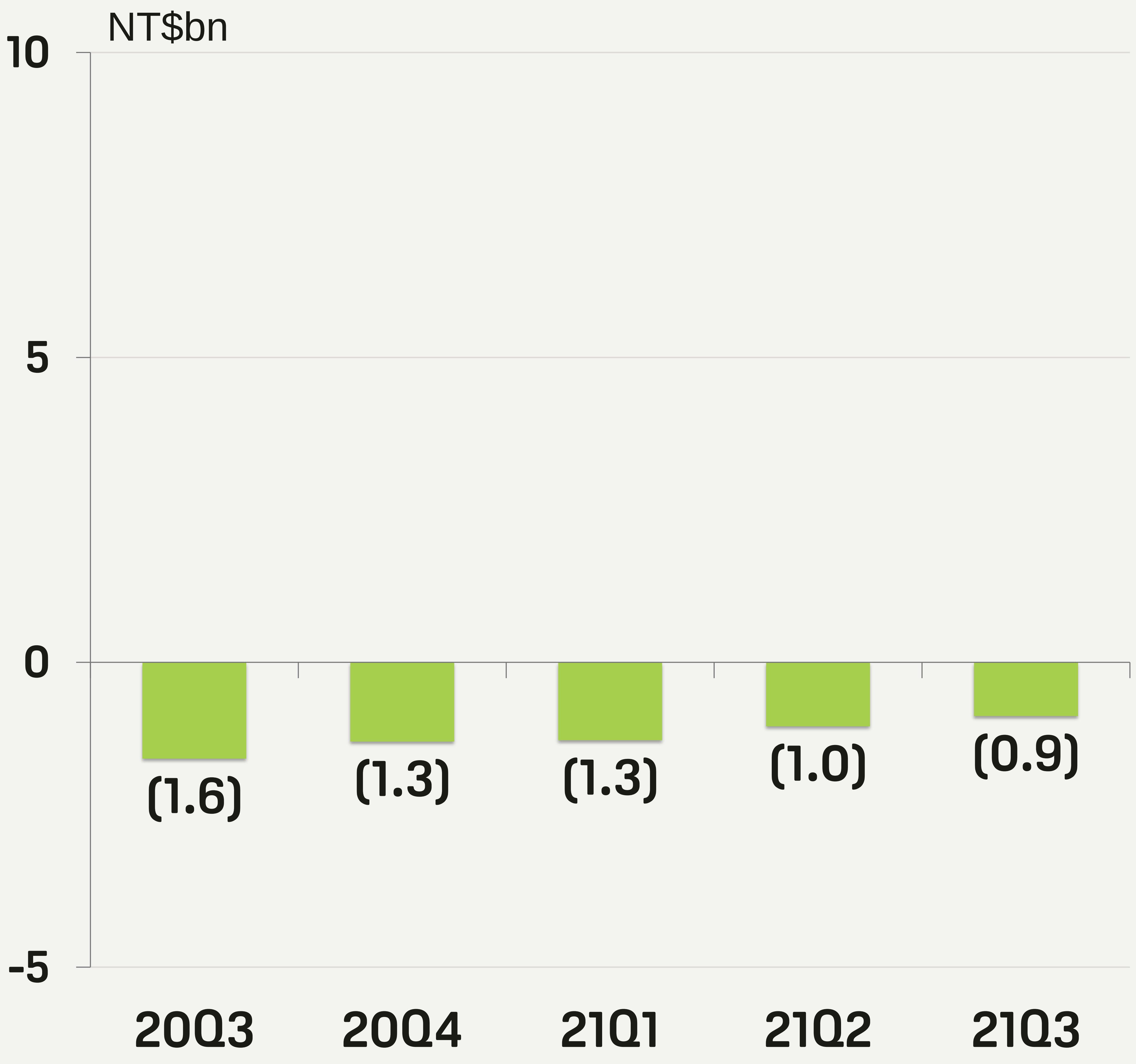
- STYLY app debuted on VIVEPORT. A new venture from Psychic VR Lab Co. Ltd that allows multiple people to tour a variety of VR art creations simultaneously. It also allows selected content creators to distribute STYLY-produced works as individual apps on VIVEPORT.

- VIVEPORT partnered with Japanese artist, Shu Yamamoto to create the new 'Cat Art' virtual exhibition, to feature all 124 pieces of Yamamoto's acclaimed 'The Hisstine Chapel' murals for the first time in VR.

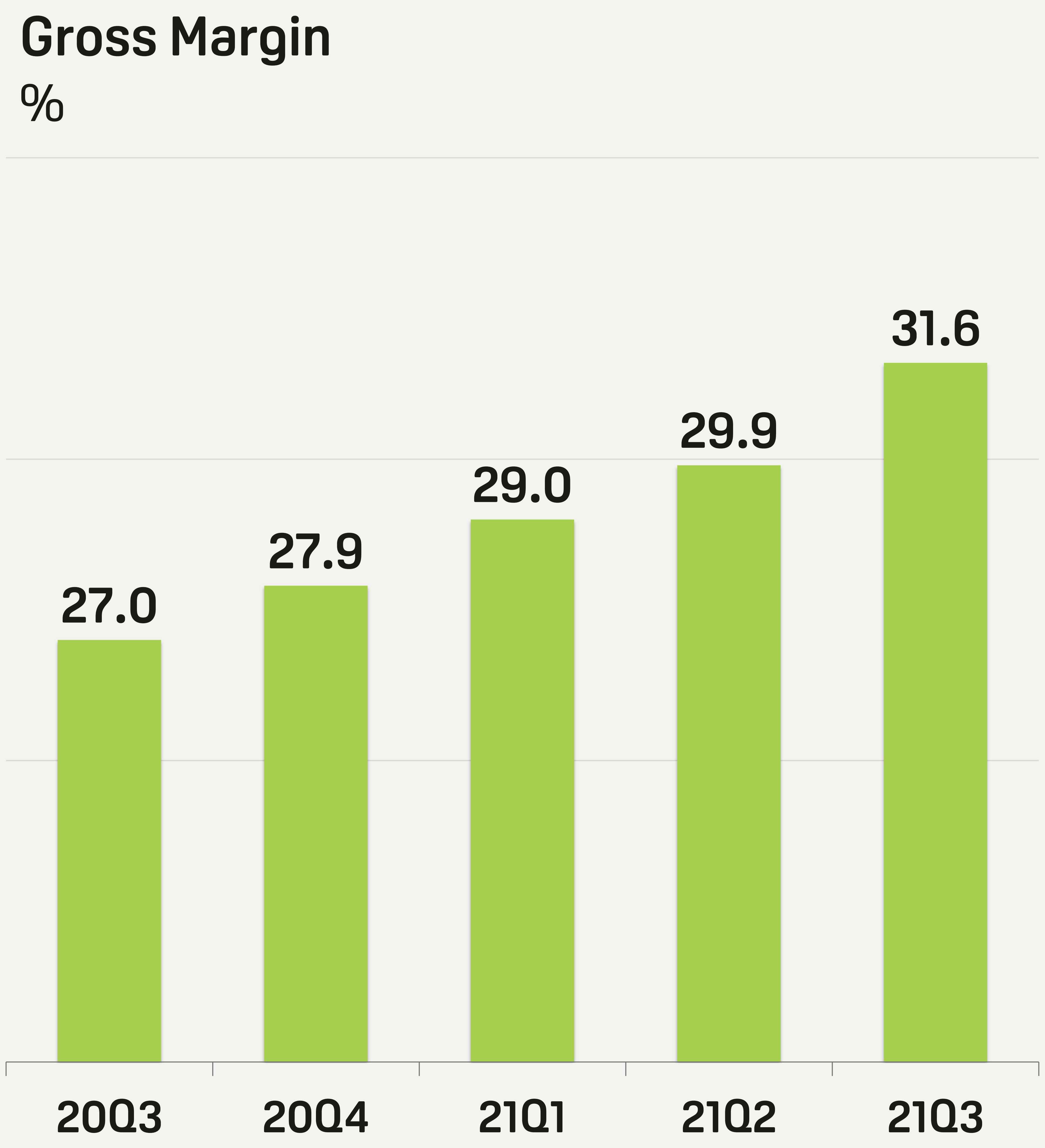
# REVENUES AND OPERATING PROFIT

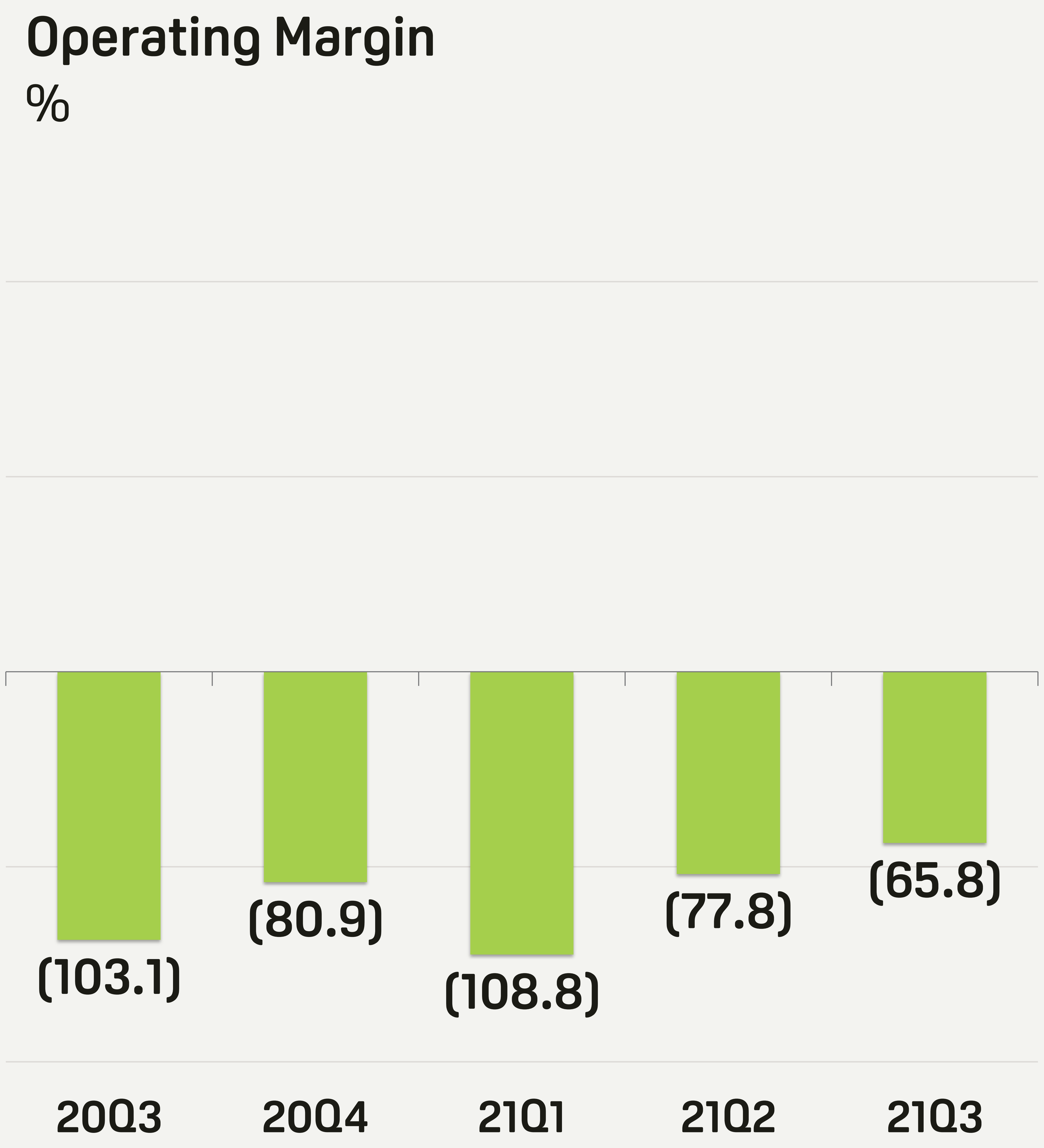
## Revenues


## Operating Profit (Loss)



# GROSS AND OPERATING MARGINS



# 3Q 2021 P&L (CONSOLIDATED)

| NT$bn | 3Q20 | 2Q21 | 3Q21 |
|---|---|---|---|
| REVENUES | 1.5 | 1.3 | **1.3** |
| GROSS PROFIT | 0.4 | 0.4 | **0.4** |
| OPERATING EXPENSE | 2.0 | 1.5 | **1.3** |
| SALES MKTING. | 0.4 | 0.4 | **0.4** |
| RESEARCH DEV. | 0.9 | 0.6 | **0.5** |
| GENERAL ADM. | 0.7 | 0.5 | **0.4** |
| OPERATING PROFIT (LOSS) | -1.6 | -1.0 | **-0.9** |
| NPBT | -1.4 | -0.6 | **-0.8** |
| NPAT[1] | -1.4 | -0.6 | **-0.8** |
| GROSS MARGIN (%) | 27.0% | 29.9% | **31.6%** |
| OPERATING MARGIN (%) | -103.1% | -77.8% | **-65.8%** |
| EPS[2] (NT$) | -1.70 | -0.68 | **-0.94** |

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1 Attributable to stockholders of parent company, excluding minority interest.
2 EPS was calculated based on number of outstanding shares at that time.



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# 3Q 2021 BALANCE SHEET (CONSOLIDATED)

| NT$bn | Sep 30, 20 | Jun 30, 21 | Sep 30, 21 |
|---|---|---|---|
| TOTAL ASSETS | 45.8 | 44.5 | **44.8** |
| Cash[1] | 26.5 | 23.8 | **23.9** |
| AR | 0.6 | 0.6 | **0.5** |
| INVENTORY | 1.6 | 1.7 | **1.7** |
| OTHER ASSETS | 17.1 | 18.4 | **18.7** |
| TOTAL LIABILITIES | 14.8 | 16.3 | **17.2** |
| TOTAL EQUITY[2] | 30.9 | 28.2 | **27.6** |

1. Includes time deposits with original maturities more than 3 months
2. Attributable to stockholders of parent company, excluding minority interest.

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## HTC CORPORATION AND SUBSIDIARIES

**CONSOLIDATED BALANCE SHEETS**
**(In Thousands of New Taiwan Dollars)**

| | September 30, 2021 (Reviewed) | | December 31, 2020 (Audited) | | September 30, 2020 (Reviewed) | |
|---|---|---|---|---|---|---|
| **ASSETS** | **Amount** | **%** | **Amount** | **%** | **Amount** | **%** |
| CURRENT ASSETS | | | | | | |
| Cash and cash equivalents (Note 6) | $ 20,559,676 | 46 | $ 16,375,830 | 36 | $ 16,262,329 | 36 |
| Financial assets at fair value through profit or loss - current (Note 7) | 141,129 | - | 173,357 | - | 58,274 | - |
| Financial assets at fair value through other comprehensive income - current (Note 8) | 68,557 | - | 68,774 | - | 71,921 | - |
| Notes, trade receivables, net (Note 10) | 539,991 | 1 | 475,713 | 1 | 631,998 | 1 |
| Other receivables (Note 10) | 81,254 | - | 78,017 | - | 69,671 | - |
| Current tax assets | 179,328 | - | 242,033 | 1 | 260,155 | 1 |
| Inventories (Note 11) | 1,739,911 | 4 | 1,527,103 | 4 | 1,578,425 | 3 |
| Prepayments (Note 12) | 298,178 | 1 | 269,094 | 1 | 338,319 | 1 |
| Other current financial assets (Notes 9 and 33) | 3,359,385 | 8 | 9,470,781 | 21 | 10,070,794 | 22 |
| Other current assets | 4,553 | - | 2,225 | - | 2,280 | - |
| Total current assets | 26,971,962 | 60 | 28,682,927 | 64 | 29,344,166 | 64 |
| NON-CURRENT ASSETS | | | | | | |
| Financial assets at fair value through profit or loss - non-current (Note 7) | 341,109 | 1 | 336,918 | 1 | 353,839 | 1 |
| Financial assets at fair value through other comprehensive income - non-current (Note 8) | 2,482,834 | 6 | 1,560,351 | 4 | 1,607,469 | 4 |
| Investments accounted for using the equity method (Note 14) | 1,089,400 | 2 | 549,657 | 1 | 560,340 | 1 |
| Property, plant and equipment (Notes 15, 32 and 33) | 7,604,087 | 17 | 7,666,798 | 17 | 7,591,288 | 17 |
| Right-of-use assets (Note 16) | 203,574 | 1 | 139,026 | - | 249,969 | 1 |
| Investment properties, net (Notes 17 and 33) | 2,358,881 | 5 | 2,181,884 | 5 | 2,020,213 | 4 |
| Intangible assets (Note 18) | 32,193 | - | 101,943 | - | 105,533 | - |
| Deferred tax assets | 3,255,722 | 7 | 3,328,452 | 7 | 3,350,094 | 7 |
| Refundable deposits | 12,626 | - | 27,139 | - | 29,813 | - |
| Net defined benefit assets - non-current | 329,071 | 1 | 331,282 | 1 | 285,332 | 1 |
| Other non-current financial assets (Notes 9 and 33) | 69,640 | - | 142,483 | - | 145,575 | - |
| Other non-current assets (Note 12) | 14,015 | - | 17,477 | - | 191,855 | - |
| Total non-current assets | 17,793,152 | 40 | 16,383,410 | 36 | 16,491,320 | 36 |
| TOTAL | $ 44,765,114 | 100 | $ 45,066,337 | 100 | $ 45,835,486 | 100 |
| **LIABILITIES AND EQUITY** | | | | | | |
| CURRENT LIABILITIES | | | | | | |
| Short-term borrowings (Note 19) | $ 2,300,000 | 5 | $ 900,000 | 2 | $ - | - |
| Financial liabilities at fair value through profit or loss - current (Notes 7 and 31) | 175,522 | 1 | 90,599 | - | 136,278 | - |
| Note and trade payables (Notes 20 and 32) | 5,712,777 | 13 | 6,028,712 | 14 | 6,136,249 | 14 |
| Other payables (Notes 21 and 32) | 5,092,211 | 11 | 5,689,212 | 13 | 5,738,130 | 13 |
| Current tax liabilities | 83,947 | - | 63,961 | - | 137,541 | - |
| Provisions - current (Note 22) | 1,288,165 | 3 | 1,410,042 | 3 | 1,486,191 | 3 |
| Lease liabilities - current (Notes 16 and 32) | 53,760 | - | 68,220 | - | 110,712 | - |
| Other current liabilities (Note 21) | 539,748 | 1 | 524,278 | 1 | 633,170 | 1 |
| Total current liabilities | 15,246,130 | 34 | 14,775,024 | 33 | 14,378,271 | 31 |
| NON-CURRENT LIABILITIES | | | | | | |
| Long-term borrowings (Notes 19 and 33) | 1,500,000 | 3 | - | - | - | - |
| Deferred tax liabilities | 86,231 | - | 86,253 | - | 108,404 | - |
| Lease liabilities - non-current (Notes 16 and 32) | 153,609 | - | 81,834 | - | 167,463 | - |
| Guarantee deposits received | 170,475 | 1 | 169,650 | 1 | 169,807 | 1 |
| Total non-current liabilities | 1,910,315 | 4 | 337,737 | 1 | 445,674 | 1 |
| Total liabilities | 17,156,445 | 38 | 15,112,761 | 34 | 14,823,945 | 32 |
| EQUITY (Note 23) | | | | | | |
| Share capital - ordinary shares | 8,194,292 | 18 | 8,186,444 | 18 | 8,186,444 | 18 |
| Capital surplus | 15,868,372 | 36 | 15,761,158 | 35 | 15,713,244 | 35 |
| Retained earnings | | | | | | |
| Legal reserve | 12,335,031 | 28 | 15,725,509 | 35 | 15,725,509 | 34 |
| Special reserve | 3,080,480 | 7 | 3,080,480 | 7 | 3,080,480 | 7 |
| Accumulated deficits | (6,515,321) | (15) | (7,390,476) | (17) | (6,340,469) | (14) |
| Other equity | (5,354,185) | (12) | (5,470,576) | (12) | (5,436,890) | (12) |
| Total equity attributable to owners of the parent | 27,608,669 | 62 | 29,892,539 | 66 | 30,928,318 | 68 |
| NON-CONTROLLING INTERESTS | - | - | 61,037 | - | 83,223 | - |
| Total equity | 27,608,669 | 62 | 29,953,576 | 66 | 31,011,541 | 68 |
| TOTAL | $ 44,765,114 | 100 | $ 45,066,337 | 100 | $ 45,835,486 | 100 |

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

## HTC CORPORATION AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**
**(In Thousands of New Taiwan Dollars, Except Loss Per Share)**
**(Reviewed, Not Audited)**

| | For the Three Months Ended September 30 | | | | For the Nine Months Ended September 30 | | | |
|---|---|---|---|---|---|---|---|---|
| | 2021 | | 2020 | | 2021 | | 2020 | |
| | Amount | % | Amount | % | Amount | % | Amount | % |
| OPERATING REVENUE (Notes 24 and 32) | $ 1,340,964 | 100 | $ 1,533,160 | 100 | $ 3,865,231 | 100 | $ 4,206,304 | 100 |
| OPERATING COST (Notes 11, 25 and 32) | 916,629 | 68 | 1,119,176 | 73 | 2,697,394 | 70 | 3,087,516 | 73 |
| GROSS PROFIT | 424,335 | 32 | 413,984 | 27 | 1,167,837 | 30 | 1,118,788 | 27 |
| OPERATING EXPENSES (Notes 25 and 32) | | | | | | | | |
| Selling and marketing | 364,226 | 27 | 403,299 | 26 | 1,185,830 | 31 | 1,377,699 | 33 |
| General and administrative | 457,144 | 34 | 696,152 | 46 | 1,412,904 | 36 | 2,051,532 | 49 |
| Research and development | 485,873 | 37 | 894,641 | 58 | 1,779,589 | 46 | 2,787,609 | 66 |
| Total operating expenses | 1,307,243 | 98 | 1,994,092 | 130 | 4,378,323 | 113 | 6,216,840 | 148 |
| OPERATING LOSS | (882,908) | (66) | (1,580,108) | (103) | (3,210,486) | (83) | (5,098,052) | (121) |
| NON-OPERATING INCOME AND EXPENSES | | | | | | | | |
| Interest income (Note 25) | 27,259 | 2 | 38,347 | 2 | 89,254 | 2 | 183,162 | 4 |
| Other income (Notes 25 and 32) | 215,238 | 16 | 256,728 | 17 | 638,082 | 17 | 790,852 | 19 |
| Other gains and losses (Notes 14, 15, 18, 25 and 28) | (57,688) | (4) | (137,603) | (9) | 183,412 | 5 | (813,039) | (20) |
| Finance costs (Notes 25 and 32) | (15,203) | (1) | (2,747) | - | (36,213) | (1) | (10,997) | - |
| Share of profit or loss of associates (Note 14) | (53,419) | (4) | 12,493 | 1 | (36,087) | (1) | (4,535) | - |
| Total non-operating income and expenses | 116,187 | 9 | 167,218 | 11 | 838,448 | 22 | 145,443 | 3 |
| LOSS BEFORE INCOME TAX | (766,721) | (57) | (1,412,890) | (92) | (2,372,038) | (61) | (4,952,609) | (118) |
| INCOME TAX BENEFIT (EXPENSE) (Note 26) | 213 | - | (808) | - | 1,941 | - | 2,120 | - |
| LOSS FOR THE PERIOD | (766,508) | (57) | (1,413,698) | (92) | (2,370,097) | (61) | (4,950,489) | (118) |
| OTHER COMPREHENSIVE INCOME AND LOSS, NET OF INCOME TAX | | | | | | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | | | | | | |
| Unrealized gain on investments in equity instruments designated as at fair value through other comprehensive income | 258,834 | 19 | 301,874 | 19 | 745,308 | 19 | 1,592,811 | 38 |
| Items that may be reclassified subsequently to profit or loss: | | | | | | | | |
| Exchange differences on translating foreign operations | (112,254) | (8) | (107,610) | (7) | (803,452) | (21) | (744,900) | (18) |
| Other comprehensive income and loss for the period, net of income tax | 146,580 | 11 | 194,264 | 12 | (58,144) | (2) | 847,911 | 20 |
| TOTAL COMPREHENSIVE LOSS FOR THE PERIOD | $ (619,928) | (46) | $ (1,219,434) | (80) | $ (2,428,241) | (63) | $ (4,102,578) | (98) |

(Continued)

## HTC CORPORATION AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**
**(In Thousands of New Taiwan Dollars, Except Loss Per Share)**
**(Reviewed, Not Audited)**

| | For the Three Months Ended September 30 | | | | For the Nine Months Ended September 30 | | | |
|---|---|---|---|---|---|---|---|---|
| | 2021 | | 2020 | | 2021 | | 2020 | |
| | Amount | % | Amount | % | Amount | % | Amount | % |
| NET LOSS FOR THE PERIOD ATTRIBUTABLE TO | | | | | | | | |
| Owners of the parent | $ (766,508) | (57) | $ (1,395,460) | (91) | $ (2,341,412) | (60) | $ (4,898,109) | (117) |
| Non-controlling interests | - | - | (18,238) | (1) | (28,685) | (1) | (52,380) | (1) |
| | $ (766,508) | (57) | $ (1,413,698) | (92) | $ (2,370,097) | (61) | $ (4,950,489) | (118) |
| TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO | | | | | | | | |
| Owners of the parent | $ (619,928) | (46) | $ (1,195,169) | (78) | $ (2,398,932) | (62) | $ (4,042,288) | (96) |
| Non-controlling interests | - | - | (24,265) | (2) | (29,309) | (1) | (60,290) | (2) |
| | $ (619,928) | (46) | $ (1,219,434) | (80) | $ (2,428,241) | (63) | $ (4,102,578) | (98) |
| LOSS PER SHARE (Note 27) | | | | | | | | |
| Basic | $ (0.94) | | $ (1.70) | | $ (2.86) | | $ (5.98) | |

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

## HTC CORPORATION AND SUBSIDIARIES

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**
**(In Thousands of New Taiwan Dollars)**
**(Reviewed, Not Audited)**

| | Equity Attributable to Owners of the Parent | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Retained Earnings | | | Other Equity | | | | |
| | Share Capital Ordinary Shares | Capital Surplus | Legal Reserve | Special Reserve | Accumulated Deficits | Exchange Differences on Translating Foreign Operations | Unrealized Losses on Financial Assets at Fair Value Through Other Comprehensive Income | Total | Non-controlling Interests | Total Equity |
| BALANCE, JANUARY 1, 2020 | $ 8,188,086 | $ 15,594,766 | $ 18,895,136 | $ 3,080,480 | $ (7,169,626) | $ (2,738,857) | $ (996,215) | $ 34,853,770 | $ 143,513 | $ 34,997,283 |
| Legal reserve in covering accumulated losses | - | - | (3,169,627) | - | 3,169,627 | - | - | - | - | - |
| Net loss for the nine months ended September 30, 2020 | - | - | - | - | (4,898,109) | - | - | (4,898,109) | (52,380) | (4,950,489) |
| Other comprehensive income and loss for the nine months ended September 30, 2020 | - | - | - | - | - | (736,990) | 1,592,811 | 855,821 | (7,910) | 847,911 |
| Share-based payments | (1,642) | 118,478 | - | - | - | - | - | 116,836 | - | 116,836 |
| Disposal of investments in equity instruments at fair value through other comprehensive income | - | - | - | - | 2,557,639 | - | (2,557,639) | - | - | - |
| BALANCE, SEPTEMBER 30, 2020 | $ 8,186,444 | $ 15,713,244 | $ 15,725,509 | $ 3,080,480 | $ (6,340,469) | $ (3,475,847) | $ (1,961,043) | $ 30,928,318 | $ 83,223 | $ 31,011,541 |
| BALANCE, JANUARY 1, 2021 | $ 8,186,444 | $ 15,761,158 | $ 15,725,509 | $ 3,080,480 | $ (7,390,476) | $ (3,528,236) | $ (1,942,340) | $ 29,892,539 | $ 61,037 | $ 29,953,576 |
| Legal reserve in covering accumulated losses | - | - | (3,390,478) | - | 3,390,478 | - | - | - | - | - |
| Net loss for the nine months ended September 30, 2021 | - | - | - | - | (2,341,412) | - | - | (2,341,412) | (28,685) | (2,370,097) |
| Other comprehensive loss for the nine months ended September 30, 2021 | - | - | - | - | - | (802,828) | 745,308 | (57,520) | (624) | (58,144) |
| Issuance of shares due to exercise of employee share options | 7,848 | 20,013 | - | - | - | - | - | 27,861 | - | 27,861 |
| Change in non-controlling interests | - | - | - | - | - | - | - | - | (31,728) | (31,728) |
| Share-based payments | - | 87,201 | - | - | - | - | - | 87,201 | - | 87,201 |
| Disposal of investments in equity instruments at fair value through other comprehensive income | - | - | - | - | (173,911) | - | 173,911 | - | - | - |
| BALANCE, SEPTEMBER 30, 2021 | $ 8,194,292 | $ 15,868,372 | $ 12,335,031 | $ 3,080,480 | $ (6,515,321) | $ (4,331,064) | $ (1,023,121) | $ 27,608,669 | $ - | $ 27,608,669 |

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

# HTC CORPORATION AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CASH FLOWS**
**(In Thousands of New Taiwan Dollars)**
**(Reviewed, Not Audited)**

| | For the Nine Months Ended September 30 | |
|---|---|---|
| | 2021 | 2020 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Loss before income tax | $ (2,372,038) | $ (4,952,609) |
| Adjustments for: | | |
| Depreciation expense | 394,338 | 475,737 |
| Amortization expense | 6,085 | 6,227 |
| Expected credit loss reversed on trade receivables | (20,000) | (160,000) |
| Finance costs | 36,213 | 10,997 |
| Interest income | (89,254) | (183,162) |
| Dividend income | (281) | (1,814) |
| Compensation costs of employee share-based payments | 87,201 | 116,836 |
| Share of the loss of associates | 36,087 | 4,535 |
| Net loss (gain) on disposal of property, plant and equipment | 5,921 | (1,629) |
| Net loss on disposal of intangible assets | 150 | 290 |
| Net gain on disposal of subsidiary | (732,929) | - |
| Impairment loss on non-financial assets | 446,858 | 289,400 |
| Reversal of impairment loss on non-financial assets | - | (3,976) |
| Loss (gain) from lease modifications | 450 | (46) |
| Changes in operating assets and liabilities | | |
| Decrease in financial assets mandatorily classified as at fair value through profit or loss | 117,151 | 27,304 |
| Increase in notes and trade receivables | (50,146) | (49,620) |
| Decrease in other receivables | 21,443 | 41,450 |
| (Increase) decrease in inventories | (300,529) | 491,955 |
| (Increase) decrease in prepayments | (29,084) | 87,013 |
| Increase in other current assets | (2,328) | (637) |
| Increase in other non-current assets | (1,358) | (2,180) |
| Decrease in note and trade payables | (315,935) | (751,922) |
| Decrease in other payables | (472,819) | (1,251,267) |
| Decrease in provisions | (121,877) | (308,045) |
| Increase (decrease) in other current liabilities | 25,035 | (331,302) |
| Cash used in operating activities | (3,331,646) | (6,446,465) |
| Interest received | 64,574 | 180,864 |
| Interest paid | (33,362) | (10,997) |
| Income tax refunded (paid) | 28,488 | (27,322) |
| Net cash used in operating activities | (3,271,946) | (6,303,920) |

(Continued)

# HTC CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS
**(In Thousands of New Taiwan Dollars)**
**(Reviewed, Not Audited)**

| | For the Nine Months Ended September 30 | |
|---|---|---|
| | 2021 | 2020 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of financial assets at fair value through other comprehensive income | $ (635,319) | $ (81,559) |
| Proceeds from disposal of financial assets at fair value through other comprehensive income | 82,477 | 2,625,275 |
| Return of investments accounted for fair value through other comprehensive income | 333,005 | 20,696 |
| Purchase of financial assets at fair value through profit or loss | (11,983) | (4,516) |
| Acquisition of investments accounted for using the equity method | (85,122) | (100,943) |
| Net cash decrease in loss of control of subsidiary | (68,432) | - |
| Payments for property, plant and equipment | (94,215) | (226,608) |
| Proceeds from disposal of property, plant and equipment | 24,064 | 5,336 |
| Decrease in refundable deposits | 14,513 | 80,712 |
| Payments for intangible assets | (498) | (1,451) |
| Proceeds from disposal of intangible assets | - | 40 |
| Payments for investment properties | (475,708) | - |
| Decrease (increase) in other financial assets | 6,184,239 | (7,228,514) |
| Dividends received | 281 | 1,814 |
| Net cash generated from (used in) investing activities | 5,267,302 | (4,909,718) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Increase in short-term borrowings | 1,400,000 | - |
| Increase in long-term borrowings | 1,500,000 | - |
| Proceeds from guarantee deposits received | 825 | 4,938 |
| Repayment of the principal portion of lease liabilities | (59,098) | (75,573) |
| Employee share options executed | 27,861 | - |
| Net cash generated from (used in) financing activities | 2,869,588 | (70,635) |
| EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS | (681,098) | (597,159) |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 4,183,846 | (11,881,432) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD | 16,375,830 | 28,143,761 |
| CASH AND CASH EQUIVALENTS, END OF PERIOD | $ 20,559,676 | $ 16,262,329 |

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