



YUNGSHIN Global Holding Corporation

2019

ANNUAL REPORT



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Market Observation Post System Website :
<http://mops.twse.com.tw>
Company website :
<http://www.yungshingroup.com>

Names, Titles, Telephone Number and Email Address of the Corporation's Spokesperson and Deputy Spokesperson

Spokesperson: Chien, Chih-Wei
Title: Vice President
Telephone: (02) 2545-0185 ext. 228
Email: investor@yungshingroup.com
Acting Spokesperson: Wang, I-Yun
Title: Manager
Telephone: (02) 2545-0185 ext. 128
Email: investor@yungshingroup.com

I. Addresses and Telephone Numbers of Company Headquarters, Branches, and Plants:

Head Office: YungShin Global Holding Corporation
Address: 11F, No. 181, Section 3, Minchuan East Road, Taipei City
Telephone: (02) 2545-0185 [main line]

II. Name, Address, Website and Telephone Number of the Share Registrar:

Stock agency: Yuanta Securities Co., Ltd.
Address: B1, No. 210, Section 3, Chengde Road, Datong District, Taipei City
Website: <http://www.yuanta.com.tw>
Telephone: (02) 2586-5859

III. Names, Accounting Firm, Address, Website and Telephone Number of Independent Auditors for the Latest Financial Report

Independent Auditors: Wang, Yu-Chuan and Hsu, Chien-Yeh
Firm Name: PricewaterhouseCoopers, Taiwan
Address: 27F, No. 333, Section 1, Keelung Road, Taipei City
Website: <http://www.pwc.tw>
Telephone: (02)2729-6666

IV. Name of the Overseas Securities Exchange and Method to Inquire about Overseas Securities Information: None.

V. Company Website: <http://www.yungshingroup.com>

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Chapter 1. Letter to Shareholders

Dear Shareholders:

Since its establishment, YungShin Group has been committed to the development of the pharmaceutical and healthcare industry and began expanding and developing its global business and has been expanding throughout the region strategically since the 1980s. In pursuit of sustainable development of the Corporation and in response to increasingly intense global competition, YungShin Group has established YungShin Global Holding Corporation through a share swap with YungShin Pharmaceutical Industrial Co., Ltd. as per the Business Mergers and Acquisitions Act in 2011 to make global foray of the YungShin Group. YungShin Group aims to become one of the world's leading pharmaceutical companies by integrating upstream, midstream and downstream segments of the pharmaceutical industry and through regional expansion.

YungShin Group's current role in the health industry is extensive. Its businesses cover upstream active pharmaceutical ingredients and intermediates, midstream production of drugs for human beings and animals, and healthcare supplements, and related product sales downstream in regional expansion.

I. Business Performance in 2019

(I) Implementation of 2019 Business Plan

The operating income of the Corporation in the consolidated income statement of 2019 was NT\$8,191,531 thousand, gross profit NT\$3,807,772 thousand, gross margin 46.48%, operating expenses were NT\$2,915,868 thousand, consolidated total profit or loss NT\$754,011 thousand, net profit after tax attributable to the parent company NT\$748,601 thousand, and the earnings per share NT\$2.81.

(II) Budget Implementation

The Corporation did not make a financial forecast for 2019, and hence a comparison with budget achievements is not feasible.

(III) Analysis of Financial Revenue/Expenditure and Profitability

Financial Revenue/Expenditure

Unit: NT\$1,000

Item	2018	2019
Operating income	7,513,686	8,191,531
Gross profit	3,434,963	3,807,772
Operating profit or loss	802,162	891,904
Net profit before tax	933,167	1,011,898
Net profit after tax	685,252	754,011

Profitability analysis

Item	2018	2019
Return on assets (%)	6.45	6.72
Return on shareholders' equity (%)	11.21	11.95
Ratio of income before tax to paid-up capital (%)	35.03	37.98
Net profit margin (%)	9.12	9.20
Earnings per share (NT\$)	2.64	2.81

(IV) Research and Development Status

Being an investment holding company, its main business is general investment, and therefore does not have R&D expenditure.

II. Summary of 2020 Business Plan

(I) Operating Policies and Future Development Strategies

YungShin Group's current development in the health industry is extensive. The Group's businesses cover the R&D of upstream active pharmaceutical ingredients and intermediates, midstream production of agents, and downstream sales of related products. We also aim to become one of the world's leading generic drug producers. The important strategies to be continuously followed in 2020 are as follows:

1. Development of the brand as a leading maker of generic drugs

YungShin Group has developed generic drugs for 60 years and has years of experience in major generic drug markets across the world. As an investment holding company, the Corporation will increase or decrease investments in businesses and form alliances, get into mergers and acquire other pharmaceutical companies to improve its competitiveness and increase market share.

2. Control of sources of APIs

In the intense cost-competitive generic drug market, the Group controls R&D and supply of APIs, which are important elements for survival and development of generic drug companies. YungShin Group has invested in the R&D and production of APIs in its early stage of development. The Corporation currently has established R&D and production of APIs in Taiwan and China and will continue to expand the product range and production capacity of APIs through collaboration, investment, mergers, and acquisitions.

3. Tapping into global markets

YungShin Group has been expanding its international market since 1985. It currently has manufacturing plants in Taiwan, China, United States, Malaysia, and Vietnam to meet the demand of local and global markets. We also have established sales offices in Taiwan, Southeast Asia, United States, China and Japan. We will continue to expand into Europe and emerging markets, such as South America and Africa.

4. Innovative R&D and caring for the health of all mankind

As one of the leading generic drug companies in Taiwan, YungShin Group has adhered to its corporate values for service, integrity, and innovation for its core pharmaceutical manufacturing business over the years. We have become a comprehensive multinational pharmaceutical and healthcare technology group. In addition to manufacturing high-quality pharmaceutical products, health care products, and animal drugs, we continue to invest in research and development for high-quality pharmaceutical products for treatments and support incentives for pharmaceutical research. We have made active investments in comprehensive care

including elderly care, health and leisure, healthcare, and cosmetic medical services to fulfill our brand vision of "secure health, enhance beauty and create happiness".

In addition to focusing on sustainable development, the YungShin Group also uses its platforms including the "YungShin Social Welfare Foundation", "TienTe Lee Biomedical Foundation", "YungShin Elderly Nursing Home", and "YungShin Cup Volleyball Championships" to fulfill its corporate social responsibilities.

(II) Expected Sales Volume and Its Basis

The Corporation is an industrial investment holding company and its main business is general investment. Therefore, no sales volume forecast is made.

(III) Major Production & Sales Policies

The Corporation is an industrial investment holding company and its main business is general investment. Therefore, no production and sales policies have been formulated.

(IV) Impact of External Competitive Environment

The biotechnology industry currently faces the following external threats:

1. Both developed and developing countries have focused on biotech industry. State resources are used to support not only research, development and plant construction, but also even for mergers and acquisitions. For example, in China and France, the state is the first largest shareholder of pharmaceutical companies. Support and develop large pharmaceutical companies with state resources. Increase the overall competitive threshold.
2. Individual countries have been continuously enhancing the rigor of their regulatory supervision, requirement for raw materials, and specifications of finished products, as also inspections. This has resulted in an increase in the cost of pharmaceutical research, development, and production. It also has increased product marketing and entry barriers.
3. Countries around the world actively compete for biotech talent, while both Taiwan and the Corporation have failed to attract foreign biotech talent or competitive advantages have been inadequate.
4. Most biotech raw materials for Taiwan and the Corporation are imported as the domestic market is small, making production uneconomic because of economies of scale. Hence, Taiwan relies on purchases from abroad for most of its raw material needs. But, the quantity of supplies and fluctuations in prices are difficult to control, increasing operating risks.
5. With state support or because of their own financial strength, large biotech companies are getting merged or acquired by multinational pharmaceutical companies or for products, both in quantity and scale, making it difficult for us to plan market strategies.

Despite these threats in the external operating environment, YungShin Group will continue to operate with its internal competencies and enhance its competitive strength. We will continue to seek opportunities to consolidate our upstream and downstream

operations, and expand the scale to enhance the development of the upstream and downstream value chain.

(V) Impact of Regulatory Environment

1. Lower budgetary support for healthcare in various countries has hurt the profitability of generic drug makers.
2. Countries across the world have imposed stricter regulations on drug inspections, registration, and patents. The launch of new products is delayed, increasing investment and sales risks for products.
3. Our conforming to PIC/S GMP standards of international pharmaceutical administration led by the European Union has helped us expand in international markets.

(VI) Impact of Overall Operating Environment

Fiscal constraints have forced many countries to exercise control over medical expenditure. Governments of the United States, Japan and emerging countries in Asia have vigorously promoted the use of generic drugs. However, rapidly aging population in many countries and the distorted population structure will gradually increase the demand for prescription drugs to treat chronic diseases as also for anti-cancer drugs. Drugs to treat or prevent physical and mental illnesses and anti-aging will have demand. YungShin Group has expanded its operations into Southeast Asia, United States, China, and Japan over many years which will help increase the global presence of YungShin Group's generic drugs.

I wish to thank the shareholders for support and encouragement to the Corporation, and look forward to continued guidance and advice. The Corporation will share the benefits of business operations with shareholders through sustainable growth and a consistent dividend policy.

Chairman



Chapter 2. Company Profile

I. Date of Establishment: January 3, 2011

II. Company History:

Year	Milestones
2011	<p>January 3, The Corporation was formed after a share swap with "Yung Shin Pharmaceutical Industrial Co., Ltd." (YSP) and was listed on Taiwan Stock Exchange. Yung Shin Pharmaceutical Industrial became a subsidiary directly controlled by the Corporation.</p> <p>September 8, The Corporation acquired the shares of "AnTec Biotech Co., Ltd." previously held by the subsidiary "Yung Shin Pharmaceutical Industrial Co., Ltd." making it the second subsidiary directly controlled.</p> <p>The subsidiary YSP received the 2011 "Taiwan Number One Brand" award in the pharmaceutical industry category in January.</p>
2012	The Corporation established the subsidiary "Ashin Co. Ltd." in Japan through an offshore company.
2013	<p>In February, The subsidiary YSP received the first Potential Taiwan Mittelstand Award.</p> <p>In March, the Corporation restructured the investment pattern of the Group and consolidated the offshore companies YSP International Company Limited, YSP USA Investment Company Limited, YSP Sea Investment Company Limited, YSP Oversea Investment Company Limited with YSP International Company Limited as the surviving company.</p> <p>In March, the Corporation acquired a 57.14% equity in isRed Pharma & Biotech Research Co., Ltd. which specializes in tests and pharmacokinetics-based research and offers contract research and development services.</p> <p>In July, the Corporation acquired 100% of shares of Chemix Inc., which specializes in the sale of drugs.</p>
2014	<p>In February, the subsidiary Chemix Inc. (hereinafter CMX) signed an official business rights transfer agreement with Japan Antibiotic Corp. (hereinafter JAC) to take over all its operations, its distributorship of imported goods in Taiwan, China, Korea, and India and its customer distribution channels.</p> <p>In March, the subsidiary YungShin Pharm. Ind. (KS) Co., Ltd. became the first tablet manufacturing company of Jiangsu Province to enter the American market; it sold more than 600 kilograms of aciclovir there.</p>
2015	<p>In June, the subsidiary YSP transferred its long-held stock investments in "YSP International Company Limited" and related operating assets and liabilities to the newly established "YungShin Formosa Investment Holding Corporation".</p> <p>"YungShin Formosa Investment Holding Corporation" became a wholly owned subsidiary of the Corporation.</p>
2016	<p>In April, the subsidiary YSP forayed into animal health sector and invested in 100% of the shares of "Zoetis Biotech Manufacturing Limited" and renamed it as "Vetnostrum Animal Health Co., Ltd.".</p> <p>In May, the Corporation simplified its organizational structure to improve managerial efficiency and merged the subsidiary YungShin Formosa Investment Holding Corporation with itself. The Corporation acquired 100% of shares of YSP International Company Limited previously held by YungShin Formosa Investment Holding Corporation.</p> <p>In November, the operations of its subsidiary AnTec Biotech were curtailed and later liquidated as per the Group's strategic plans.</p>
2017	<p>In January, related animal product business of the subsidiary YSP was transferred to Vetnostrum Animal Health Co., Ltd. to consolidate the Group's animal protection businesses and resources in Taiwan.</p> <p>In March, a clinical research organization (CRO) Chung Shin (Jiangsu) Clinical Research Co., Ltd. was established at Kunshan Nucleic Acid Science and Technology Park in Jiangsu Province, China. It offers a full range of clinical trial/bioequivalency (BE) test services including clinical research, biotech sample analyses, biometrics, and clinical research monitoring.</p>
2018	<p>In January, the subsidiary YungShin Pharm. Ind. (KS) Co., Ltd. was listed on the National Equities Exchange and Quotations of China (known as the New Third Board).</p> <p>In September, the Group reorganized its organizational structure and liquidated YSP Japan Investment Co., Ltd. bringing down the number of companies in its portfolio to 16.</p>
2019	The Corporation sold 100% of its holding in is Red Pharma & Biotech Research Co., Ltd. bringing down the number of companies in its portfolio to 15.

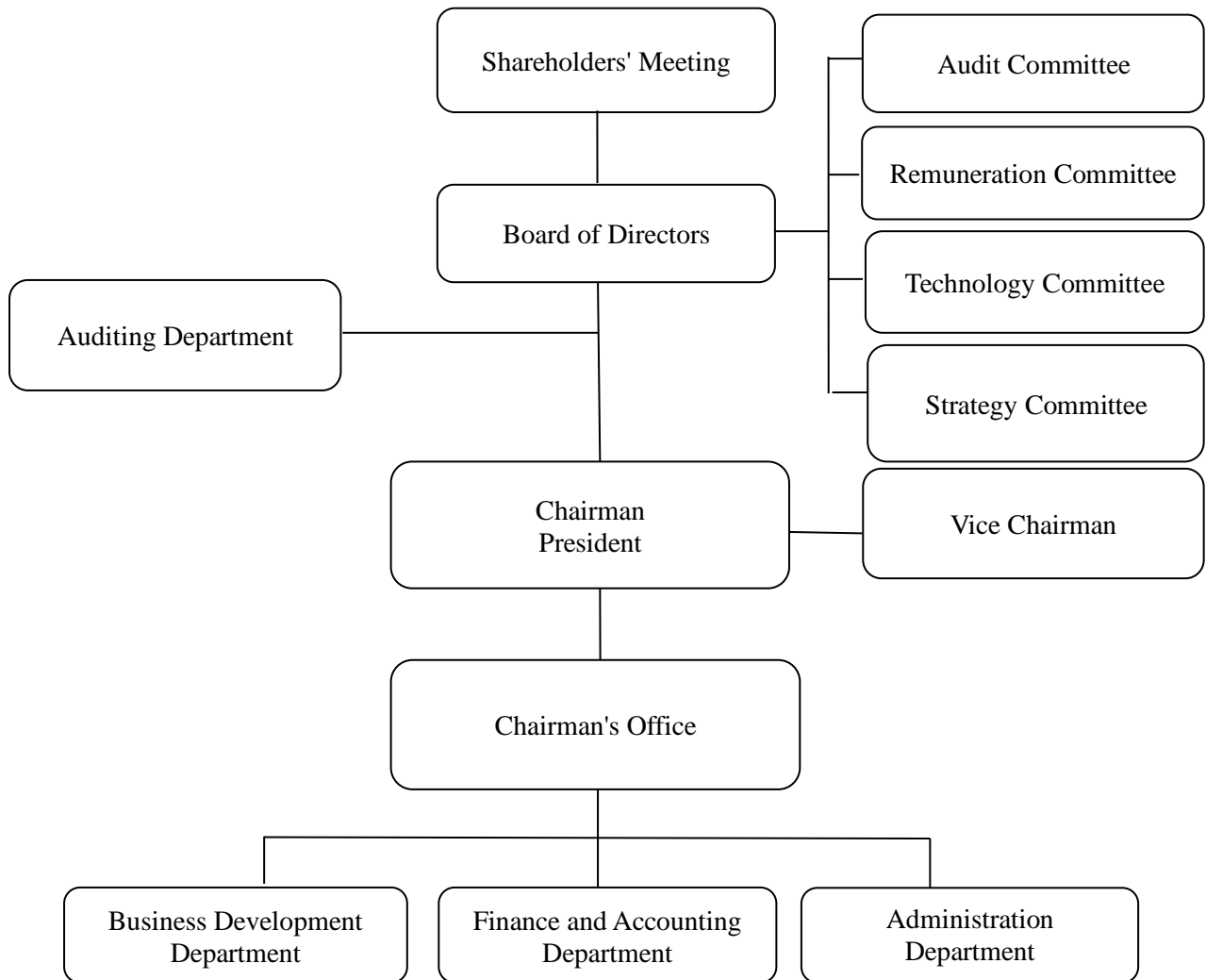
* For more information on company history, please visit our website (the URL on the cover).

Chapter 3. Corporate Governance Report

I. Organization System

(I) Organization Structure

YungShin Global Holding Corporation
Organization structure



(II) Department Functions

Unit	Main Responsibilities
Auditing Department	<p>Responsible for the preparation and implementation of the audit plan and for setting right any shortcomings.</p> <p>(I) Audit of implementation of regulations and systems.</p> <p>(II) Inspection of eight major trading cycle controls (sales and receipts, purchases and payments, production, payroll, financing, property/plant and equipment, investment and research and development).</p> <p>(III) Management of the use of seals, management of receipt of bills, budget management, property management, management of endorsements and guarantees, management of liability commitments and contingencies, management of duty authorization and deputy system, management of loans to others, management of financial and non-financial information, management of transactions with related parties, management of preparation of financial statements, supervision and management of subsidiaries, management of discussions and operations in board meetings, management of stock affairs, management of personal data protection, management of discussions and operations of the Audit Committee, and management of the operations of the Remuneration Committee.</p> <p>(IV) Eleven information control and operation audits including the division of functions and responsibilities of information processing departments, system development and program modification, preparation of system documentation, access to programs and information, data input and output, data processing, security of files and equipment, purchase, use and maintenance of hardware and system software, system recovery plan system and testing procedures, information communication security inspections, related reporting operations for disclosure of information on the designated website of the competent authority.</p> <p>(V) Responsible for actively investigating irregularities and form a team of technical personnel within the Group to investigate.</p> <p>(VI) Responsible for the formulation and execution of the Corporation's audit plan and make improvements to discrepancies identified in audits and continued effective implementation of the internal control system to serve as the basis to review and revise the internal control system.</p> <p>(VII) Assist the Board of Directors in auditing the overall operations of the Corporation and its subsidiaries, establish an effective internal control system and ensure its effectiveness of design and implementation.</p> <p>(VIII) Supervise the establishment of internal control system of subsidiaries and supervision of audits of subsidiaries.</p> <p>(IX) Review audit reports or self-inspection reports submitted by subsidiaries and make improvements to its internal control system deficiencies and irregularities.</p> <p>(X) Audit on ad-hoc basis based on requirements. Identify possible discrepancies in the internal control system and make recommendations for improvement. Regularly report progress and outcomes to the Board of Directors.</p> <p>(XI) Other matters related to implementation and as per law.</p> <p>(XII) Other assigned tasks.</p>
Chairman's Office	<p>Assist the Chairman and President achieve Company's operational and management objectives, perform tasks assigned by the Board, and oversee the supervision of the Group.</p> <p>(I) Assist in achieving business objectives.</p> <p>(II) Project management.</p> <p>(III) General contact window for matters of the Group (including matters related to shareholders' meetings and board meetings of investee companies) and manage relevant information of investee companies.</p> <p>(IV) Other assigned tasks.</p>

Unit	Main Responsibilities
Business Development Department	<p>Integrate and supervise production and R&D activities of the Group's existing products in accordance with Company's development strategy. Acquire businesses and explore complementary investment opportunities.</p> <p>(I) Formulate product and market development strategies for the Group to implement intensified integration of the Group's resources and facilitate communication.</p> <p>(II) Supervise the integration of production and R&D resources of the Group's investee businesses.</p> <p>(III) Assess and acquire complementary products or investment businesses (sole proprietorship or joint venture).</p> <p>(IV) Assess and create complementary products or investment businesses (sole proprietorship or joint venture).</p> <p>(V) Assess or merge, spin-off or divest existing investments.</p> <p>(VI) Other assigned tasks.</p>
Finance and Accounting Department	<p>Responsible for formulating accounting and finance strategies, systems, and related business operations, and monitor the operations and performance of investee companies.</p> <p>(I) Establish accounting systems and accounting policies.</p> <p>(II) Prepare financial and tax reports and risk management.</p> <p>(III) Funding, taxation planning, operation and improvement of the finance system.</p> <p>(IV) Stock ownership planning and management and handling of stock affairs.</p> <p>(V) Property management and property insurance operations.</p> <p>(VI) Supervise the operations of investee companies and evaluate related financial and accounting proposals.</p> <p>(VII) Other assigned tasks.</p>
Administration Department	<p>Responsible for formulating strategies for meetings, clerical management, human resources and general affairs, and monitor the operations and performance of investee companies.</p> <p>(I) Meeting administration for the Board of Directors and functional committees.</p> <p>(II) Organization of meetings of the Group and other meetings.</p> <p>(III) Maintenance and management of rules and regulations.</p> <p>(IV) Maintenance and management of approved contracts.</p> <p>(V) Organization of human resources administration.</p> <p>(VI) Related operational management and maintenance of general affairs and procurement.</p> <p>(VII) Appointment of legal representatives assigned to investee companies.</p> <p>(VIII) Evaluate related human resource proposals of investee companies.</p> <p>(IX) Assess proposals submitted to the board meetings of investee companies and communication with legal-person representatives.</p> <p>(X) Monitor the progress of implementation of resolutions of the shareholders' meeting or board meetings of investee companies.</p> <p>(XI) Other assigned tasks.</p>

II. Information on Directors, President, Vice Presidents, Assistant Vice Presidents, and Heads of Departments and Branches

(I) Information on Directors (including Independent Directors) Part 1:

March 31, 2020

Title	Nationality or place of registration	Name	Gender	Date elected (Note 2)	Term (years)	Date first elected (Note 1)	Shares held when elected		Current shareholding		Spouse & minor shareholding		Shareholding by nominees		Education and work experience	Other position concurrently held at the Corporation or other companies	Executives, directors or supervisors who are spouses or within the second degree of kinship			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Chairman	Republic of China	Lee, Fang-Shin	Male	2019.06.20	3 years	2010.06.09	11,260,832	4.23%	11,260,832	4.23%	3,423	0.00%	0	0%	Doctor of Business Administration, University of Western Pacific	(Note 4)	Vice Chairman	Lee, Ling-Chin	Sister and younger brother	(Note 5)
																	Director	Lee, Fang-Yu	Brothers	
																	Director	Lee, Fang-Chuan	Brothers	
Director	Republic of China	Lee, Ling-Chin	Female	2019.06.20	3 years	2010.06.09	14,453,368	5.42%	14,401,368	5.41%	0	0.00%	0	0%	Shih Chien University	(Note 4)	Chairman	Lee, Fang-Shin	Sister and younger brother	
																	Director	Lee, Fang-Yu	Sister and younger brother	
																	Director	Lee, Fang-Chuan	Sister and younger brother	
Director	Republic of China	Lee, Fang-Yu	Male	2019.06.20	3 years	2016.06.22	7,986,918	3.00%	7,986,918	3.00%	3,218,682	1.21%	0	0%	PhD, College of Pharmacy, China Medical University	(Note 4)	Chairman	Lee, Fang-Shin	Brothers	
																	Vice Chairman	Lee, Ling-Chin	Sister and younger brother	
																	Director	Lee, Fang-Chuan	Brothers	
Director	Republic of China	Lee, Fang-Chuan	Male	2019.06.20	3 years	2010.06.09	10,492,344	3.94%	10,522,344	3.95%	1,369,322	0.51%	0	0%	1. PhD in Medicinal Chemistry, College of Pharmacy, University of Minnesota 2. PhD in Intellectual Property Law, China University of Political Science and Law	(Note 4)	Chairman	Lee, Fang-Shin	Brothers	
																	Vice Chairman	Lee, Ling-Chin	Sister and younger brother	
																	Director	Lee, Fang-Yu	Brothers	
Director	Republic of China	Lin, Meng-Pi	Male	2019.06.20	3 years	2013.06.11	5,923,326	2.22%	5,923,326	2.22%	0	0.00%	2,656,000	1.00%	Department of Accounting, Tunghai University	(Note 4)	None	None	None	

Title	Nationality or place of registration	Name	Gender	Date elected (Note 2)	Term (years)	Date first elected (Note 1)	Shares held when elected		Current shareholding		Spouse & minor shareholding		Shareholding by nominees		Education and work experience	Other position concurrently held at the Corporation or other companies	Executives, directors or supervisors who are spouses or within the second degree of kinship			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Director	Republic of China	Lee, Chi-Li	Male	2019.06.20	3 years	2019.06.20	828,650	0.31%	828,650	0.31%	2,100	0.00%	0	0%	Master of Business Administration, Oxford Brookes University (United Kingdom)	(Note 4)	None	None	None	
Independent Director	Republic of China	Tsai, Shih-Kuang	Male	2019.06.20	3 years	2019.06.20	0	0.00%	0	0.00%	0	0.00%	0	0%	Master of Accounting, National Taiwan University	(Note 4)	None	None	None	
Independent Director	Republic of China	Lin, Kun-Hsien	Male	2019.06.20	3 years	2016.06.22	0	0.00%	0	0.00%	0	0.00%	0	0%	Master, Graduate Institute of Financial and Economic Law, Feng Chia University	(Note 4)	None	None	None	
Independent Director	Republic of China	Chen, Hung-I	Male	2019.06.20	3 years	2019.06.20	0	0.00%	0	0.00%	0	0.00%	0	0%	1. National Defense Medical Center 2. PhD in Pharmacology, Oxford University 3. Master of Health Care Management, Tulane University (U.S.A.) 4. Master of Management, College of Management, National Taiwan University	(Note 4)	None	None	None	
Independent Director	Republic of China	Hsu, En-Te (Note 3)	Male	2016.06.22	3 years	2016.06.22	0	0.00%	0	0.00%	0	0.00%	0	0%	PhD in Accounting, National Taiwan University	-	None	None	None	
Independent Director	Republic of China	Hsu, Kuang-Yang (Note 3)	Male	2016.06.22	3 years	2016.06.22	0	0.00%	0	0.00%	0	0.00%	0	0%	PhD in Pharmaceutical Sciences, Kyushu University (Japan)	-	None	None	None	

Title	Nationality or place of registration	Name	Gender	Date elected (Note 2)	Term (years)	Date first elected (Note 1)	Shares held when elected		Current shareholding		Spouse & minor shareholding		Shareholding by nominees		Education and work experience	Other position concurrently held at the Corporation or other companies	Executives, directors or supervisors who are spouses or within the second degree of kinship			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Independent Director	Republic of China	Sha, Chin-Kang (Note 3)	Male	2016.06.22	3 years	2016.06.22	4,630	0.00%	0	0.00%	0	0.00%	0	0%	PhD in Chemistry, Cornell University	-	None	None	None	

Note 1. The Corporation was established through a share swap from Yung Shin Pharmaceutical Industrial Co., Ltd. on January 3, 2011. The 1st-term Directors and Supervisors were elected on June 9, 2010 and the term was June 9, 2010 to June 8, 2013.

Note 2. The Corporation's 3rd term Directors (including independent directors) were elected on June 22, 2016 and the term was June 22, 2016 to June 21, 2019. The Corporation's 4th-term Directors (including Independent Directors) were elected on June 20, 2019 and the term was June 20, 2019 to June 19, 2022.

Note 3. The 3rd-term Independent Directors: Hsu, En-Te, Hsu, Kuang-Yang, and Sha, Chin-Kang resigned after the expiry of their term.

Note 4. Other position concurrently held by the Director at the Corporation or other companies

Name	Other position concurrently held at the Corporation or other companies
Lee, Fang-Shin	<ol style="list-style-type: none"> Chairman and President of YungShin Global Holding Corporation. President and Group Managing Director of Y.S.P. Southeast Asia Holding Bhd. Chairman of YSP International Co., Ltd. and Globecare Trading (Shanghai) Co., Ltd. Director of companies including Yung Shin Pharmaceutical Industrial Co., Ltd., Vetnostrum Animal Health Co., Ltd., Carlsbad Technology, Inc. Yung Shin China Holding Co., Ltd., YungShin Pharm. Ind. (KS) Co., Ltd., Shanghai Yung Zip Pharm. Trading Co., Ltd., Jiangsu Farmtec Research Co, Ltd., Yung Shin Company Limited, Chung Shin (Jiangsu) Clinical Research Co, Ltd., and Alpha Active Industries Sdn. Bhd. Supervisor of Chemix Inc. President of companies including Y.S.P. Industries(M) Sdn Bhd, Kumpulan YSP (M) Sdn. Bhd., Yung Shin Philippines Inc, Myanmar Yung Shin Pharma. Ltd., Y.S.P. Cambodia Pte Ltd., Pt Yung Shin Pharmaceutical Indonesia, Pt YSP Industries Indonesia, Y.S.P. Industries (Vietnam) Co., Ltd., and Zxac Sun Ten Pharm. Mfg (M) Sdn Bhd. Executive Director of companies including Yung Shin Pharmaceutical (Singapore) Pte Ltd., Sun Ten (S) Pte Ltd., Sun Ten Southeast Asia Holding Pte Ltd., Y.S.P. Sah Investment Pte Ltd.

Name	Other position concurrently held at the Corporation or other companies
Lee, Ling-Chin	<ol style="list-style-type: none"> 1. Vice Chairman of YungShin Global Holding Corporation. 2. Vice Chairman and President of Yung Shin Pharmaceutical Industrial Co., Ltd. 3. Chairman of Angel Associates (Taiwan), Inc. 4. Vice Chairman of Biotrust International Corporation. 5. Director of companies including Vetnostrum Animal Health Co., Ltd., Globecare Trading (Shanghai) Co., Ltd., YSP International Co., Ltd., Yung Shin China Holding Co., Ltd., Y.S.P. Southeast Asia Holding Bhd., Kumpulan YSP (M) Shd. Bhd., and Y.S.P. Industries (M) Sdn. Bhd.
Lee, Fang-Yu	<ol style="list-style-type: none"> 1. Chairman of Yung Shin Pharmaceutical Industrial Co., Ltd., Chemix Inc., Vetnostrum Animal Health Co., Ltd., TienTe Lee Biomedical Foundation, YungShin Social Welfare Foundation, and Yung Shin Education Entertainment Enterprise Co., Ltd. 2. President of Chemix Inc. 3. Director of Angel Associates (Taiwan), Inc., Biotrust International Corporation, YSP International Co., Ltd., Yung Shin China Holding Co., Ltd., Carlsbad Technology, Inc., Wisechip Semiconductor Inc., and Top Key Foundation. 4. Executive Director of Hsing Yuan Foundation. 5. Supervisor of YungShin Pharm. Ind. (KS) Co., Ltd., Shanghai Yung Zip Pharm. Trading Co., Ltd., Jiangsu Farmtec Research Co, Ltd., Yung Shin Company Limited, Chung Shin (Jiangsu) Clinical Research Co, Ltd., Globecare Trading (Shanghai) Co., Ltd., and Shuz Tung Machinery Industrial Co., Ltd.
Lee, Fang-Chuan	<ol style="list-style-type: none"> 1. Chairman of companies including Yung Shin China Holding Co., Ltd., YungShin Pharm. Ind. (KS) Co., Ltd., Shanghai Yung Zip Pharm. Trading Co., Ltd., Jiangsu Farmtec Research Co, Ltd., Yung Shin Company Limited, Carlsbad Technology, Inc., and Chung Shin (Jiangsu) Clinical Research Co, Ltd. 2. Director of companies including Yung Shin Pharmaceutical Industrial Co., Ltd., Yung Zip Chemical Ind. Co., Ltd., Y.S.P. Southeast Asia Holding Bhd., Chemix Inc., Globecare Trading (Shanghai) Co., Ltd., and Vetnostrum Animal Health Co., Ltd. 3. Supervisor of Angel Associates (Taiwan), Inc.

Name	Other position concurrently held at the Corporation or other companies
Lin, Meng-Pi	<ol style="list-style-type: none"> 1. Chairman of Wen Shan Resort Corporation. 2. Director of companies including Yung Shin Pharmaceutical Industrial Co., Ltd., Lih Dar Steel Co., Ltd., Ta Chia Iron & Steel Co., Ltd., Hsin Lin Chi Co., Ltd., and YSP International Co., Ltd. 3. Supervisor of Carlsbad Technology, Inc.
Lee, Chi-Li	<ol style="list-style-type: none"> 1. Chairman of Yung Zip Chemical Ind. Co., Ltd. 2. Director of Yung Shin Pharmaceutical Industrial Co., Ltd. and Assistant Vice President of the Healthy Life Business Department. 3. Director of YungShin Pharm. Ind. (KS) Co., Ltd., Shanghai Yung Zip Pharm. Trading Co., Ltd., Jiangsu Farmtec Research Co, Ltd., Chung Shin (Jiangsu) Clinical Research Co, Ltd., Yung Shin Company Limited, Globecare Trading (Shanghai) Co., Ltd., Carlsbad Technology, Inc., and Chemix Inc.
Tsai, Shih-Kuang	<ol style="list-style-type: none"> 1. Independent Director of Yung Shin Pharmaceutical Industrial Co., Ltd. 2. President of T.K. Tsai & Co., CPAs. 3. Director of Tatung System Technologies Inc. 4. Independent Director of AIC Inc. 5. Supervisor of Tze Shin International Co., Ltd. 6. Supervisor of Miramar Hospitality Co., Ltd.
Lin, Kun-Hsien	<ol style="list-style-type: none"> 1. Independent Director of Yung Shin Pharmaceutical Industrial Co., Ltd. 2. Executive (Independent) Director of COTA Commercial Bank Co., Ltd.
Chen, Hung-I	<ol style="list-style-type: none"> 1. Independent Director of Yung Shin Pharmaceutical Industrial Co., Ltd. 2. Director of Country Hospital Foundation. 3. Honorary Professor/Honorary President of Chang Jung Christian University 4. Consulting Physician, Tri-Service General Hospital

- Note 5. A. The Corporation is currently conducting organizational and business plan adjustments. To expedite the progression of plans and as the Corporation's structure was reduced after the reorganization (10 individuals), the Chairman and President are currently the same person (unpaid position). The job titles shall be discussed and arranged after the results of the adjustment plan are attained.
- B. With the exception of the Chairman who concurrently serves as the President, no other Director serves as the manager or employee of the Corporation.

(II) Information on Directors (including Independent Directors) Part 2:

March 31, 2020

Name	Criteria	Meets one of the following professional qualifications, with at least five years of work experience			Independence Criteria (Note 2)												Number of other public companies where the individual concurrently serves as an independent director
		An instructor or higher position in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the Corporation in a public or private junior college, college or university	A judge, public prosecutor, attorney, Certified Public Accountant, or other professional or technical specialist who has passed a national examination and has been awarded a certificate in a profession necessary for the business of the company	Has work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the Corporation	1	2	3	4	5	6	7	8	9	10	11	12	
Lee, Fang-Shin	✓		✓						✓				✓		✓	✓	0
Lee, Ling-Chin			✓						✓				✓		✓	✓	0
Lee, Fang-Chuan	✓	✓	✓						✓				✓		✓	✓	0
Lee, Fang-Yu	✓	✓	✓						✓				✓		✓	✓	0
Lin, Meng-Pi			✓	✓				✓	✓				✓	✓	✓	✓	0
Lee, Chi-Li			✓				✓	✓	✓				✓	✓	✓	✓	0
Tsai, Shih-Kuang	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1 (Note 2)
Lin, Kun-Hsien		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0 (Note 2)
Chen, Hung-I	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0 (Note 2)
Hsu, En-Te (Note 1)	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Hsu, Kuang-Yang (Note 1)	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Sha, Chin-Kang (Note 1)	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0

Note 1. The Corporation's 3rd term Directors (including independent directors) were elected on June 22, 2016 and the term was June 22, 2016 to June 21, 2019. The Corporation's 4th-term Directors (including Independent Directors) were elected on June 20, 2019 and the term was June 20, 2019 to June 19, 2022. The 3rd-term Independent Directors: Hsu, En-Te, Hsu, Kuang-Yang, and Sha, Chin-Kang resigned after the expiry of their term.

- Note 2. According to Jin-Guan-Zheng-Fa No. 1050040683 dated November 9, 2016, an Independent Director who serves as an Independent Director of the Corporation's wholly-owned subsidiary company Yung Shin Pharmaceutical Industrial Co., Ltd. shall be counted as one company and not included in the number of other public companies where the individual concurrently serves as an independent director.
- Note 3. Insert "✓" in the box if a Director meets the following criteria two years before being elected or during his/her term of office.
- (1) Not an employee of the Corporation or any of its affiliates.
 - (2) Not a director or supervisor of the Corporation or any of its affiliates (not applicable in cases where the person is an independent director of the Corporation, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary).
 - (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Corporation or is ranked in the top 10 in shareholdings.
 - (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding three subparagraphs.
 - (5) Not a director, supervisor or employee of a corporate shareholder who directly holds more than 5% of the total number of issued shares of the Corporation or is ranked top five in terms of the number of shares held or is designated as a Director or Supervisor of the Corporation pursuant to Paragraph 1 or 2, Article 27 of the Company Act (Not applicable in cases where the person is an independent director of the Corporation, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary).
 - (6) Not a director, supervisor, or employee of a company with a majority of the company's director seats or voting shares and those of any other company are controlled by the same person (not applicable in cases where the person is an independent director of the Corporation, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary).
 - (7) Not a director, supervisor, or employee of a company or institution with the same chairperson of the board, president, or equivalent position, or a spouse thereof (not applicable in cases where the person is an independent director of the Corporation, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary).
 - (8) Not a director, supervisor, manager, or shareholder holding 5% or more of the shares of a specified company or institution that has a financial or business relationship with the company (not applicable in cases where the person is an independent director of the Corporation, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary).
 - (9) Not a professional individual, or an owner, partner, director, supervisor, or manager of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Securities and Exchange Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
 - (10) Not a spouse or relative within the second degree of kinship of any other director of the Corporation;
 - (11) Does not have any of the situations set forth in Article 30 of the Company Act;
 - (12) Not a government agency, juristic person, or its representative set forth in Article 27 of the Company Act.

(III) President, Vice Presidents, Assistant Vice Presidents, Managers of Departments and Branches:

Information on the President, Vice Presidents, Assistant Vice Presidents, Managers of Departments and Branches

March 31, 2020

Title	Nationality	Name	Gender	Date elected (appointed) Date	Shareholding		Spouse & minor shareholding		Shareholding by nominees		Education and work experience	Other position concurrently held at the Corporation or other companies	Managers who are spouses or within the second degree of kinship			Remarks
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
President	Republic of China	Lee, Fang-Shin	Male	2019.06.20	11,260,832	4.23%	3,423	0.00%	0	0.00%	Doctor of Business Administration, University of Western Pacific	(Note 2)	None	None	None	(Note 3)
President (Note 1)	USA	Yin, Kuo-Hun	Male	2017.06.01	0	0.00%	0	0.00%	0	0.00%	Master in Finance, Western Michigan University	1. Director of YungShin Pharm. Ind. (KS) Co., Ltd., Shanghai Yung Zip Pharm. Trading Co., Ltd., Jiangsu Farmtec Research Co, Ltd., Chung Shin (Jiangsu) Clinical Research Co, Ltd., and Yung Shin Company Limited 2. President of Carlsbad Technology, Inc.	None	None	None	
Vice President	Republic of China	Chien, Chih-Wei	Male	2019.06.20	0	0.00%	0	0.00%	0	0.00%	National Yang-Ming University Master of Pharmacology	Director of Yung Zip Chemical Ind. Co., Ltd.	None	None	None	

Note 1. President Yin, Kuo-Hun's term expired and President Lee, Fang-Shin was appointed on June 20, 2019.

Note 2.

Name	Other position concurrently held at the Corporation or other companies
Lee, Fang-Shin	<ol style="list-style-type: none"> Chairman and President of the Corporation (YungShin Global Holding Corporation). President and Group Managing Director of Y.S.P. Southeast Asia Holding Bhd. Chairman of YSP International Co., Ltd. and Globecare Trading (Shanghai) Co., Ltd. Director of companies including Yung Shin Pharmaceutical Industrial Co., Ltd., Vetnostrum Animal Health Co., Ltd., Carlsbad Technology, Inc. Yung Shin China Holding Co., Ltd., YungShin Pharm. Ind. (KS) Co., Ltd., Shanghai Yung Zip Pharm. Trading Co., Ltd., Jiangsu Farmtec Research Co, Ltd., Yung Shin Company Limited, Chung Shin (Jiangsu) Clinical Research Co, Ltd., and Alpha Active Industries Sdn. Bhd. Supervisor of Chemix Inc. President of companies including Y.S.P. Industries(M) Sdn Bhd, Kumpulan YSP (M) Sdn. Bhd., Yung Shin Philippines Inc, Myanmar Yung Shin Pharma. Ltd., Y.S.P. Cambodia Pte Ltd., Pt Yung Shin Pharmaceutical Indonesia, Pt, YSP Industries Indonesia, Y.S.P. Industries (Vietnam) Co., Ltd., and Zxac Sun Ten Pharm. Mfg (M) Sdn Bhd. Executive Director of companies including Yung Shin Pharmaceutical (Singapore) Pte Ltd., Sun Ten (S) Pte Ltd., Sun Ten Southeast Asia Holding Pte Ltd., Y.S.P. Sah Investment Pte Ltd.

- Note 3. A. The Corporation is currently conducting organizational and business plan adjustments. To expedite the progression of plans and as the Corporation's structure was reduced after the reorganization (10 individuals), the Chairman and President are currently the same person (unpaid position). The job titles shall be discussed and arranged after the results of the adjustment plan are attained.
- B. With the exception of the Chairman who concurrently serves as the President, no other Director serves as the manager or employee of the Corporation.

(I) Remuneration Paid to Directors and Independent Directors:

2019; Unit: NT\$1,000

Title	Name	Remuneration of Directors								Ratio of total remuneration (A+B+C+D) to net income (%)		Relevant remuneration received by Directors who are also employees								Ratio of total compensation (A+B+C+D+E+F+G) to net income (%)		Remuneration paid to Directors from an invested company other than the Corporation's subsidiaries or parent company
		Base Compensation (A)		Severance pay and pension (B)		Directors' compensation (C) (Note 1)		Business execution expenses (D) (Note 2)				Salary, bonuses, and allowances (E) (Note 4)		Severance pay and pension (F)		Employees' compensation (G) (Note 3)						
		The Corporation	All companies listed in this Financial Report	The Corporation	All companies listed in this Financial Report	The Corporation	All companies listed in this Financial Report	The Corporation	All companies listed in this Financial Report	The Corporation	All companies listed in this Financial Report	The Corporation	All companies listed in this Financial Report	The Corporation	All companies listed in this Financial Report	The Corporation		All companies listed in this Financial Report				
																Cash	Stock	Cash	Stock			
Chairman	Lee, Fang-Shin	0	0	0	0	2,140	2,140	110	215	0.30%	0.31%	0	0	0	0	0	0	0	0	0.30%	0.31%	8,925
Vice Chairman	Lee, Ling-Chin	0	120	0	0	2,140	2,140	110	205	0.30%	0.33%	0	8,535	0	0	0	0	0	0	0.30%	1.47%	1,580
Director	Lee, Fang-Yu	0	8,109	0	0	2,140	2,140	110	1,539	0.30%	1.57%	0	0	0	0	0	0	0	0	0.30%	1.57%	0
Director	Lee, Fang-Chuan	2,660	6,477	0	0	2,140	2,140	1,101	2,644	0.79%	1.50%	0	0	0	0	0	0	0	0	0.79%	1.50%	767
Director	Lin, Meng-Pi	0	0	0	0	2,140	2,140	60	100	0.29%	0.30%	0	0	0	0	0	0	0	0	0.29%	0.30%	0
Director (Note 4)	Lee, Chi-Li	0	0	0	0	1,143	1,143	80	134	0.16%	0.17%	0	2,245	0	34	0	0	0	0	0.16%	0.48%	165
Independent Director	Tsai, Shih-Kuang	0	0	0	0	320	470	60	100	0.05%	0.08%	0	0	0	0	0	0	0	0	0.05%	0.08%	0
Independent Director	Lin, Kun-Hsien	0	0	0	0	810	960	90	130	0.12%	0.15%	0	0	0	0	0	0	0	0	0.12%	0.15%	0
Independent Director	Chen, Hung-I	0	0	0	0	320	470	40	60	0.05%	0.07%	0	0	0	0	0	0	0	0	0.05%	0.07%	0
Independent Director (Note 4)	Hsu, En-Te	0	0	0	0	492	492	40	60	0.07%	0.07%	0	0	0	0	0	0	0	0	0.07%	0.07%	0
Independent Director (Note 4)	Sha, Chin-Kang	0	0	0	0	492	492	40	50	0.07%	0.07%	0	0	0	0	0	0	0	0	0.07%	0.07%	0
Independent Director (Note 4)	Hsu, Kuang-Yang	0	0	0	0	492	492	50	70	0.07%	0.08%	0	0	0	0	0	0	0	0	0.07%	0.08%	0

1. Please elaborate on the policy, system, standards and structure of the remuneration packages of the Independent Directors and explain the relevance of the amount of remuneration paid to them based on factors such as responsibility, risk and time commitment: To help Independent Directors focus on supervision and fulfill their independent roles from an external perspective, the Corporation pays fixed monthly remuneration for the Independent Directors' remuneration system with no change to bonus items to strengthen the connection between the independent directors and the Corporation's long-term value creation and avoid the loss of their independence.

2. Except for information disclosed above, remuneration paid for services rendered by Directors of the Corporation to all consolidated entities (e.g. serving as a non-employee consultant) in the most recent fiscal year: 0.

Note 1. The amount of directors' remuneration is the proposed amount.

Note 2. Business execution expenses include vehicle expenses, house lease expenses, and conference attendance allowance and honorarium for chairing conferences

Note 3. The amount of employee compensation is the proposed amount.

Note 4. An election was organized for all Directors on June 20, 2019. The Director Lee, Chi-Li was newly appointed and the Independent Directors Hsu, En-Te, Sha, Chin-Kang, and Hsu, Kuang-Yang were dismissed after the expiry of their term.

(V) Remuneration to the President and Vice Presidents:

2019; Unit: NT\$1,000

Title	Name	Salary (A)		Severance pay and pension (B)		Bonus and special allowances (C)		Employees' compensation (D) (Note 1)				Ratio of total compensation (A+B+C+D) to net income after tax (%)		Remuneration paid to Directors from an invested company other than the Corporation's subsidiaries or parent company
		The Corporation	All companies listed in this Financial Report	The Corporation	All companies listed in this Financial Report	The Corporation	All companies listed in this Financial Report	The Corporation		All companies listed in this Financial Report		The Corporation	All companies listed in this Financial Report	
								Cash amount	Stock amount	Cash amount	Stock amount			
President	Lee, Fang-Shin	0	0	0	0	0	0	0	0	0	0	0%	0%	8,925
President (Note 2)	Yin, Kuo-Hun	2,066	2,066	0	0	500	500	0	0	0	0	0.34%	0.34%	0
Vice President	Chien, Chih-Wei	2,790	2,790	108	108	1,350	1,350	180	0	180	0	0.59%	0.59%	60

Note 1. The amount of employees' compensation is the proposed amount.

Note 2. President Yin, Kuo-Hun's term expired and President Lee, Fang-Shin was appointed on June 20, 2019.

(VI) Managerial Officer's Name and the Distribution of Employees' Compensation:

2019; Unit: NT\$1,000

Managerial Officer	Title	Name	Stock	Cash (Note 1)	Total	Percentage of total compensations to net income after tax (%)
	President	Lee, Fang-Shin (Note 2)	0	220	220	0.03%
	President	Yin, Kuo-Hun (Note 2)				
	Vice President	Chien, Chih-Wei				
	Financial Officer	Lin, Shih-Yun (Note 3)				
	Accounting Manager	Hung, Chia-Ling (Note 3)				
	Finance Manager	Chen Pei-Chun (Note 3)				

Note 1. The amount of employees' compensation is the proposed amount.

Note 2. President Yin, Kuo-Hun's term expired and President Lee, Fang-Shin was appointed on June 20, 2019.

Note 3. Accounting Supervisor Hung, Chia-Ling and Finance Supervisor Chen Pei-Chun's terms expired and Financial Officer Lin, Shih-Yun was appointed on September 2, 2019.

(VII) The analysis of the ratio of the total remuneration paid to the Corporation's Directors, President, and Vice Presidents by the Corporation and all companies listed in the consolidated statements in the most recent two years to net income, and the relevance of remuneration payment policies, standards and combination, procedures of determining remuneration, business performance and future risk shall be compared and stated:

1. Ratio of total remuneration paid to the Corporation's Directors, President, and Vice Presidents in the most recent two years to the net income after tax:

Compensation Category	Percentage of total compensations to NIAT (%)			
	The Corporation		All companies listed in this Financial Report	
	2019 (Note 1)	2018	2019 (Note 1)	2018
Remuneration of Directors	2.58%	3.58%	5.03%	5.84%
Remuneration for the President and Vice Presidents	0.93%	1.72%	0.93%	1.72%

Note 1: The remuneration of Directors, President, and Vice Presidents for the 2019 is the proposed amount and the actual amount shall prevail.

2. The Corporation's Directors' compensation includes base compensation, Director's compensation, business expenses, severance pay and pension, which shall be processed in accordance with Article 31 of the Articles of Incorporation. No more than 3% of the profits from the year shall be distributed as remuneration to Directors. They may be given reasonable remuneration based on the Corporation's business operations and their contributions to the performance of the Corporation. However, the Corporation pays fixed monthly remuneration for the Independent Directors' remuneration system with no change to bonus items to strengthen the connection between the independent directors and the Corporation's long-term value creation and avoid the loss of their independence.
The remuneration policy for the President and Vice President is based on the level of remuneration for such positions in the industry, the scope of responsibility within the Corporation, and their contribution to the Corporation's operational objectives. In addition to referencing the Corporation's overall performance, future business risks of the industry, and development trends, the Corporation also considers personal performance achievement rates and the level of contribution to the Corporation's performance to provide a reasonable amount of remuneration. Related performance evaluation and the reasonableness of salary and remuneration shall be reviewed by the Remuneration Committee and the Board of Directors. The Corporation also reviews the remuneration system based on actual business operations and related laws to maintain a balance between sustainable management and risk management.

III. Implementation of Corporate Governance

(I) Operations of the Board of Directors:

1. Attendance of Directors in meetings:

The Board of Directors has convened 9 meetings (A) in 2019 with the following attendance from the Directors:

Title	Name	Number of attendance in person (B)	Attendance by proxy	Actual attendance (appearance) rate (%) [B/A] (Note 1)	Remarks
Chairman	Lee, Fang-Shin	9	0	100%	Reelected on June 20, 2019
Director	Lee, Ling-Chin	9	0	100%	Reelected on June 20, 2019
Director	Lee, Fang-Yu	8	0	89%	Reelected on June 20, 2019
Director	Lee, Fang-Chuan	9	0	100%	Reelected on June 20, 2019
Director	Lin, Meng-Pi	5	4	56%	Reelected on June 20, 2019
Director	Lee, Chi-Li	6	0	100%	Newly appointed on June 20, 2019
Independent Director	Tsai, Shih-Kuang	6	0	100%	Newly appointed on June 20, 2019
Independent Director	Lin, Kun-Hsien	9	0	100%	Reelected on June 20, 2019
Independent Director	Chen, Hung-I	6	0	100%	Newly appointed on June 20, 2019
Independent Director	Hsu, En-Te	2	1	66%	Resigned on June 20, 2019
Independent Director	Hsu, Kuang-Yang	3	0	100%	Resigned on June 20, 2019
Independent Director	Sha, Chin-Kang	2	1	66%	Resigned on June 20, 2019

Note 1: Actual attendance (appearance) rate (%) shall be calculated using the number of Directors' Meetings convened and actual attendance (appearance) during the term of service.

2. Other matters that should be recorded:

- (1) The date of the board meeting, the term, the content of the proposals, opinion of all Independent Directors, and the Corporation's handling of the opinion of Independent Directors be recorded under the following circumstances in the operations of the Board of Directors meeting:

A. Items listed in Article 14-3 of Securities and Exchange Act.

Term and Session	Agenda and Resolution	Items Listed in Article 14-3 of Securities and Exchange Act	Dissenting or Qualified Opinion of the Independent Director	The Corporation's Handling of the Opinions of the Independent Director
Mar. 22, 2019 24th meeting of the 3rd-term Board of Directors	Passed the list of candidates for the Corporation's 4th-term Directors. Resolution: All Directors present voted in favor.	V	None	None
	Approved the proposal for the removal of the non-competition restrictions for newly appointed Directors. Resolution: All Directors present voted in favor.	V	None	None
	Passed individual and consolidated financial statements for 2018. Resolution: All Directors present voted in favor.	V	None	None
	Passed the 2018 Internal Control System Statement. Resolution: All Directors present voted in favor.	V	None	None
	Amendments of the "Procedures for Acquisition and Disposal of Assets". Resolution: All Directors present voted in favor.	V	None	None
	Amendments of the "Procedures for Loaning of Funds and Making of Endorsements/Guarantees" Resolution: All Directors present voted in favor.	V	None	None
	Passed the proposal for loans to subsidiaries. Resolution: All Directors present voted in favor.	V	None	None
	Passed the proposal for endorsement and guarantee for subsidiaries. Resolution: All Directors present voted in favor.	V	None	None
	Passed the proposal for the distribution of the remuneration to employees and Directors for 2018. Resolution: All Directors present voted in favor.	V	None	None
May 10, 2019 25th meeting of the 3rd-term Board of Directors	Passed the proposal for the distribution of 2018 earnings and capital surplus. Resolution: All Directors present voted in favor.	V	None	None
	Passed the review of candidates for Directors. Resolution: All Directors present voted in favor.	V	None	None
	Proposal for the distribution of bonus for the first half of 2019 to the Chairman and managerial officers. Resolution: All Directors present voted in favor.	V	None	None
June 20, 2019 1st meeting of the 4th-term Board of Directors	Proposal for the distribution of employee remuneration to managerial officers for 2019. Resolution: All Directors present voted in favor.	V	None	None
	Election of the 4th-term Chairman and Vice Chairman and the appointment of the President. Resolution: All Directors present voted in favor.	V	None	None

Term and Session	Agenda and Resolution	Items Listed in Article 14-3 of Securities and Exchange Act	Dissenting or Qualified Opinion of the Independent Director	The Corporation's Handling of the Opinions of the Independent Director
	Proposal for the establishment of the "Procedures for Handling Requests of Directors" Resolution: All Directors present voted in favor.	V	None	None
July 19, 2019 2nd meeting of the 4th-term Board of Directors	Proposals from the accounting, financial, and audit managers of each subsidiary. Resolution: All Directors present voted in favor.	V	None	None
	Proposal for the appointment of the Corporation's Spokesperson and Acting Spokesperson. Resolution: All Directors present voted in favor.	V	None	None
Aug. 9, 2019 4th meeting of the 4th-term Board of Directors	Removal of the non-competition restrictions for the third-term President. Resolution: All Directors present voted in favor.	V	None	None
	Appointment of the 4th-term financial, accounting, and audit managers. Resolution: All Directors present voted in favor.	V	None	None
Aug. 15, 2019 5th meeting of the 4th-term Board of Directors	Sales of the shares in isRed Pharma & Biotech Research Co., Ltd. (IBC). Resolution: All Directors present voted in favor.	V	None	None
Nov. 13, 2019 6th meeting of the 4th-term Board of Directors	Passed the proposal for the replacement of the 2020 CPA and CPA expenses. Resolution: All Directors present voted in favor.	V	None	None
	Passed the appointment of the audit manager. Resolution: The Chair consulted all Directors present who unanimously agreed to commence the appointment on Nov 13, 2019.	V	None	None
	Passed the 2020 Audit Plan. Resolution: The Chair consulted all Directors present who unanimously agreed to the proposed proposal.	V	None	None
	Passed the proposal for the dissolution and liquidation of the subsidiary Ashin Co. Ltd. Resolution: The Chair consulted all Directors present who unanimously agreed to the proposed proposal.	V	None	None
Feb. 12, 2020 7th meeting of the 4th-term Board of Directors	Passed the proposal for the appointment of a Corporate Governance Officer. Resolution: The Chair consulted all Directors present who unanimously agreed to the proposed proposal.	V	None	None
	Passed the independence evaluation of the CPAs for 2020. Resolution: The Chair consulted all Directors present who unanimously agreed to the proposed proposal.	V	None	None
	Passed the proposal for loans to subsidiaries. Resolution: The Chair consulted all Directors present who unanimously agreed to the proposed proposal.	V	None	None
	Passed the proposal for endorsement and guarantee for subsidiaries. Resolution: The Chair consulted all Directors present who unanimously agreed to the proposed proposal.	V	None	None

Term and Session	Agenda and Resolution	Items Listed in Article 14-3 of Securities and Exchange Act	Dissenting or Qualified Opinion of the Independent Director	The Corporation's Handling of the Opinions of the Independent Director
Mar. 27, 2020 8th meeting of the 4th-term Board of Directors	Passed the proposal for loan limits of subsidiaries for related parties. Resolution: The Chair consulted all Directors present who unanimously agreed to the proposed proposal.	V	None	None
	Passed the proposal for the dissolution and liquidation of the subsidiaries Jiangsu Farmtec Research Co, Ltd. and Globecare Trading (Shanghai) Co., Ltd. Resolution: The Chair consulted all Directors present who unanimously agreed to the proposed proposal.	V	None	None
	Passed individual and consolidated financial statements for 2019. Resolution: The Chair consulted all Directors present who unanimously agreed to the proposed proposal.	V	None	None
	Passed the 2019 Internal Control System Statement. Resolution: The Chair consulted all Directors present who unanimously agreed to the proposed proposal.	V	None	None
	Passed the proposal for the distribution of the remuneration to employees and Directors for 2019. Resolution: The Chair consulted all Directors present who unanimously agreed to the proposed proposal.	V	None	None
	Passed the 2019 earnings distribution proposal. Resolution: The Chair consulted all Directors present who unanimously agreed to the proposed proposal.	V	None	None
	Passed the proposal for the removal of the non-competition restrictions for Directors. Resolution: The Chair consulted all Directors present who unanimously agreed to the proposed proposal.	V	None	None
	Passed the proposal for the dissolution and liquidation of Chung Shin (Jiangsu) Clinical Research Co, Ltd. Resolution: The Chair consulted all Directors present who unanimously agreed to the proposed proposal.	V	None	None

B. Any records or written statements to which Independent Directors have an objection or reservation that should be noted in addition to the above matters: None.

(2) If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting shall be specified:

Term and Session / Date	Name of Recused Directors	Proposals	Reason for Recusal	Participation in Voting
Mar. 22, 2019 24th meeting of the 3rd-term Board of Directors	Lee, Fang-Chuan Lee, Fang-Yu Lee, Ling-Chin Lee, Fang-Shin Lin, Meng-Pi	Proposal for the distribution of the remuneration to Directors for 2018.	Discussions on the remuneration for General Directors.	Recusal due to conflict of interest in accordance with Article 17 of the Corporation's "Rules of Procedure for Board of Directors Meetings"
	Lee, Fang-Chuan Lee, Fang-Yu Lee, Ling-Chin	Proposal for the distribution of the performance bonus to the Chairman and appointed managerial officer for 2018.	Discussions on the salary of the Chairman Lee, Fang-Chuan.	

Term and Session / Date	Name of Recused Directors	Proposals	Reason for Recusal	Participation in Voting
	Lee, Fang-Chuan Lee, Fang-Yu Lee, Ling-Chin	Distribution of the 2017 employee remuneration for the Chairman and President of Yung Shin Pharmaceutical Industrial Co., Ltd. (YSP)	Discussions on the salary of the Director Chairman Lee, Fang-Yu and Lee, Ling-Chin	
	Lee, Fang-Chuan Lee, Fang-Yu Lee, Ling-Chin	Distribution of the 2018 performance bonus of the Chairman and President of Yung Shin Pharmaceutical Industrial Co., Ltd. (YSP)	Discussions on the salary of the Director Chairman Lee, Fang-Yu and Lee, Ling-Chin	
	Lee, Fang-Chuan Lee, Fang-Yu Lee, Ling-Chin	Distribution of the 2018 performance bonus of the President of Vetrinum Animal Health Co., Ltd. (YHA)	Discussions on the salary of President Chung, Wei-Kai	
May 10, 2019 25th meeting of the 3rd-term Board of Directors	Lee, Fang-Chuan	Proposal for the distribution of bonus for the first half of 2019 to the Chairman and managerial officers.	Discussions on the salary of Lee, Fang-Chuan.	Recusal due to conflict of interest in accordance with Article 17 of the Corporation's "Rules of Procedure for Board of Directors Meetings"
June 20, 2019 1st meeting of the 4th-term Board of Directors	Lee, Fang-Shin	Appointment of the Corporation's President.	Discussions on Mr. Lee, Fang-Shin's concurrent role as Chairman and President	Recusal due to conflict of interest in accordance with Article 17 of the Corporation's "Rules of Procedure for Board of Directors Meetings"
	Lee, Fang-Shin	Removal of non-competition restrictions for the Corporation's President.	Discussions on the removal of non-competition restrictions for President Lee, Fang-Shin.	
	Lee, Fang-Chuan	Establishment of the post of "Honorary Chairman" for the Director Lee, Fang-Chuan.	Discussions with the Director Lee, Fang-Chuan.	
Aug. 09, 2019 4th meeting of the 4th-term Board of Directors	Tsai, Shih-Kuang	Amended the salary standards for representatives of legal entities and added the fees for chairing meetings of functional committees.	The Independent Director Tsai, Shih-Kuang currently serves as the chair.	Recusal due to conflict of interest in accordance with Article 17 of the Corporation's "Rules of Procedure for Board of Directors Meetings"
	Lee, Fang-Yu Lee, Ling-Chin	Donations of Yung Shin Pharmaceutical Industrial Co., Ltd. (YSP) to related parties in 2020.	A Director is a related party of the recipient entity.	
	Lee, Fang-Chuan Lee, Chi-Li	Sponsorship provided by Yung Zip Chemical Ind. Co., Ltd. (YZC) for the 2019 YungShin Cup Volleyball Championships organized by the YungShin Social Welfare Foundation.	A Director is a related party of the recipient entity.	
Aug. 15, 2019 5th meeting of the 4th-term Board of Directors	Lee, Fang-Shin Lee, Ling-Chin Lee, Fang-Chuan	Sales of the shares in isRed Pharma & Biotech Research Co., Ltd. (IBC).	Recusal of related parties and persons within the second degree of kinship associated with this case.	1. Recusal due to conflict of interest in accordance with Article 17 of the Corporation's "Rules of Procedure for Board of Directors Meetings" 2. Lee, Fang-Yu took leave
Nov. 13, 2019 6th meeting of the 4th-term Board of Directors	Lee, Fang-Shin	Proposal for the Corporation to pay for the National Health Insurance premiums for the Chairman's family members (underage children).	Chairman Lee, Fang-Shin is a related party of this case.	Recusal due to conflict of interest in accordance with Article 17 of the Corporation's "Rules of Procedure for Board of Directors Meetings"

Term and Session / Date	Name of Recused Directors	Proposals	Reason for Recusal	Participation in Voting
Mar. 27, 2019 8th meeting of the 4th-term Board of Directors	Lee, Fang-Shin Lee, Ling-Chin Lee, Fang-Yu Lee, Fang-Chuan Lin, Meng-Pi Lee, Chi-Li	Proposal for the distribution of the remuneration to employees and Directors for 2019.	Discussions on the remuneration for General Directors.	Recusal due to conflict of interest in accordance with Article 17 of the Corporation's "Rules of Procedure for Board of Directors Meetings"
	Lee, Chi-Li	Proposal for the removal of the non-competition restrictions for Directors.	Discussions on the removal of the non-competition restrictions for the Director Lee, Chi-Li.	

3. Implementation status of the self-evaluation of the Board of Directors: Not applicable.
4. Evaluation of targets (such as establishing an Audit Committee and enhancing information transparency) for strengthening of the functions of the Board of Directors during the current and immediately preceding fiscal years, and measures taken toward achievement thereof.
 - (1) Measures taken to strengthen the functions of the Board of Directors:
 - A. The Corporation has appointed Independent Directors and established an Audit Committee.
 - B. The Corporation shall implement corporate governance, formulate the Corporate Governance Best Practice Principles, Ethical Corporate Management Best Practice Principles, and Code of Conduct. It shall also revise the Rules Governing the Election of Directors and Rules of Procedure for Board of Directors Meetings in accordance with regulations when required. The Corporation shall set up functional committees and assign specific duties to strengthen the functions of the Board of Directors.
 - C. The Corporation established the "Regulations Governing the Self-Evaluation of the Performance of the Board of Directors" in the 8th meeting of the 4th-term Board of Directors on March 27, 2020. According to the Regulations, the Corporation shall appoint an external professional and independent institution or an external team of experts and scholars at least once every three years to self-evaluate the performance of the Board of Directors. The performance self-evaluation shall be conducted at the end of the year and results shall be reported to the Board of Directors in the first quarter of the following year.
 - (2) Evaluation of the implementation status:
 - A. The Corporation has purchased liability insurance for Directors to cover their terms of service based on their business liabilities in accordance with the "Articles of Incorporation" to reduce and diversify the risk of any material damages to the Corporation and its shareholders caused by any error or negligence of its Directors.

- B. The Corporation has invited CPAs to attend board meetings to help the Directors strengthen their knowledge of international markets, industry, accounting, and financial analysis skills and increase their understanding of the Corporation's operations and management.
 - C. The Corporation provides continuing education courses for Directors every month or organizes continuing education courses for Directors every year to enhance Directors' professional competencies.
 - D. The Corporation upholds the principles of transparency of operations and important resolutions are posted on Market Observation Post System immediately after board meetings.
5. Professionalism, independence, and diversity of the Board of Directors
- (1) Professionalism and diversity of the Board of Directors
- The Corporation has adopted the "candidate nomination system". All Director candidates are nominated by the Board of Directors and shareholders retaining at least 1% of all outstanding shares. The list of candidates is passed in a resolution of the Board of Directors and submitted to the shareholders' meeting for election. According to Article 20 of the Corporation's "Corporate Governance Best Practice Principles", Directors should have the knowledge, skills, and literacy for executing their duties. To reach the quality level of corporate governance, the Board of Directors as a whole shall possess the following capabilities:
- A. Ability to make sound business judgments.
 - B. Ability to conduct accounting and financial analysis.
 - C. Ability to manage business activities (including ability to manage subsidiaries).
 - D. Crisis management ability.
 - E. Knowledge of the industry.
 - F. An understanding of international markets.
 - G. Leadership ability.
 - H. Decision-making ability.
- (2) Diversity of the Board of Directors
- To strengthen corporate governance and promote the sound development of the composition and structure of the Board, Article 20 of the Corporation's "Corporate Governance Best Practice Principles" states that the composition of the Board should take into account the needs of the Corporation's operational structure, business development strategy, and future development trends, as well as diversity factors such as the basic composition (e.g. gender, nationality, age, etc.), professional experience (e.g. banking, insurance, securities, asset management, etc.), and professional knowledge and skills (e.g., accounting, law, information technology, risk management, etc.).

The current Board of Directors of the Corporation consists of 9 Directors, including 6 non-independent Directors and 3 Independent Directors who have abundant experience and expertise in the fields of finance, business, and management. In addition, the Corporation also values gender equality of board members and we aim to appoint more female Directors to reach the target of 25%. The related implementation status is listed in the table below:

Core Diversity Items	Basic Composition								Industry Experience			Professional Skills					
	Nationality	Gender	Also Serves as An Employee of the Corporation	Age			Term of Independent Director			Medicine and Pharmaceutical	Finance and Accounting	Business Management	Legal Practices	Medicine	Law	Accounting	Business Management
				41 to 50	51 to 60	Over 61	Less than 3 years	3 to 9 years	More than 9 years								
Director Lee, Fang-Shin	Republic of China	Male	V		V					V		V					V
Director Lee, Ling-Chin	Republic of China	Female				V				V		V					V
Director Lee, Fang-Yu	Republic of China	Male				V				V		V		V			
Director Lee, Fang-Chuan	Republic of China	Male				V				V		V			V		
Director Lin, Meng-Pi	Republic of China	Male				V					V	V				V	
Director Lee, Chi-Li	Republic of China	Male		V						V	V	V					V
Independent Director Tsai, Shih-Kuang	Republic of China	Male			V		V				V	V				V	
Independent Director Lin, Kun-Hsien	Republic of China	Male				V		V				V	V		V		
Independent Director Chen, Hung-I	Republic of China	Male				V	V			V		V		V			

- Since 2019, the Corporation has gradually formulated succession planning for the cultivation of future talents for key positions. In addition to professional skills, the candidates' values must be the same as the Corporation's business philosophy. The plan includes the succession and sharing of experience of senior executives and the Corporation has also develops their operation execution, risk management, and skills for processing financial risks through professional skills training to strengthen its diverse development mechanisms.

(II) Operations of the Audit Committee:

- The Audit Committee has held 9 meetings (A) in the most recent year. The attendance of Independent Directors was as follows:

Title	Name	Number of attendance in person (B)	Attendance by proxy	Actual attendance (appearance) rate (%) [B / A]	Remarks
Independent Director	Tsai, Shih-Kuang	4	0	100%	Newly appointed on June 20, 2019 Required to attend 4 meeting
Independent Director	Chen, Hung-I	4	0	100%	Newly appointed on June 20, 2019 Required to attend 4 meeting
Independent Director	Lin, Kun-Hsien	9	0	100%	Reelected on June 20, 2019 Required to attend 9 meeting
Independent Director	Hsu, En-Te	4	1	80%	Resigned on June 20, 2019 Required to attend 5 meeting
Independent Director	Hsu, Kuang-Yang	5	0	100%	Resigned on June 20, 2019 Required to attend 5 meeting
Independent Director	Sha, Chin-Kang	4	1	80%	Resigned on June 20, 2019 Required to attend 5 meeting

2. Where the proceedings of the Audit Committee meeting include one of the following circumstances, then describe the date, session, and motion of the board meeting, the relevant resolutions of the Audit committee, and the Corporation's handling of the comments of the Audit Committee:

(1) Items listed in Article 14-5 of the Securities and Exchange Act:

Term / Date	Proposals	Key Work Items for the Year	Resolutions of the Audit Committee and the Corporation's Handling of Its Opinions
Mar. 22, 2019 19th Meeting of the 1st-Term	1. Issuance of the 2018 Internal Control System Statement. 2. Reviewed individual and consolidated financial statements for 2018. 3. The Corporation's application for credit extension from financial institutions. 4. Total loans to investee companies. 5. Amendments of the "Procedures for Acquisition and Disposal of Assets". 6. Amendments of the "Procedures for Loaning of Funds and Making of Endorsements/Guarantees" 7. Proposal for the distribution of 2018 earnings and capital surplus.	Powers and duties of the Audit Committee: 1. Adoption or amendment of internal control systems in accordance with Article 14-1 of the Securities and Exchange Act. 2. Assessment of the effectiveness of the internal control system 3. Adoption or amendment, pursuant to Article 36-1 of the Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, and endorsements or guarantees for others. 4. Items that involve the director's own interests. 5. Major assets or derivatives transactions. 6. Significant loaning of funds, providing endorsements/guarantees. 7. Raising, issuing or privately placing equity-type securities. 8. Appointment, dismissal, and compensation of CPAs. 9. Appointment and dismissal of finance manager, accounting manager, and head of internal audit. 10. Annual and semi-annual financial reports. 11. Other major matters stipulated by the Corporation or regulators.	Resolution of the Audit Committee: All members in attendance unanimously passed the proposal and filed for discussion in the board meeting. Resolution of the board: The proposal was passed by all Directors in attendance at the meeting.
	8. Appointment of the CPA for Vetnostrum Animal Health Co., Ltd. (YHA)		Resolution of the Audit Committee: All members in attendance unanimously agreed to reappoint PwC to serve as the CPA for YHA in 2019 and does not agree to replace the CPA due to the price difference of NT\$40,000. The proposal was filed for discussion in the board meeting. Resolution of the board: With the exception of the Director Lee, Fang-Yu who objected, all other members of the Board in attendance agreed to reappoint PwC to serve as the CPA for YHA in 2019.
July 19, 2019 1st meeting of the 2nd-term	Proposals from the accounting, financial, and audit managers of each subsidiary.		Resolution of the Audit Committee: All members in attendance unanimously passed the proposal and filed for discussion in the board meeting. Resolution of the board: Passed by all Directors in attendance at the meeting: (1) Supplementary list of audit managers submitted by the chief operation officer of CMX. (2) Pu Lihong serves as the

Term / Date	Proposals	Key Work Items for the Year	Resolutions of the Audit Committee and the Corporation's Handling of Its Opinions
			accounting supervisor for operations in China. (3) All other proposals were passed.
Aug. 8, 2019 2nd meeting of the 2nd-term	Financial Report for the second quarter of 2019.		Resolution of the Audit Committee: All members in attendance unanimously passed the proposal and filed for discussion in the board meeting. Resolution of the board: The proposal was passed by all Directors in attendance at the meeting.
Aug. 9, 2019 3rd meeting of the 2nd-term	Appointment of the 4th-term financial, accounting, and audit managers.		Resolution of the Audit Committee: The chair consulted all Committee Members in attendance. The proposals were passed unanimously and filed for discussion in the board meeting. Resolution of the board: The proposal was passed by all Directors in attendance at the meeting.
Nov. 13, 2019 4th meeting of the 2nd-term	<ol style="list-style-type: none"> 1. Appointment of the CPA of the Corporation and subsidiaries. 2. Appointment of the Corporation's audit manager. 3. The Corporation's 2020 audit plan. 		<p>Resolution of the Audit Committee: The chair consulted all Committee Members in attendance who approved to submit two recommended CPA firms including PricewaterhouseCoopers, Taiwan and Deloitte & Touche to the Board of Directors to determine the CPA firm for YSH, YSP, YHA, and CTI. The Committee recommended reappointing the previous CPAs for CMX and YHK.</p> <p>Resolution of the board: Passed by all Directors in attendance at the meeting:</p> <ol style="list-style-type: none"> (1) Deloitte & Touche shall be appointed as the CPA firm for YSH. (2) Deloitte & Touche is recommended as the CPA firm for investee companies YSP, YHA, and CTI for the year 2020. The recommendations were submitted to the Board of Directors of the investee companies for resolution. (3) The Board of Directors

Term / Date	Proposals	Key Work Items for the Year	Resolutions of the Audit Committee and the Corporation's Handling of Its Opinions
			recommended reappointing the previous CPAs for CMX and YHK for 2020 and the recommendations were submitted to the Board of Directors of the investee companies for resolution.
Feb. 12, 2020 2nd-term 5th meeting	<ol style="list-style-type: none"> 1. Independence evaluation of the CPAs for 2020. 2. The Corporation's application for credit extension from financial institutions in 2020. 3. Investee companies' application for credit extension from financial institutions in 2020. 4. Proposal for loans to investee companies. 5. Proposal for endorsement and guarantee for subsidiaries. 6. Passed the proposal for loan limits of subsidiaries for related parties. 		<p>Resolution of the Audit Committee: The chair consulted all Committee Members in attendance. The proposals were passed unanimously and filed for discussion in the board meeting.</p> <p>Resolution of the board: The Chair consulted all Directors present who unanimously agreed to the proposed proposal.</p>
Mar. 26, 2020 2nd-term 6th meeting	<ol style="list-style-type: none"> 1. Passed individual and consolidated financial statements for 2019. 2. The Corporation's 2019 Internal Control System Statement. 3. 2019 earnings distribution proposal. 		<p>Resolution of the Audit Committee: The chair consulted all Committee Members in attendance. The proposals were passed unanimously and filed for discussion in the board meeting.</p> <p>Resolution of the board: The Chair consulted all Directors present who unanimously agreed to the proposed proposal.</p>

- (2) Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors: None.
3. In regards to the recusal of Independent Directors from voting due to conflict of interests, the name of the Independent Directors, the proposal, reasons for recusal due to conflict of interests and voting outcomes should be stated: None.
 4. Communication between the Independent Director and the Internal Audit Manager and CPA (contents must include material matters, methods, and results of communication on the finances and state of business of the Corporation).
 - (1) The internal audit manager may communicate with Independent Directors regularly and directly based on actual requirements and the communication is good.
 - (2) The Corporation uses electronic forms to compile monthly reports on the audits and improvement status in the previous month and submit reports to Independent Directors for review.
 - (3) The Corporation's internal audit manager reports the key audit tasks to

Independent Directors in the regular meetings of the Audit Committee. The implementation status and results of audit businesses have been fully communicated.

- (4) The Corporation has disclosed related information on the communication between Independent Directors and the internal audit manager on the Corporation's website.
- (5) The CPA attends meetings of the Audit Committee to report on the audit and review of the Corporation's financial statements.

The communication between Independent Directors and internal audit managers are specified in the table below:

Date	Meeting	Key Communication Points
Mar 22, 2019	Audit Committee	The Committee reported to Independent Directors the key audit work items from November 2018 to February 2019 (including the supervision of subsidiaries, implementation status of YSH's annual audit plan, special audits, consultation items, and other items)
May 10, 2019	Audit Committee	The Committee reported to Independent Directors the key audit work items from January 2019 to March 2019 (including the supervision of subsidiaries, implementation status of YSH's annual audit plan, special audits, consultation items, and other items)
Aug. 9, 2019	Audit Committee	The Committee reported to Independent Directors the key audit work items from April 2019 to June 2019 (including the supervision of subsidiaries, implementation status of YSH's annual audit plan, special audits, consultation items, and other items)
Nov. 13, 2019	Audit Committee	The Committee reported to Independent Directors the key audit work items from July 2019 to September 2019 (including the supervision of subsidiaries, implementation status of YSH's annual audit plan, special audits, consultation items, and other items)
Feb. 12, 2020	Audit Committee	The Committee reported to Independent Directors the key audit work items from October 2019 to December 2019 (including the supervision of subsidiaries, implementation status of YSH's annual audit plan, special audits, consultation items, and other items)

(III) The status of continuing education of Directors (Including Independent Directors):

December 31, 2019

Title	Name	Training Date	Organizer	Course Title	Course Duration
Chairman	Lee, Fang-Shin	2019.08.28	Y.S.P. Southeast Asia Holding Berhad	Corporate Liability	2
		2019.12.26	Taiwan Corporate Governance Association	Discussions on Key Topics after the amendment of the Company Act	3
		2019.12.26	Taiwan Corporate Governance Association	Introduction of Tools for Employee Rewards and Related Tax Effects	3
Director	Lee, Ling-Chin	2019.06.28	Taiwan Corporate Governance Association	Directors' Fiduciary Duties and Business Judgment Guidelines	3
		2019.08.28	Y.S.P. Southeast Asia Holding Berhad	Corporate Liability	2
		2019.10.04	Taiwan Corporate Governance Association	Digital Resilience – New Challenges for Directors, Supervisors, and Senior Executives	3
		2019.10.23	Taiwan Institute of Directors	Certification Course for Directors and Supervisors – Corporate Growth and Innovation	3
		2019.12.26	Taiwan Corporate Governance Association	Discussions on Key Topics after the amendment of the Company Act	3
		2019.12.26	Taiwan Corporate Governance Association	Introduction of Tools for Employee Rewards and Related Tax Effects	3

Title	Name	Training Date	Organizer	Course Title	Course Duration
Director	Lee, Fang-Yu	2019.09.03	Securities and Futures Institute	Principles and Applications of Artificial Intelligence	3
		2019.09.03	Securities and Futures Institute	How to replace the Supervisory System with the Audit Committee	3
Director	Lee, Fang-Chuan	2019.08.28	Y.S.P. Southeast Asia Holding Berhad	Corporate Liability	2
		2019.12.26	Taiwan Corporate Governance Association	Discussions on Key Topics after the amendment of the Company Act	3
		2019.12.26	Taiwan Corporate Governance Association	Introduction of Tools for Employee Rewards and Related Tax Effects	3
Director	Lee, Chi-Li	2019.12.26	Taiwan Corporate Governance Association	Discussions on Key Topics after the amendment of the Company Act	3
		2019.12.27	Institute of Internal Auditors, ROC	Strengthening the Functions of the Three Lines of Defense and the Analysis of Board Operation Mechanisms (Including Reporting Mechanisms)	6
Independent Director	Tsai, Shih-Kuang	2019.06.24	CPA Association, ROC	Family Corporate Inheritance and Plan for Close Companies	3
		2019.06.26	CPA Association, ROC	Basic Laws for the Economics of Foreign Financial Centres and Measures Taken by of Taiwanese Enterprises and Businessmen	3
		2019.08.19	CPA Association, ROC	Matters Related to Corporate Registration in Response to the Amendments to the New Companies Law	3
		2019.09.16	CPA Association, ROC	Risk-Oriented Audit Approach and Case Studies of Small-Scale Audit Plans	3
		2019.12.26	Taiwan Corporate Governance Association	Discussions on Key Topics after the amendment of the Company Act	3
		2019.12.26	Taiwan Corporate Governance Association	Introduction of Tools for Employee Rewards and Related Tax Effects	3
Independent Director	Lin, Kun-Hsien	2019.09.02	Taiwan Academy of Banking and Finance	Operations of the Board of Directors and Corporate Governance	6
Independent Director	Chen, Hung-I	2019.07.10	Securities and Futures Institute	Discussion on Issues of the Integration of Human Resources and Mergers and Acquisitions during Corporate Mergers and Acquisitions Processes	3
		2019.07.10	Securities and Futures Institute	Corporate Strategies and Key Performance Indicators	3
		2019.07.23	Securities and Futures Institute	Legal Risks and Responses of Directors and Supervisors — Material Corporate Frauds Case Studies	3
		2019.07.30	Securities and Futures Institute	Legal issues of Note to Directors and Supervisors of Publicly-Traded Companies	3

(IV) Operations of the Remuneration Committee:

1. Information regarding the members of the Remuneration Committee:

Baseline date: March 31, 2020

Identity	Name	Meets one of the following professional qualifications, with at least five years of work experience			Meet the independence criteria (Note)										Number of other public companies where the individual concurrently serves as a remuneration committee member	Remarks
		An instructor or higher position in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the Corporation in a public or private junior college, college or university	A judge, public prosecutor, attorney, Certified Public Accountant, or other professional or technical specialist who has passed a national examination and has been awarded a certificate in a profession necessary for the business of the company	Has work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the Corporation	1	2	3	4	5	6	7	8	9	10		
Independent Director	Tsai, Shih-Kuang	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	Newly appointed on June 20, 2019
Independent Director	Chen, Hung-I	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	Newly appointed on June 20, 2019
Independent Director	Lin, Kun-Hsien		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	Reelected on June 20, 2019
Independent Director	Sha, Chin-Kang	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	Resigned on June 20, 2019
Independent Director	Hsu, En-Te	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	Resigned on June 20, 2019
Independent Director	Hsu, Kuang-Yang	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	Resigned on June 20, 2019

Note: Members with "V" in the corresponding boxes meet the following conditions during the two years prior to being elected or during the term(s) of office.

- (1) Not an employee of the Corporation or any of its affiliates.
- (2) Not a director or supervisor of the Corporation or any of its affiliates (not applicable in cases where the person is an independent director of the Corporation, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary).
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Corporation or is ranked in the top 10 in shareholdings.
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding three subparagraphs.
- (5) Not a director, supervisor or employee of a corporate shareholder who directly holds more than 5% of the total number of issued shares of the Corporation or is ranked top five in terms of the number of shares held or is designated as a Director or Supervisor of the Corporation pursuant to Paragraph 1 or 2, Article 27 of the Company Act (not applicable in cases where the person is an independent director of the Corporation, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary).
- (6) Not a director, supervisor, or employee of a company with a majority of the company's director seats or voting shares and those of any other company are controlled by the same person (not applicable in cases where the person is an independent director of the Corporation, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary).

- (7) Not a director, supervisor, or employee of a company or institution with the same chairperson of the board, president, or equivalent position, or a spouse thereof (not applicable in cases where the person is an independent director of the Corporation, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary).
- (8) Not a director, supervisor, manager, or shareholder holding 5% or more of the shares of a specified company or institution that has a financial or business relationship with the company (not applicable in cases where the person is an independent director of the Corporation, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary).
- (9) Not a professional individual, or an owner, partner, director, supervisor, or manager of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Securities and Exchange Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
- (10) Does not have any of the situations set forth in Article 30 of the Company Act;

2. Operations of the Remuneration Committee:

- (1) The Corporation's Remuneration Committee consists of 3 members.
- (2) Duration of the current term: June 20, 2019 to June 19, 2022. The Remuneration Committee has held 4 meetings (A) in the most recent year (2019). The table below shows the qualifications of the committee members and their attendance:

Title	Name	Number of actual attendance (B)	Attendance by proxy	Actual attendance rate (%) (B/A)	Remarks
Convener	Tsai, Shih-Kuang	2	0	100%	Newly appointed on June 20, 2019 Required to attend 2 meeting
Committee Member	Chen, Hung-I	2	0	100%	Newly appointed on June 20, 2019 Required to attend 2 meeting
Committee Member	Lin, Kun-Hsien	4	0	100%	Reelected on June 20, 2019 Required to attend 4 meeting
Committee Member	Sha, Chin-Kang	1	1	50%	Resigned on June 20, 2019 Required to attend 2 meeting
Committee Member	Hsu, En-Te	1	1	50%	Resigned on June 20, 2019 Required to attend 2 meeting
Committee Member	Hsu, Kuang-Yang	2	0	100%	Resigned on June 20, 2019 Required to attend 2 meeting

- (3) Meetings of the Remuneration Committee, and the date, term, proposals, resolutions and the Corporation's handling of the Committee opinions in the most recent year:

Date/Term	Proposals	Resolutions of the Remuneration Committee and the Corporation's Handling of Its Opinions
Mar. 22, 2019 11th meeting of the 3rd-term	1. Proposal for the distribution of the remuneration to Directors for 1.2018. 2. Distribution of the performance bonus to the Chairman and appointed managerial officer for 2018.	Resolution of the Remuneration Committee: The chair consulted all Committee Members in attendance. The proposals were passed unanimously and filed for discussion in the board meeting. Resolution of the board: The Chair consulted all Directors present who unanimously agreed to the proposed proposal.
May 10, 2019 12th meeting of the 3rd-term	1. Proposal for the distribution of bonus for the first half of 2019 to the Chairman and managerial officers. 2. Proposal for the distribution of employee remuneration to managerial officers for 2018.	Resolution of the Remuneration Committee: The chair consulted all Committee Members in attendance. The proposals were passed unanimously and filed for discussion in the board meeting. Resolution of the board: The Chair consulted all Directors present who unanimously agreed to the proposed proposal.

Date/Term	Proposals	Resolutions of the Remuneration Committee and the Corporation's Handling of Its Opinions
Aug. 09, 2019 1st meeting of the 4th-term	<ol style="list-style-type: none"> 1. Proposal for the mid-term bonus for the 3rd-term accounting, financial, and audit managers. 2. Discussions of the salary of the 4th-term financial, accounting, and audit managers. 3. Proposal for the appointment and salary of the Vice President. 4. Amended the salary standards for representatives of legal entities and added the fees for chairing meetings of functional committees. 	<p>Resolution of the Remuneration Committee: The chair consulted all Committee Members in attendance. The proposals were passed unanimously and filed for discussion in the board meeting.</p> <p>Resolution of the board: The Chair consulted all Directors present who unanimously agreed to the proposed proposal.</p>
Mar. 26, 2020 4th meeting of the 4th-term	Proposal for the distribution of the remuneration to employees and Directors for 2019.	<p>Resolution of the Remuneration Committee: The chair consulted all Committee Members in attendance. The proposals were passed unanimously and filed for discussion in the board meeting.</p> <p>Resolution of the board: The Chair consulted all Directors present who unanimously agreed to the proposed proposal.</p>

- A. If the Board of Directors rejects or amends the suggestions of the Remuneration Committee, the date and session of the Board meeting, contents of the proposal, and resolution of the Board of Directors as well as the Corporation's actions in response to the opinions of the Remuneration Committee shall be stated: None.
- B. If a member has a dissenting or qualified opinion, if a member has a dissenting or qualified opinion, that a member has a record or reservation that is recorded or stated in a written statement, the date and session of the Remuneration Committee, the content of the proposal, all members' opinions, and the handling of the opinions of the member of the Remuneration Committee shall be stated: None.

(V) State of corporate governance, gaps with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and causes of the said gaps:

Evaluation Item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Description	
I. Has the Corporation formulated and disclosed its corporate governance best practice principles in accordance with the "Corporate Governance Best Practice Principles for TWSE or TPEX Listed Companies"?	✓		The Corporation has established and disclosed the "Corporate Governance Best Practice Principles". The internal control systems are maintained in accordance with the regulations for compliance.	No deviation
II. Shareholding structure & shareholders' rights				
(I) Has the Corporation established internal operating procedures to deal with shareholders' suggestions, doubts, disputes and litigations, and does the Corporation implement the procedures in accordance with the procedure?	✓		(I) The Corporation has established a spokesperson and stock agency to take charge of processing shareholder' suggestions, questions, and related issues. Disputes are processed by the Corporation's legal consultants and related experts.	
(II) Does the Corporation possess a list of its major shareholders with controlling power as well as the ultimate owners of those major shareholders?	✓		(II) The Corporation reports on the equity transfer or changes in equity of Directors, managerial officers, and shareholders holding 10% of more of the Corporation's shares each month. Every year, after the shareholders' meeting and book closure following ex-right (ex-dividend), the Corporation keeps track of the major shareholders and ultimate controllers via the shareholder list provided by the shareholder services agent.	
(III) Has the Corporation established, and does it execute, a risk management and firewall system within its affiliated companies?	✓		(III) The Board of Directors of the Corporation appoints legal person representatives to serve as Directors and Supervisors of affiliated companies. They also regularly visit affiliated companies to learn about the local business conditions and implement relevant regulations to implement risk control and perform risk management. Related regulations and guidelines are as follow: 1. Investment evaluation and management regulations: Implement effective management on the planning, execution, progress control, data control, and performance control of investment projects. 2. Investment business management rules: Fulfill supervisory duties for investee companies under the Corporation's control and meet requirements in related regulations. 3. The regulations in the Procedures for Loaning of Funds and Making of Endorsements/Guarantees meet related regulations: (1) The Corporation is only permitted to loan funds to affiliate companies with at least 40% of shares directly or indirectly held by the Corporation. Where the Corporation is required to extend loans to affiliate companies with less than 40% of shares directly or indirectly held by the Corporation, it shall only be conducted for short-term financing due to business transactions or advance payment for operating capital turnover. (2) The Corporation is only permitted to provide external endorsement or guarantee to a company that has business transactions with the Corporation or a company in which the Corporation directly and indirectly holds more than	No deviation

Evaluation Item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Description	
(IV) Has the Corporation established internal rules against insiders using undisclosed information to trade with?			(3) 50% of the voting shares. (IV) The Corporation has established "Management Procedures for Prevention of Inside Trading" to prevent and prohibit the Corporation's insiders from using information that has not been disclosed on the market to purchase and sell securities that may damage the interests of investors or the Corporation.	
III. Composition and responsibilities of the Board of Directors (I) Has the Board of Directors developed and implemented a plan for a more diverse composition of the Board? (II) Has the Corporation voluntarily established other functional committees in addition to the Remuneration Committee and the Audit Committee? (III) Has the Corporation established Board of Directors performance assessment guidelines and assessment methods and perform the assessments periodically on a yearly basis? Does the Corporation submit results of assessments to the Board of directors and use results as the basis for the salary, remuneration, nomination and reappointment of individual Directors? (IV) Does the Corporation regularly evaluate the independence of the CPAs?	✓ ✓ ✓ ✓		(I) The Corporation's Directors have different expertise in their respective fields for helping the Corporation's operations and development. (II) The Corporation has established the Remuneration Committee and the Audit Committee as well as functional committees such as the Technology Committee for the operations and development of the Corporation. (III) The resolution of Company's Board of Directors on March 27, 2020 passed the establishment of the Regulations Governing the Evaluation of the Performance of the Board of Directors and specified that the Corporation shall evaluate the performance of the Board of Directors and individual Directors at a specific time each year. (IV) The Corporation has established the "Regulations on Assessment of Independence of CPAs" in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and published the same on the "Investor and Stakeholder Zone" of the Corporation's official website. The Board of Directors of the Corporation regularly reviews and assesses the independence of CPAs by means of the Assessment Form of Independence of CPAs (see Attachment I) which was made by reference to current laws and regulations of the competent authorities governing practicing of CPAs or professional ethics norms, as well as the accounting firm's requirement of Declaration of Independence(see Attachment II) to be made by CPAs and auditors. Not only do the current means enhance the Board's understanding of CPAs, but they also help build up a good corporate governance system that meets the regulations of the competent authorities by selecting CPAs that are professional, responsible, and independent to regularly review or audit the Corporation's financial statements, as well as to assess the Corporation's internal control system. Attachment I: Assessment Form of Independence of CPAs YungShin Global Holding Corporation Assessment Form of Independence of CPAs (●Financial Matters ●Taxation Matters) Date of Assessment:	No deviation

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Description: The result of the assessment does not suggest that CPA Hsu, Chien-Yeh and CPA Wang, Yu-Chuan are not qualified for independence standards.																																																																																																																																																																																																
V. Review/Assessment Opinion																																																																																																																																																																																																
●Review was passed and continuing appointment is recommended.																																																																																																																																																																																																
●Suspicion exists in the course of review and thus continuing appointment is not recommended/ Reasons for replacing CPAs:																																																																																																																																																																																																
Signature by the Accounting Manager:	Hung, Chia-Ling	Head of the Accounting Department Signature:	Kuo, Ai-Fen																																																																																																																																																																																													

PWC

To YungShin Global Holding Corporation

Date: October 25th, 2018



Letter Reference Number: PWC 18004078

Subject: To Your Corporation’s request, we hereby provide our assessment of independence from Your Corporation in accordance with The Bulletin of Norm of Professional Ethics for Certified Public Accountant of the Republic of China No.10 “Integrity, Objectivity and Independence”, stated as follows:

Description:

I. According to Article 4 of The Bulletin of Norm of Professional Ethics for Certified Public Accountant of the Republic of China No.10 (hereinafter referred to as “Bulletin No.10”), professional accountants shall maintain Independence of Mind and in Appearance in the work of assurance services including an audit or review of financial statements. Therefore, the members of the assurance team, the partners of the firm, accounting firms, and any of affiliates (hereinafter referred to as “Member of the Assurance Team and Related Parties of the Accounting Firm”), must be always independence from his/their clients. In addition, Article 7 of Bulletin No. 10 also

Evaluation Item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Description	
			<p>explains that Independence may be impaired by self-interest, self-review, advocacy, familiarity and intimidation. As such, we hereby declare to Your Corporation that our Independence has not been impaired by the aforementioned factors as stated in Article 7 that may impair Independence.</p> <p>II. Independence has not been impaired by self-interest We declare that Members of the Assurance Team (see attachment) and Related Parties of the Accounting Firm do not have any of the following relationships with Your Corporation, directors, or supervisors: (I) Having a direct or material indirect financial interest; (II) Having a close business relationship; (III) Entering into a potential employment negotiations; or, (IV) Loans and guarantees.</p> <p>III. Independence has not been impaired by self-review We declare that members of the assurance team have not been a director, a supervisor to Your Corporation, nor have they held any position within Your Corporation that exerts direct and significant influence over the subject matter of the engagement within the last two years; neither have we provided any non-assurance service that directly affects a material item of the assurance engagement.</p> <p>IV. Independence has not been impaired by advocacy We declare that members of the assurance team have not been commissioned to act as an advocate in support of Your Corporation's position or viewpoint; nor have they acted as an advocate on behalf of Your Corporation in litigation or disputes with a third party.</p> <hr/> <p>PricewaterhouseCoopers, Taiwan 12F, No. 402, Shizheng Rd., Xitun Dist., Taichung 40757, Taiwan 12F, No. 402, Shizheng Rd., Xitun Dist., Taichung 40757, Taiwan T: +886 (4) 2704 9168, F: +886 (4) 2254 2166 /+886 (4) 2254 2169, www.pwc.tw</p> <p>V. Independence has not been impaired by familiarity We declare as follows: (I) Members of the assurance team do not have a close or immediate family member who is a director, supervisor, or officer of Your Corporation, or an employee of Your Corporation who is in a position to exert significant influence over the subject matter of the engagement; (II) There is no former partner within one year of disassociating from our firm joining Your Corporation as a director, supervisor, or officer or being in a key position to exert significant influence over the subject matter of the engagement; and (III) Members of the assurance team have not accepted any valuable gifts from one of Your Corporation's directors, supervisors, or officers.</p> <p>VI. Independence has not been impaired by intimidation We declare that members of the assurance team have not ceased to be objective or professionally skeptical due to receiving or perceiving from the management level of Your Corporation any requests as to inappropriately disclose the financial statements, opt for an inappropriate accounting policy, or lower the assurance fees to reduce the assurance scope. We have carried out the above declaration in accordance with our SOP governing independence from clients, and exercised professional due care. Hereby Reported</p> <p>Attachment: I. List of members of the assurance team as required by Bulletin No. 10.</p>	

Evaluation Item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof																																															
	Yes	No	Description																																																
			<div>II. List of former partner disassociating from our firm within one year</div> <div>III. List of affiliated companies of PricewaterhouseCoopers, Taiwan</div> <div>IV. Non-assurance service provided by PricewaterhouseCoopers, Taiwan and affiliated companies to YungShin Global Holding Corporation</div> <div><div>PWC</div><div>Hung, Shu-Hua</div><div>CPA</div><div>Wang, Yu-Chuan</div></div> <div></div> <div>Attachment 1. List of members of the assurance team as required by Bulletin No. 10.</div> <table><tr><th>Name</th><th>Title</th></tr><tr><td>Hsu, Chien-Yeh</td><td>CPA</td></tr><tr><td>Wang, Yu-Chuan</td><td>CPA</td></tr><tr><td>Chen, Mei-Ling</td><td>Assistant Vice President</td></tr><tr><td>Chang, I-Hsin</td><td>Team Leader</td></tr><tr><td>Huang, Mu-I</td><td>Auditor</td></tr><tr><td>Tseng, Yu-Hsuan</td><td>Auditor</td></tr></table> <div>Attachment 2. List of former partners disassociating from our firm within one year</div> <table><tr><th>Name</th><th>Title</th></tr><tr><td>Yeh, Kuan-Wen</td><td>CPA</td></tr><tr><td>Wang, Wei-Chen</td><td>CPA</td></tr><tr><td>Chang, Ming-Hui</td><td>CPA</td></tr><tr><td>Li, Ming-Hsien</td><td>CPA</td></tr><tr><td>Wang, Hui-Hsien</td><td>CPA</td></tr><tr><td>Huang, Chin-Tse</td><td>CPA</td></tr></table> <div>Attachment 3. List of affiliated companies of PricewaterhouseCoopers, Taiwan</div> <table><tr><td>(I)</td><td>PwC Enterprise Management Consulting Co., Ltd.</td></tr><tr><td>(II)</td><td>PwC International Financial Advisory Co., Ltd.</td></tr><tr><td>(III)</td><td>PwC Intellectual Property Management Consulting Co., Ltd.</td></tr><tr><td>(IV)</td><td>PwC Taiwan</td></tr><tr><td>(V)</td><td>PwC Educational Foundation</td></tr><tr><td>(VI)</td><td>PwC Innovation Integration Co., Ltd.</td></tr><tr><td>(VII)</td><td>PwC Human Resource Management Consulting Co., Ltd.</td></tr><tr><td>(VIII)</td><td>PwC International Real Estate Consulting Co., Ltd.</td></tr><tr><td>(IX)</td><td>PwC Sustainable Development Service Co., Ltd.</td></tr><tr><td>(X)</td><td>PwC Innovation Integration Co., Ltd.</td></tr></table> <div>Attachment 4. Non-assurance service provided by PricewaterhouseCoopers, Taiwan and affiliated companies to YungShin Global Holding Corporation Audit and attestation of profit-seeking enterprise income tax.</div>	Name	Title	Hsu, Chien-Yeh	CPA	Wang, Yu-Chuan	CPA	Chen, Mei-Ling	Assistant Vice President	Chang, I-Hsin	Team Leader	Huang, Mu-I	Auditor	Tseng, Yu-Hsuan	Auditor	Name	Title	Yeh, Kuan-Wen	CPA	Wang, Wei-Chen	CPA	Chang, Ming-Hui	CPA	Li, Ming-Hsien	CPA	Wang, Hui-Hsien	CPA	Huang, Chin-Tse	CPA	(I)	PwC Enterprise Management Consulting Co., Ltd.	(II)	PwC International Financial Advisory Co., Ltd.	(III)	PwC Intellectual Property Management Consulting Co., Ltd.	(IV)	PwC Taiwan	(V)	PwC Educational Foundation	(VI)	PwC Innovation Integration Co., Ltd.	(VII)	PwC Human Resource Management Consulting Co., Ltd.	(VIII)	PwC International Real Estate Consulting Co., Ltd.	(IX)	PwC Sustainable Development Service Co., Ltd.	(X)	PwC Innovation Integration Co., Ltd.
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IV. Has the publicly-listed company appointed qualified and suitable number of corporate governance personnel and appointed a Corporate Governance Officer to handle governance related affairs (including but not limited to supplying information requested by the directors and supervisors, assisting Directors and Supervisors with legal	✓		<div>The Corporation has established its own Corporate Governance Best Practice Principles, as well as a corporate governance supervisor, which is assumed by Wang, I-Yun, the current director of the Chairman’s Office. Powers and duties of the corporate governance supervisor for 2020 include the following key points: 1. Arrange the Board Meetings and Shareholder’s Meetings according to law; notify directors of the agenda 7 days prior to the convention of meetings, provide them with meeting materials, and remind them to avoid conflict of interests; 2. Make minutes for every Board Meeting and Shareholder’s Meeting within 20 days after the convention of meetings; 3. Help directors in continuing education by arranging courses for them based on the industrial characteristics and their work experience; and, 4. Provide directors with material deemed</div>	No deviation																																															

Evaluation Item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Description	
compliance matters, processing company matters related to board meetings and shareholders' meetings according to laws, and preparing minutes of the board meetings and shareholders' meetings)?			necessary to perform their duties. Status of continuing education: Attended the three-hour course of Board Operation and Decision-Making Efficiency organized by Taiwan Corporate Governance Association on April 24, 2020.	
V. Has the company established a communication channel with stakeholders (including but not limited to shareholders, employees, customers, and suppliers)? Has a stakeholders' area been established in the company's website? Are major Corporate Social Responsibility (CSR) topics that the stakeholders are concerned with addressed appropriately by the company?	✓		(I) The Corporation has appointed a Spokesperson and Acting Spokesperson as communication channels with stakeholders. Related contact information has been disclosed on the Market Observation Post System in accordance with regulations. (II) The Corporation also established a dedicated investor and stakeholders' section on its website to disclose financial, stock affairs, corporate governance, activities, and related information. It also established a contact mailbox to promptly process and respond to feedback.	No deviation
VI. Has the Corporation appointed a professional shareholder service agency to deal with shareholder affairs?	✓		The Corporation has appointed a professional shareholder service agency — Department of Stock Affairs at Yuanta Securities Co., Ltd. — to process the Corporation's stock affairs and matters related to shareholders meetings.	No deviation
VII. Information disclosure (I) Has the company established a corporate website to disclose information regarding the company's financial, business and corporate governance status?	✓		(I) The Corporation's website is www.yungshingroup.com which is available in both Chinese and English. Dedicated units are responsible for updating the financial, business, and material information on the website on a regular basis and provide information for the reference of shareholders and investors.	No deviation
(II) Has the Corporation adopted other means of information disclosure (such as establishing a website in English, appointing specific personnel to collect and disclose company information, implementing a spokesperson system, and disclosing the process of investor conferences on the Corporation's website)?	✓		(II) The Corporation promptly discloses financial, business and material information in the Market Observation Post System in accordance with related regulations and discloses the information on the Corporation's website at the same time.	No deviation
(III) Does the Corporation publish and report its annual financial report within two months after the end of a fiscal year, and publish and report its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline?)		✓	(III) The Corporation's annual financial report is not yet available for public filing within two months after the end of the fiscal year due to local regulations at the place of the overseas listed subsidiaries and the organization of board meetings. However, the Corporation is still able to plan the publication of the financial statements within three months of the end of each fiscal year at approximately 80 to 85 days after the end of the fiscal year starting from 2020. The Corporation's quarterly financial reports for the first, second and third quarters are scheduled to be published within 45 days after the end of each quarter and they	Continuous Improvement

Evaluation Item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Description	
			shall be published ahead of schedule to within 40 days after the end of each quarter. The monthly operational status is filed and reported in advance of the prescribed period to 1-5 days.	
VIII. Has the Corporation disclosed other information to facilitate a better understanding of its corporate governance (including but not limited to employee's rights, employee care, investor relations, supplier relations, stakeholders' rights, further studies of directors and supervisors, implementation of risk management policies and measurement standards, implementation of customer policies and purchase of liability insurance for the directors and supervisors of the Corporation)?	✓		<p>(I) Employee rights and employee wellness: Since its establishment, the Corporation has provided employees with adequate care and respect by adopting humane management. All companies of the Group have complied with local labor-related regulations and continuously enhanced the welfare and interests of employees, including meal allowances, group insurance, scholarships for employees' children, general health examinations, employee travel, performance bonus, labor-management meeting, etc.</p> <p>(II) Investor relations: The Corporation strives to enhance shareholders' interests and treats all shareholders fairly. The Corporation's financial and business information is disclosed on the Market Observation Post System and the Corporation's website. The Corporation also established a telephone hotline managed by dedicated personnel for investors to promptly process and respond to feedback. The Corporation reports the results of business operations, business plan for the coming year, future development strategies, and the impact of the industry environment to shareholders through the annual meeting of shareholders. The Corporation has maintained good interactions with investors and there has been no disputes.</p> <p>(III) Rights of suppliers and stakeholders: The Corporation upholds the business philosophy of honesty and integrity, develops long-term partnerships with suppliers, creates win-win results, values and treats stakeholders' rights fairly, and provides transparent financial information to protect the interests of suppliers and stakeholders.</p> <p>(IV) Progress of training of Directors and Supervisors: The Corporation mails course notices or arranges continuing education for Directors and Supervisors to obtain certified course hours in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies. The Corporation reports the status of continuing education to the Market Observation Post System for investors' inquiries.</p> <p>(V) Risk management policy and state of implementing risk impact standards: Major resolutions of the Corporation regarding major business policies, investments, banking facilities, endorsements, guarantees, and loans are reviewed and analyzed by the responsible units in accordance with the relevant regulations of the Corporation. They are then submitted to the Board of Directors and the Audit Committee for resolution and the implementation of supervision and risk management mechanisms.</p> <p>(VI) Implementation of customer relations policies: Companies of the Group adopt the principle of "Providing the best medicine to enhance people's health" to "secure health, enhance beauty and create happiness" and fulfill the vision of the</p>	No deviation

Evaluation Item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Description	
			<p>Group. All companies have received certification from the US Food and Drug Administration (FDA), Pharmaceuticals and Medical Devices Agency (PMDA) of Japan, PIC/S GMP certified pharmaceuticals manufacturer, and the three-stage cGMP effectiveness certification. The Company's has always led the industry in product quality and it has won the trust of its customers. The Corporation also established processing mechanisms to promptly process opinions of customers and consumers.</p> <p>(VII) Status of purchase of liability insurance by the Corporation for Directors: The Corporation has purchased liability insurance for Directors to protect Directors from personal liability and financial losses arising from third party lawsuits due to the performance of their duties.</p>	
<p>IX. Please provide information on the status of improvement regarding the results of Corporate Governance evaluation published by the TWSE Corporate Governance Center in the most recent year. For improvements that are yet to be implemented, state the areas and policies the Corporation has set as priority for improvement.</p> <p>The Corporation shall make improvements in terms of strengthening Board structure and functions, enhancing information transparency, and implementing corporate social responsibility. The Corporation set up corporate governance supervisor with the approval of the Board of Directors on February 12, 2020. On March 27, 2020, Rules for Board Performance Evaluation was resolved by the Board of Directors to enhance Board operation. The Corporation plans to first improve employee welfare and the disclosure of workplace security measures based on corporate social responsibility indicator. The Corporation will actively enhance corporate governance by improving each aspect of operation to fulfill equal treatment of shareholders and secure shareholders' interests.</p>				

(VI) Corporate Social Responsibility (CSR), Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons:

Evaluation Item	Implementation status			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Description	
I. Has the company assessed the environmental, social, and corporate governance risks related to its operations based on the principle of materiality and established related risk management policies or strategies?	✓		<p>I. Risk management within the Corporation is assigned to relevant management departments according to their respective duties:</p> <p>(I) Chairman's Office: Responsible for planning business decisions and group supervision, as well as supervising and implementing the plans to achieve results and efficiency in operations and reduce strategic and operational risks.</p> <p>(II) Audit Division: Adopt risk assessments as the basis for formulating audit plans. Formulate and revise related control regulations and operations for possible risks, and assist the Board of Directors in auditing the overall operating activities of the Corporation and subsidiaries to ensure the effectiveness of the system design and execution.</p> <p>(III) Industrial Development Division: The Division follows the Group's operational strategic planning, industrial development trends, and international economic development and assesses the objectives and benefits of its investment objectives based on the Group's business strategies and plans. It also follows up on the results of investments and integration of group resources and division of labor to reduce investment risks.</p> <p>(IV) Meeting Administration Division: The Division implements a reasonable remuneration structure, employee welfare measures, and protection and management of employees' personal data to reduce potential human resources risks that may damage the Corporation.</p> <p>(V) Finance and Accounting Division: The Division is responsible for property risk management to ensure the Corporation's sustainable operations and security of assets. It is also responsible for evaluating the medium and long-term investment benefits, financial operations and fund allocation, and hedging mechanisms to achieve the objectives of the reliability of financial reporting and compliance with laws and regulations.</p>	No deviation
II. Does the Corporation establish an exclusively (or part-time) dedicated unit for promoting Corporate Social Responsibility? Is the unit authorized by the Board of Directors to implement CSR activities at the executive level? Does the unit report the progress of such activities to the Board of Directors?	✓		II. The Corporation has embraced a division of labor approach and established the independent "YungShin Social Welfare Foundation", "TienTe Lee Biomedical Foundation", and "YungShin Elderly Nursing Home" to focus on fulfilling corporate social responsibilities.	No deviation
III. Environmental issues (I) Has the Corporation established a proper environmental management system based on the characteristics of the industry?	✓		(I) In response to local regulations and global trends in environmental protection, the companies of the Group have established and improved systems related to environmental management such as establishing environmental management systems for factories and increasing employees' awareness for environmental protection. They encourage employees to cooperate with energy conservation and carbon emissions reduction plans. They	No deviation

Evaluation Item	Implementation status			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Description	
(II) Is the Corporation committed to improving the efficiency of the various resources and using recycled materials which have a low impact on the environment?	✓		also planned and designed environmental protection factory areas and promoted greening of the environment. (II) Companies of the Group proposed improvements of the system and encouraged departments to increase the efficiency of the use of various resources and reduce the impact on the environment. The companies regularly inspect the efficiency of energy-intensive equipment and use treated domestic wastewater for watering flowers and plants.	
(III) Does the Corporation assess the potential risks and opportunities of climate change for its current and future operations and undertake response measures with respect to climate change?	✓		(III) All companies in the Group continue to plan measures and comply with the relevant policies of the government authorities to update energy-saving equipment. They also follow the recommendations of external experts to implement improvements one by one.	
(IV) Does the Corporation calculate the amount of greenhouse gas emission, water consumption, and waste production in the past two years and implement policies to cut down energy and water consumptions, carbon and greenhouse gas emissions, and waste production?	✓		(IV) The Corporation promotes and implements a resource recycling policy. In addition to implementing waste sorting, recycling and waste reduction, we promote the reuse of waste paper for photocopying, encourage employees to save water and electricity, and reduce the use of disposable cutlery to reduce energy consumption and carbon emissions. The Corporation increases employees' awareness for environmental protection, energy conservation, and recycling and remains committed to energy conservation and carbon emissions reduction.	
IV. Social Issues				
(I) Does the Corporation formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	✓		(I) To fulfill corporate social responsibilities and protect the basic human rights of all employees, customers, and stakeholders, the Corporation established related personnel regulations in accordance with the "United Nations Universal Declaration of Human Rights", international human rights conventions of the International Labour Organization, and related local labor regulations. To expressly specify the rights and obligations of the labor and management, the Corporation established work rules that include labor rights, gender equality at the workplace, sexual harassment prevention measures, freedom of association, care for disadvantaged groups, prohibition on the use of child labor, and the labor-management meeting. The Corporation also established various human resources regulations as guidance for employees' conduct and development to protect their legal rights and interests.	No deviation
(II) Has the company established and offered proper employee benefits (including compensation, leave, and other benefits) and reflected the business performance or results in employee compensation appropriately?	✓		(II) The Corporation has established and implemented reasonable employee welfare measures: 1. Salary structure (1) Basic wages: Salaries are based on employees' past experience, competence, and the value of the position. The Corporation provides salaries which are superior to the basic salary under the Labor Standards Act without discrimination based on gender, age, nationality, or race. (2) Bonus: Bonuses are given based on the Corporation's business performance and the performance of individual employees. 2. Employee welfare: The Corporation regards its employees as members of a big family and it is committed to providing a safe and secure work environment and high-quality welfare.	No deviation

Evaluation Item	Implementation status			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Description	
			<p>Related measures are as follows:</p> <p>(1) Comprehensive insurance: In addition to enrollment of employees under Labor Insurance and National Health Insurance coverage in accordance with laws and regulations, the Group also carefully planned group insurance for employees to increase their coverage.</p> <p>(2) Pension system and implementation status: The retirement operations of the Corporation are handled in accordance with the relevant provisions of the Labor Pension Act and monthly contributions are made to the labor pension program.</p> <p>(3) Large-scale activities: The Group organizes large-scale activities such as New Year hikes and Chinese New Year dinner parties to give employees and their families an opportunity to participate in such activities and learn more about the Corporation's values.</p> <p>(4) Various subsidies: To improve the welfare of the Corporation, we also provide subsidies for club activities, employee travel, holiday bonuses, birthday gifts, relief fund, scholarships for employees' children, and subsidies for employees' on-the-job education, etc. to provide employees with full care and a happy and high-quality work environment.</p>	
(III) Does the Corporation provide a healthy and safe work environment and organize training on health and safety for its employees on a regular basis?	✓		(III) The Corporation has always regarded employees as important assets and focuses on taking care of employees. We provide employees with health examinations and track various health anomalies.	No deviation
(IV) Does the Corporation provide its employees with career development and training sessions?	✓		(IV) The Corporation has established an open training application platform where supervisors can plan career development plans based on individual employees' competence and strengths. They can also arrange on-the-job training to acquire necessary skills for job rotations and promotions.	No deviation
(V) Does the Corporation comply with relevant regulations and international standards regarding customer health and safety, right to privacy, marketing and labeling of its products and services and set up relevant consumer protection policies and complaint procedures?	✓		(V) The companies of the Group comply with all drug administration laws and food sanitation laws of all jurisdictions in product labeling. In addition, the Corporation also set up a professional telephone consultation hotline to provide professional consulting services.	No deviation
(VI) Has the Corporation formulated supplier management policies that require suppliers to comply with relevant regulations on environmental protection, occupational safety and health, and labor rights and request their reporting on the implementation of such issues?	✓		(VI) Supplier management is an area of great concern to the Corporation. The Corporation has stipulated in the Ethical Corporate Management Best Practice Principles that it may terminate or rescind contracts with contracted suppliers at any time if they are involved in unethical conduct. The Corporation also requires assessments on whether suppliers have been involved in unethical conduct in the past prior to business transactions. To jointly enhance the corporate social responsibility objectives, the Corporation will continue to draft policies and comply with the relevant policies of the government authorities to ensure suppliers' compliance with relevant laws and regulations such as	To be established based on requirements

Evaluation Item	Implementation status			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Description	
			environmental protection, occupational safety and health, or labor rights.	
V. Did the company, following internationally recognized guidelines, prepare and publish reports such as its Corporate Social Responsibility Report to disclose non-financial information of the Corporation? Has the company received assurance or certification of the aforesaid reports from a third-party accreditation institution?	✓		The websites of the Corporation and relevant units of the Group disclose the fulfillment of corporate social responsibilities.	No deviation
VI. If the Corporation has established the corporate social responsibility best practice principles based on the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies", please describe any discrepancy between the Principles and their implementation: The Corporation has not yet established CSR Best Practice Principles.				
VII. Other important information to facilitate better understanding of the company's Corporate Social Responsibility practices:				
(I) Community engagement, social contribution, social services and public welfare: Since its establishment, the Group has adopted the fulfillment of corporate social responsibility as an important business indicator:				
1. YungShin Social Welfare Foundation: The Group established the "YungShin Social Welfare Foundation" in 1978 to organize various social welfare activities.				
2. YungShin Sports Park: The Group began planning the construction of the Tiezheng Shan Sports Park in 1971 and facilities are provided for use by the people free of charge.				
3. YungShin Cup Volleyball Championships: YungShin is committed to the promotion of volleyball and the Championships is the most important volleyball event in Taiwan.				
4. YungShin Elderly Nursing Home: "YungShin Elderly Nursing Home" opened in September 2001. The Group upholds its values for "always caring and standing by its commitment" and integrates its corporate resources, regional medical systems, and research centers to provide care for seniors in accordance with government regulations and the supervision of competent authorities at all levels.				
5. TienTe Lee Biomedical Foundation: "TienTe Lee Biomedical Foundation" was established in 2004 with professional assistance. The Foundation helped people gain biomedical knowledge and promoted relevant academic activities in biomedical research by professionals.				
6. Community care facilities: The Corporation set up community care facilities to provide close services in order to promote the development of a healthy community.				
7. Daycare services: In response to the needs of an aging society and the principle of "community-based aging in place", the Corporation developed "daycare centers" with community resources. The centers provide services such as transportation, catering, general care, and health promotion activities.				
(II) Consumer rights and interests: The companies of the Group use a comprehensive quality management system to implement stringent quality management in all processes to provide the best services and products to customers.				
(III) Human rights: The Corporation's employees, regardless of gender, religion, or political affiliation, enjoy equal employment opportunities. The Corporation has created a good working environment with integrity and respect for the performance of every employee at work.				

(VII) Implementation of ethical corporate management and deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof:

Evaluation Item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Description	
I. Establishment of ethical corporate management policies and programs				
(I) Has the company established the ethical corporate management policies approved by the Board of Directors and specified in its rules and external documents the ethical corporate management policies and practices and the commitment of the board of directors and senior management to rigorous and thorough implementation of such policies?	✓		(I) The Corporation has established the Ethical Corporate Management Best Practice Principles and Code of Conduct as guidelines for Directors, Supervisors, managerial officers, and employees to carry out their fiduciary duties with the attention and loyalty of a prudent administrator based on the principle of good faith.	No deviation
(II) Has the company established a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within its business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include the preventive measures specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?	✓		(II) For high-risk and unethical conduct, the Corporation has established an effective internal control and audit system and adopted regular and ad hoc audits to review the design the effectiveness of the design and implementation of the system. The mechanisms are as follows: 1. The Corporation confirms whether the supplier of the transaction or procurement is a stakeholder and verifies the supplier's authenticity through the Department of Commerce of the Ministry of Economic Affairs. The Corporation also checks the transaction records of the supplier to confirm the business integrity of the counterparty. 2. The Corporation inquires customers' credit records through the Joint Credit Information Center to prevent business transactions with unethical suppliers. 3. Each donation is reported to the respective level for approval in accordance with the approval authority level which meets relevant laws and internal operating procedures.	
(III) Has the company specified in its prevention programs the operating procedures, guidelines, punishments for violations, and a grievance system and implemented them and review the prevention programs on a regular basis?	✓		(III) The Corporation's Ethical Corporate Management Best Practice Principles and Code of Conduct expressly prohibit dishonest conduct such as frauds and insider trading. The Corporation also established disciplinary and complaint channels and punishes violators accordingly based on the severity of the violation. The related contents and results of cases handled are disclosed. The Corporation closely monitors the development of domestic and overseas regulations associated with ethical	

Evaluation Item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
			corporate management and reviews and improves its ethical corporate management policies in order to enhance the effectiveness of its ethical corporate management.	
II. Fulfillment of Ethical Corporate Management				
(I) Does the Corporation evaluate business counterparty's ethical records and include ethics-related clauses in business contracts?	✓		(I) The Corporation conducts business in a fair and transparent manner and inquires the customers' credit records through the Joint Credit Information Center to prevent business transactions with dishonest clients. When the Corporation signs contracts with clients, it is advisable to include provisions requiring compliance to its ethical business policy and termination or cancellation of the contract at any time in the event of unethical conduct by the transaction counterparty.	No deviation
(II) Has the company set up a dedicated unit under the Board of Directors to promote ethical corporate management and regularly (at least once every year) report to the Board of Directors the implementation of the ethical corporate management policies and prevention programs against unethical conduct?		✓	(II) The Corporation has established the "Ethical Corporate Management Best Practice Principles" for compliance by the management.	No material deviation
(III) Has the Corporation established policies to prevent conflicts of interests, implemented such policies, and provided adequate channels of communications?	✓		(III) The Corporation's Directors, managerial officers, and employees shall abide by laws and regulations and internal control requirements. All employees must sign the confidentiality agreement and they shall be obligated to keep all business operations, documents, and customer information confidential. The Corporation's Rules of Procedure for Board of Director Meetings states that Directors must recuse themselves from proposals with conflicts of interests involving themselves or the legal entities they represent.	No deviation
(IV) Has the company established effective accounting systems and internal control systems to implement ethical corporate management and had its internal audit unit, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans and audit the compliance with the prevention programs accordingly or entrusted a CPA to conduct the audit?	✓		(IV) The Corporation has established and implemented an effective accounting system, internal control system, internal audit system, and various management regulations and assigned auditors to conduct sampling inspections on the execution status. The Corporation may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.	No deviation

Evaluation Item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
(V) Does the Corporation regularly hold internal and external educational training on ethical corporate management?	✓		(V) The Corporation continues to promote its corporate philosophy of lasting honesty and integrity in various meetings and organize training activities.	No deviation
III. Implementation of the Corporation's whistleblowing system				
(I) Does the Corporation have a specific whistle-blowing and reward system, establish convenient whistle-blowing channels, and assign the appropriate personnel to deal with the reported personnel?	✓		(I) The Corporation has established complaint regulations and appointed dedicated units to process complaints in accordance with related regulations and procedures.	No deviation
(II) Has the company established the standard operating procedures for investigating reported misconduct, follow-up measures to be adopted after the investigation, and related confidentiality mechanisms?	✓		(II) The Corporation implements confidentiality measures in handling complaint cases to avoid unnecessary interference and influence on the complainant. The Corporation establishes follow-up measures to be taken after investigations on a report are completed based on the severity of the case. Where necessary, the case may be reported to the competent authority or transferred to judicial authorities for investigations.	
(III) Does the Corporation take measures to protect whistleblowers from improper treatment?	✓		(III) The Corporation protects the identity of the whistleblowers when handling complaints and ensure that they are punished for whistleblowing.	
IV. Enhancing Information Disclosure				
(I) Does the Corporation disclose its ethical corporate management policies and the results of its implementation on the Corporation's website and MOPS?	✓		The Corporation has disclosed information related to Ethical Corporate Management Best Practice Principles and related implementation status on the Corporation's website and MOPS (company website URL: www.yungshingroup.com).	No deviation
V. Where the Corporation has stipulated its own best practices on ethical corporate management according to the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, please describe any gaps between the prescribed best practices and the actual measures taken by the company: No material gap is found: No difference was found.				
VI. Other important information that facilitates the understanding of the implementation of ethical corporate management: (such as review and amendment of the Corporation's Ethical Corporate Management Best Practice Principles)				
(I) In response to the "New Corporate Governance Roadmap", the Corporation has amended the Corporation's Ethical Corporate Management Best Practice Principles on February 12, 2020 and uploaded results to the Market Observation Post System on the same day.				
(II) The Corporation rigorously complies with the Corporation Act, Securities and Exchange Act, and Business Entity Accounting Act by establishing audit and internal control regulations to stipulate compliance matters as the basis for implementing ethical corporate management.				
(III) The Corporation specifies requirements for ethical corporate management in the Rules of Procedure for Board of Directors Meetings and management regulations for preventing insider trading, employees' work rules, related party transactions, accounting system, and internal control system to prevent any conflict of interest or gifts. The rules are provided to facilitate compliance.				

(VIII) Methods of inquiry in the Corporate Governance Best Practice Principles and related regulations established by the Corporation:

1. The Articles of Incorporation, Rules and Procedures of Shareholders' Meeting, and Rules Governing the Election of Directors are provided in the shareholders' meeting handbook which can be accessed on the "Market Observation Post System" established by the competent authority under Company Profiles\Electronic Documents\Annual Report and Shareholders' Meeting Information\3705 YungShin Global Holding Corporation.
2. The Articles of Incorporation, Procedures for Acquisition and Disposal of Assets, Procedures for Loaning of Funds and Making of Endorsements/Guarantees, and Management Procedures for Prevention of Inside Trading are provided on the Corporation's website www.yungshingroup.com under I.R. & Stakeholder\Corporate Governance\Articles of Incorporation and Regulations.

(IX) Other material information that can enhance the understanding of the operation of the corporate governance must also be disclosed:

1. The Corporation's mechanisms for processing and disclosing material inside information: To effectively manage the Corporation's mechanisms for processing and disclosing material inside information, the Corporation has established various control regulations such as the Corporate Governance Best Practice Principles, Ethical Corporate Management Best Practice Principles, Code of conduct, and Management Procedures for Prevention of Inside Trading for compliance by the management and all employees to prevent violations or insider trading.
2. Continuing education of managerial officers in 2019

December 31, 2019

Title	Name	Organizer	Course Title	Number of Hours	Remarks
President	Lee, Fang-Shin	Y.S.P. Southeast Asia Holding Berhad	Corporate Liability	2	Newly appointed on June 20, 2019
		Taiwan Corporate Governance Association	Discussions on Key Topics after the amendment of the Company Act	3	
		Taiwan Corporate Governance Association	Introduction of Tools for Employee Rewards and Related Tax Effects	3	
Vice President	Chien, Chih-Wei	Taiwan Corporate Governance Association	Discussions on Key Topics after the amendment of the Company Act	3	Reelected on June 20, 2019
		Taiwan Corporate Governance Association	Introduction of Tools for Employee Rewards and Related Tax Effects	3	Reelected on June 20, 2019
Audit Manager	Huang, Hsiang-Lien	Institute of Internal Auditors, ROC	Pre-Job Training for Companies' Internal Auditing Personnel	18	Newly appointed on November 13, 2019
Finance and Accounting Manager	Lin, Shih-Yun	Accounting Research and Development Foundation	Continuing Training Class for Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges	12	Newly appointed on September 2, 2019

(X) Status of implementation of internal control system:

1. Statement of Internal Control System:

YungShin Global Holding Corporation
Statement of Internal Control System

Date: March 27, 2020

Based on the findings of a self-assessment, YungShin Global Holding Corporation states the following with regard to its internal control system during the year of 2019:

- I. The Corporation fully understands that the establishment, implementation, and maintenance of Internal Control System (ICS) are the responsibilities of the Corporation's Board of Directors and managerial officers, and have established the said system accordingly. The internal control system is designed to provide reasonable assurance for the effectiveness and efficiency of the operations (including profitability, performance and protection of assets), reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations.
- II. All ICS are bound by natural limitations and regardless of the robustness of designs, effective ICS can only provide reasonable assurance for the three objectives listed above. Efficacy of the ICS will also change with the changing environment or context. However, the ICS of the Corporation has self-monitoring mechanisms in place, and the Corporation will take corrective action against any defects identified.
- III. The Corporation will refer to the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter referred to as "ICS Regulations") to identify assessment items for determining the effectiveness of ICS as well as the performance of design and implementation of the system. Based on the process of control, the assessment items specified in the Regulations divide the internal control system into five constituent elements: 1. control environment; 2. risk assessment; 3. control activities; 4. information and communications; and 5. monitoring activities. Each constituent element includes a certain number of items. For more information on such items, refer to the Regulations.
- IV. The Corporation has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
- V. Based on the findings of the evaluation mentioned in the preceding paragraph, the Corporation believes that as of December 31, 2019 its internal control system (including its supervision and management of subsidiaries), encompassing internal controls for knowledge of the degree of achievement of operational effectiveness and efficiency objectives, reliability of reporting, and compliance with applicable laws and regulations, is effectively designed and operating, and reasonably assures the achievement of the above-stated objectives.
- VI. This Statement shall be a major content of the Corporation's annual report and prospectus, and shall be publicly disclosed. Any falsehood or concealment with regard to the above contents will entail legal liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.
- VII. This Statement was approved by the Board of Directors of the Corporation on March 27, 2019. Among the 9 Directors, 0 dissented, and the rest agreed to the contents of this Statement.

YungShin Global Holding Corporation

Chairman of the Board:

President:



2. Any CPA commissioned to conduct a project review of the ICS shall disclose the CPA's audit report: None.

- (XI) Any legal penalty enacted upon this Corporation and its personnel, or any penalty, major defects, and state of improvements enacted by this Corporation upon its personnel for violating the rules of the ICS during the most recent year up to the publication date of this report: None.

(XII) Key resolutions of the shareholders' meeting and the Board of Directors and review of the status of execution:

1. Key Resolutions of the shareholders' meeting and review of the status of execution

Session of Meeting	Time of Meeting	Major Resolutions	Status of Execution
2019 Shareholders' Meeting	June 20, 2019	1. Recognition of Proposal of 2019 Business Report and Financial Statements.	Promulgated after the resolution of shareholders.
		2. Recognition of the 2018 earnings distribution proposal with cash dividends of NT\$2.2 per share.	Cash dividends were paid on August 7, 2019.
		3. Passed the amendments of the "Procedures for Acquisition and Disposal of Assets".	The new amendments were passed.
		4. Passed the amendments of the "Procedures for Loaning of Funds and Making of Endorsements/Guarantees"	The new amendments were passed.
		5. Election of 9 Directors of the Corporation's 4th-term Board of Directors.	The term is three years till June 19, 2022.
		6. Proposal for the removal of the non-competition restrictions for newly appointed Directors.	Removed the non-competition restrictions for newly appointed Directors in accordance with the resolutions of the shareholders' meeting.

2. Significant resolutions by the Board of Directors

Term and Session / Time	Agenda and Resolution
Mar. 22, 2019 3rd-term 24th meeting Board of Directors	Passed the list of candidates for the Corporation's 4th-term Directors. Approved the proposal for the removal of the non-competition restrictions for newly appointed Directors. Passed individual and consolidated financial statements for 2018. Passed the 2018 Internal Control System Statement. Amendments of the "Procedures for Acquisition and Disposal of Assets". Amendments of the "Procedures for Loaning of Funds and Making of Endorsements/Guarantees" Passed the proposal for loans to subsidiaries. Passed the proposal for endorsement and guarantee for subsidiaries. Passed the proposal for the distribution of the remuneration to employees and Directors for 2018. Passed the proposal for the distribution of 2018 earnings and capital surplus.
May 20, 2019 3rd-term 25th meeting Board of Directors	Passed the review of candidates for Directors. Passed the proposal for the distribution of bonus for the first half of 2019 to the Chairman and managerial officers. Passed the proposal for the distribution of employee remuneration to managerial officers for 2019.
June 20, 2019 4th-term 1st meeting Board of Directors	Passed the election of the 4th-term Chairman and Vice Chairman and the appointment of the President. Passed the proposal for the establishment of the "Procedures for Handling Requests of Directors"
July 19, 2019 4th-term 2nd meeting Board of Directors	Passed the proposals from the accounting, financial, and audit managers of each subsidiary. Passed the proposal for the appointment of the Corporation's Spokesperson and Acting Spokesperson.

Term and Session / Time	Agenda and Resolution
Aug. 9, 2019 4th-term 4th meeting Board of Directors	Passed the removal of the non-competition restrictions for the third-term President. Passed the appointment of the 4th-term financial, accounting, and audit managers.
Aug 15, 2019 4th-term 5th meeting Board of Directors	Passed the sales of the shares in isRed Pharma & Biotech Research Co., Ltd. (IBC).
Nov. 13, 2019 4th-term 6th meeting Board of Directors	Passed the proposal for the replacement of the 2020 CPA and CPA expenses. Passed the appointment of the audit manager. Passed the 2020 Audit Plan. Passed the cancellation of loans and credit limits for certain subsidiaries. Passed the proposal for the dissolution and liquidation of the subsidiary Ashin Co. Ltd.
Feb. 12, 2020 4th-term 7th meeting Board of Directors	Passed the proposal for the appointment of a Corporate Governance Officer. Passed the independence evaluation of the CPAs for 2020. Passed the proposal for loans to subsidiaries. Passed the proposal for endorsement and guarantee for subsidiaries. Passed the proposal for loan limits of subsidiaries for related parties. Passed the proposal for the dissolution and liquidation of the subsidiaries Jiangsu Farmtec Research Co, Ltd. and Globecare Trading (Shanghai) Co., Ltd.
Mar. 27, 2020 4th-term 8th meeting Board of Directors	Passed the "Regulations Governing the Evaluation of the Performance of the Board of Directors". Passed individual and consolidated financial statements for 2019. Passed the 2019 Internal Control System Statement. Passed the proposal for the distribution of the remuneration to employees and Directors for 2019. Passed the proposal for the removal of the non-competition restrictions for Directors. Passed the 2019 earnings distribution proposal. Passed the proposal for the dissolution and liquidation of the subsidiary Chung Shin (Jiangsu) Clinical Research Co, Ltd.

(XIII) Major contents of any dissenting opinions on record or stated in a written statement made by Directors or Supervisors regarding key resolutions of the Directors' Meeting: None.

(XIV) Summary of the resignation and dismissal of the Corporation's Chairman, President, Accounting Manager, Finance Manager, Head of Internal Audit and Head of Research and Development:

Title	Name	Date of Assumption of Duty	Date of Dismissal	Reasons for Resignation or Dismissal
President	Yin, Kuo-Hun	2017.06.01	2019.06.20	Expiration of term of service
Audit Manager	Huang, Jung-Hui	2011.01.03	2019.08.09	Expiration of term of service
Audit Manager	Chen, Cheng-I	2019.08.09	2019.10.15	Resignation
Accounting Manager	Hung, Chia-Ling	2011.01.03	2019.09.01	Expiration of term of service
Finance Manager	Chen Pei-Chun	2013.06.11	2019.09.01	Expiration of term of service

IV. Information Regarding Audit Fee

- (I) Audit fees and non-audit fee paid to certified CPA, the CPA firm, and its affiliated enterprises:

CPA Firm	Name of CPAs	Auditing Period	Remarks
PricewaterhouseCoopers, Taiwan	Wang, Yu-Chuan Hsu, Chien-Yeh	Jan.1,2019 to Dec.31, 2019	

Unit: NT\$1,000

CPA Firm	Name of CPAs	Audit fees	Non-audit fees					Audit Period	Remarks
			System design	Business registration	Human resources	Others	Subtotal		
PricewaterhouseCoopers, Taiwan	Wang, Yu-Chuan Hsu, Chien-Yeh	2,740	0	0	0	0	0	Jan.1, 2019 to Dec.31, 2019	

Range of fees		Category of fees	Audit fees	Non-audit fees	Total
1	Less than NT\$2,000,000		-	-	-
2	NT\$2,000,000 (inclusive) - NT\$4,000,000		V	-	V
3	NT\$4,000,000 (inclusive) - NT\$6,000,000		-	-	-
4	NT\$6,000,000 (inclusive) - NT\$8,000,000		-	-	-
5	NT\$8,000,000 (inclusive) - NT\$10,000,000		-	-	-
6	Over NT\$10,000,000 (inclusive)		-	-	-

- (II) The Corporation has switched accounting firms and the annual audit shared expenses are less than that of the previous year prior to the switch: No such occurrences.
- (III) The audit fee paid for the year was at least 10% less than that of the previous year: No such occurrences.

V. Replacement of CPAs:

- (I) Information on the previous CPA

Date of replacement	Submitted to the Board of Directors on November 13, 2019 and the CPA firm and CPA were changed starting from the first quarter of 2020.		
Cause and details of the replacement	The Corporation's adjustment of business development and internal management requirements.		
Any details for the termination or rejection of the appointment of the CPA	Status of the Principal	CPA	Client
	Active termination of the appointment	-	YungShin Global Holding Corporation
	Rejection of (continuing) appointment	-	-
Opinion and reason for the issuance of audit reports containing opinions other than unqualified opinions in the most recent two years	NoneSU3		
Any disagreement with the issuer	Yes	-	Generally Accepted Accounting Principles (GAAP) or activities
		-	Disclosure of financial reports
		-	Scope or procedure of audits
		-	Other
	None	V	
	Description	None	
Other items for disclosure (where disclosure is required in accordance with Article 10, Subparagraph 6, Item 1-7 of the Regulations Governing Information to be Published in Annual Reports of Public Companies): None.			

(II) Information on the succeeding CPA

Name of the accounting firm	Deloitte & Touche
Name of CPAs	Li, Tung-Feng, Chen Chih-Yuan
Date of Appointment	Submitted to the Board of Directors on November 13, 2019 and the CPA firm and CPA were changed starting from the first quarter of 2020.
Accounting treatment or accounting principle for specific transactions as well as consultation items and results on audit assessment on the financial report prior to formal engagement	None
Written views on disagreements between the succeeding and former CPA	None

(III) The response of the former CPAs on Article 10.6.1 and Article 10.6.2.3 of the Regulations Governing Information to be Published in Annual Reports of Public Companies: None.

VI. Company's Chairperson, President, or any managerial officer in charge of finance or accounting matters who has, in the most recent year, held a position at the accounting firm of its CPA or at an affiliated enterprise: No such occurrences.

VII. Equity Transfer or Changes in Equity Pledge of Directors, Managers, and Shareholders with Shareholding Percentage of 10% or More

(I) Changes to shares held by Directors (including Independent Directors), managerial officers, and shareholders holding more than 10% of shares:

Title	Name	2019		2020 up to March 30	
		Shareholding increase (decrease)	Pledged share increase (decrease)	Shareholding increase (decrease)	Pledged share increase (decrease)
Chairman of the Board	Lee, Fang-Shin (Reelected on June 20, 2019)	0	0	0	0
Director	Lee, Ling-Chin (Reelected on June 20, 2019)	(57,900)	(1,700,000)	(52,000)	0
Director	Lee, Fang-Chuan (Reelected on June 20, 2019)	0	0	30,000	0
Director	Lee, Fang-Yu (Reelected on June 20, 2019)	0	0	0	0
Director	Lin, Meng-Pi (Reelected on June 20, 2019)	0	0	0	0
Independent Director	Lee, Chi-Li (Newly appointed on June 20, 2019)	0	0	0	0
Independent Director	Tsai, Shih-Kuang (Newly appointed on June 20, 2019)	0	0	0	0
Independent Director	Lin, Kun-Hsien (Reelected on June 20, 2019)	0	0	0	0
Independent Director	Chen, Hung-I (Newly appointed on June 20, 2019)	0	0	0	0
Independent Director	Hsu, En-Te (Dismissed on June 20, 2019)	0	0	-	-
Independent Director	Hsu, Kuang-Yang (Dismissed on June 20, 2019)	0	0	-	-
Independent Director	Sha, Chin-Kang (Dismissed on June 20, 2019)	0	0	-	-
President	Yin, Kuo-Hun (Term of service expired on June 20, 2019)	0	0	0	0
Vice President	Chien, Chih-Wei	(10,000)	0	0	0
Accounting Manager	Hung, Chia-Ling (Term of service expired on September 1, 2019)	0	0	-	-

Title	Name	2019		2020 up to March 30	
		Shareholding increase (decrease)	Pledged share increase (decrease)	Shareholding increase (decrease)	Pledged share increase (decrease)
Finance Manager	Chen Pei-Chun (Term of service expired on September 1, 2019)	0	0	-	-
Financial Officer	Lin, Shih-Yun (Newly appointed on September 2, 2019)	0	0	0	0
Corporate Governance Manager	Wang, I-Yun (Newly appointed on February 12, 2020)	0	0	0	0

(II) Equity transfer information: None.

(III) Shares pledged: None.

VIII. Top 10 Shareholders Who are Related Parties, Spouses, or within Second Degree of Kinship to Each Other

March 30, 2020

Name	Current shareholding		Spouse & minor shareholding		Shareholding by nominees		Among ten largest shareholders, name and relationship with anyone who is a related party or a relative within the second degree of kinship		Remarks
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Title (or Name)	Relationship	
Lee, Ling-Chin	14,401,368	5.41%	-	-	-	-	Lee, Ling-Fen	Sisters	-
							Lee, Fang-Yu	Sister and younger brother	
							Lee, Fang-Chuan	Sister and younger brother	
							Lee, Fang-Jen	Sister and younger brother	
							Lee, Fang-Shin	Sister and younger brother	
Lee, Fang-Jen	11,775,595	4.42%	2,010	0.00%	-	-	Lin, Pao-Chen	Mother and son	-
							Lee, Ling-Chin	Sister and younger brother	
							Lee, Ling-Fen	Sister and younger brother	
							Lee, Fang-Yu	Brothers	
							Lee, Fang-Chuan	Brothers	
							Lee, Fang-Shin	Brothers	
TienTe Lee Biomedical Foundation	11,572,487	4.34%	-	-	-	-	-	-	-
Yishun Fund - Yishun Greater China Equity Fund under the custody of HSBC	11,285,550	4.24%	-	-	-	-	-	-	-

Name	Current shareholding		Spouse & minor shareholding		Shareholding by nominees		Among ten largest shareholders, name and relationship with anyone who is a related party or a relative within the second degree of kinship		Remarks
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Title (or Name)	Relationship	
Lee, Fang-Shin	11,260,832	4.23%	3,423	0.00%	-	-	Lin, Pao-Chen	Mother and son	-
							Lee, Ling-Chin	Sister and younger brother	
							Lee, Ling-Fen	Sister and younger brother	
							Lee, Fang-Yu	Brothers	
							Lee, Fang-Chuan	Brothers	
							Lee, Fang-Jen	Brothers	
Lee, Fang-Chuan	10,522,344	3.95%	1,369,322	0.51%	-	-	Lee, Ling-Chin	Sister and younger brother	-
							Lee, Ling-Fen	Sister and younger brother	
							Lee, Fang-Yu	Brothers	
							Lee, Fang-Jen	Brothers	
							Lee, Fang-Shin	Brothers	
Lee, Ling-Fen	8,941,768	3.36%	23,000	0.01%	-	-	Lee, Ling-Chin	Sisters	-
							Lee, Fang-Yu	Sister and younger brother	
							Lee, Fang-Chuan	Sister and younger brother	
							Lee, Fang-Jen	Sister and younger brother	
							Lee, Fang-Shin	Sister and younger brother	
Lee, Fang-Yu	7,986,918	3.00%	3,218,682	1.21%	-	-	Lee, Ling-Chin	Sister and younger brother	-
							Lee, Ling-Fen	Sister and younger brother	
							Lee, Fang-Chuan	Brothers	
							Lee, Fang-Jen	Brothers	
							Lee, Fang-Shin	Brothers	
Lin, Pao-Chen	7,910,681	2.97%	-	-	-	-	Lee, Fang-Jen Lee, Fang-Shin	Mother and son Mother and son	-
Cathay Life Insurance Co., Ltd.	7,283,461	2.73%	0	0.00%	-	-	-	-	-

IX. The total number of shares and total equity held in any single enterprise by the Corporation, its directors and supervisors, managers, and any companies controlled either directly or indirectly by the Corporation.

Total equity stake held

December 31, 2019; Unit: Shares; %

Reinvestment Entities	Investment by the Corporation		Investments by Directors, Supervisors, Managerial Officers and Directly or Indirectly Controlled Enterprises		Total Investments	
	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio
Yung Shin Pharmaceutical Industrial Co., Ltd.	169,109,793	100%	-	-	169,109,793	100%
YSP International Company Limited	10,000	100%	-	-	10,000	100%
Carlsbad Technology, Inc.	20,515,740	83.18% (Note 1)	1,643,650	6.62%	22,159,390	89.80%
Yung Shin China Holding Company Limited	28,341,265	91.93% (Note 2)	-	-	28,341,265	91.62%
Shanghai Yung Zip Pharm. Trading Co., Ltd.	-	91.93% (Note 3)	-	-	-	91.62%
YungShin Pharm. Ind. (KS) Co., Ltd.	113,208,788	84.67% (Note 4)	1,171,460	0.95%	100,995,961	90.71%
Yung Shin Company Limited (Hong Kong)	7,720	88.71% (Note 5)	76	0.95%	7,796	89.36%
Globecare Trading (Shanghai) Co., Ltd.	-	70.17% (Note 6)	-	-	-	70.12%
Jiangsu Farmtec Research Co, Ltd.	-	91.93% (Note 7)	-	-	-	91.62%
Chung Shin (Jiangsu) Clinical Research Co, Ltd.	-	91.93% (Note 8)	-	-	-	91.62%
Angel Associates (Taiwan), Inc.	3,675	73.50%	621	12.42%	4,296	85.92%
Ashin Co. Ltd.	1,000	100%	-	-	1,000	100%
Chemix Inc.	192	100%	-	-	192	100%
Vetnostrum Animal Health Co., Ltd.	55,000,000	100%	-	-	55,000,000	100%
AnTec Biotech Co., Ltd.	17,200,000	100%	-	-	17,200,000	100%

Note 1. The Corporation and Yung Zip Chemical Ind. Co., Ltd. indirectly own 82.60% and 2.82% of Carlsbad Technology, Inc. Based on the shareholding status, the Corporation owns 83.18% of the shares.

Note 2. The Corporation and Yung Zip Chemical Ind. Co., Ltd. indirectly own 89.81% and 10.19% of Yung Shin China Holding Co., Ltd. Based on the shareholding status, the Corporation owns 91.62% of the shares.

Note 3. Shanghai Yung Zip Pharm. Trading Co., Ltd. is a wholly-owned subsidiary of Yung Shin China Holding Co., Ltd.

Note 4. YungShin Pharm. Ind. (KS) Co., Ltd. is a subsidiary with 92.10% of its shares held by Yung Shin China Holding Co., Ltd. Based on the shareholding status, the Corporation owns 84.67% of the shares.

Note 5. Yung Shin Company Limited is a subsidiary with 96.5% of its shares held by Yung Shin China Holding Co., Ltd. Based on the shareholding status, the Corporation owns 88.71% of the shares.

Note 6. The Corporation and Yung Zip Chemical Ind. Co., Ltd. indirectly own 89.81% and 10.19% of Yung Shin China Holding Co., Ltd.; YSP CNH and Y.S.P. Southeast Asia Holding Bhd. hold 60% and 40% of Globecare Trading (Shanghai) Co., Ltd.; the Group's consolidated shareholding percentage is 70.17%.

Note 7. Jiangsu Farmtec Research Co, Ltd. is a wholly-owned subsidiary of Yung Shin China Holding Co., Ltd.

Note 8. Chung Shin (Jiangsu) Clinical Research Co, Ltd. is a wholly-owned subsidiary of Yung Shin China Holding Co., Ltd.

Note 9. AnTec Biotech Co., Ltd. was dissolved on December 31, 2016 and the dissolution was registered in Fu-Shou-Jing-Shang No. 10607018000 approval letter from Taichung City Government. However, the liquidation procedures are still being implemented.

Chapter 4. Financing Status

I. Capital and Shares

(I) Sources of capital:

1. Sources of capital

Year and month	Issuance price	Authorized capital		Paid-in capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Sources of capital	Capital increased by assets other than cash	Other
Dec. 2010	10	310,000,000	3,100,000,000	253,736,175	2,537,361,750	Shareholding Conversion	None	Approved in the Jin-Guan-Zheng-Fa No. 0990067926 dated December 8, 2010 and Tai-Zheng-Shang No. 0990037208 dated December 8, 2010.
Oct. 2015	10	310,000,000	3,100,000,000	266,422,983	2,664,229,830	Recapitalization of retained earnings	None	Approved in the Jin-Guan-Zheng-Fa No. 1040030118 dated August 7, 2015, Jing-Shou-Shang No. 10401199090 dated September 18, 2015, and Tai-Zheng-Shang-1 No. 1040020648 dated October 8, 2015.

Note: The amendment of the Corporation's "Articles of Incorporation" was passed in the annual shareholders' meeting on June 20, 2019. The amendment changed the Corporation's capital to NT\$610 million.

2. Authorized capital

Share type	Authorized capital stock			Remarks
	Outstanding shares	Unissued shares	Total	
Ordinary shares	266,422,983	43,577,017	310,000,000	Shares of publicly-listed company

3. Information of shelf registration: Not applicable.

(II) Shareholder structure:

March 30, 2020

Shareholder structure Quantity	Government agencies	Financial institutions	Other institutional shareholders	Domestic natural persons	Foreign institutions and foreign natural persons	Total
Number of individuals	0	2	125	26,738	123	26,988
Number of shares held	0	9,653,311	20,665,296	201,740,680	34,363,696	266,422,983
Shareholding ratio	0%	3.62%	7.76%	75.72%	12.90%	100%

(III) Shareholding distribution status:

March 30, 2020

Shareholding range	Number of shareholders	Number of shares held	Shareholding ratio
1 to 999	15,009	906,283	0.34%
1,000 to 5,000	8,774	17,466,922	6.56%
5,001 to 10,000	1,543	11,230,411	4.22%
10,001 to 15,000	540	6,485,288	2.43%
15,001 to 20,000	287	5,138,823	1.93%
20,001 to 30,000	291	7,063,496	2.65%
30,001 to 50,000	208	8,170,578	3.07%
50,001 to 100,000	148	10,600,934	3.98%
100,001 to 200,000	81	11,157,029	4.19%
200,001 to 400,000	47	12,912,817	4.85%
400,001 to 600,000	12	5,806,578	2.18%
600,001 to 800,000	5	3,423,884	1.29%
800,001 to 1,000,000	6	5,225,263	1.96%
Over 1,000,001	37	160,834,677	60.35%
Total	26,988	266,422,983	100.00%

(IV) List of major shareholders:

Shares Name of major shareholder	Number of shares held	Shareholding ratio
Lee, Ling-Chin	14,401,368	5.41%
Lee, Fang-Jen	11,775,595	4.42%
TienTe Lee Biomedical Foundation	11,572,487	4.34%
Yishun Fund - Yishun Greater China Equity Fund under the custody of HSBC	11,285,550	4.24%
Lee, Fang-Shin	11,260,832	4.23%
Lee, Fang-Chuan	10,522,344	3.95%
Lee, Ling-Fen	8,941,768	3.36%
Lee, Fang-Yu	7,986,918	3.00%
Lin, Pao-Chen	7,910,681	2.97%
Cathay Life Insurance Co., Ltd.	7,283,461	2.73%

(V) Market price, net worth, earnings, dividends and other information in the most recent two fiscal years:

Item	Year	2018	2019	Current year up to March 31, 2020
Market price per share	Highest	43.00	44.25	47.30
	Lowest	37.95	39.40	36.55
	Average	40.41	41.92	43.33
Net value per share	Before issuance	22.83	23.46	-
	After issuance	20.63	To be determined	-
Earnings per share	Weighted average shares	266,422,983	266,422,983	-
	Earnings per share	2.64	2.81	-
Dividends per share	Cash dividend	2.20	2.20 (Note)	-
	Free allotment	-	-	-
	Cumulative unpaid dividends	-	-	-
Return on investment	Price/earnings ratio	15.31	14.92	-
	Price/dividend ratio	18.37	19.05	-
	Cash dividend yield	0.05	0.05	-

Note: The proposed distribution of dividends for 2019 shall be determined by the amount ratified in the Annual Shareholders' Meeting on May 28, 2020.

(VI) Dividend Policy and Implementation Status:

1. Dividend policy as set out in the Articles of Incorporation:

The Corporation's industry is susceptible to changes and the Corporation is in a stable growth phase. If earnings are present after the closing of the fiscal year, the Corporation shall distribute the earnings in the following order:

- (1) Tax payments in accordance with laws.
- (2) Offset losses for preceding years.
- (3) 10% appropriation for statutory reserve.
- (4) Set aside or reverse a special surplus reserve in accordance with related regulatory requirements.
- (5) Payment of dividends.
- (6) The Board of Directors shall propose the distribution of bonus for shareholders based on the remaining balance and the accumulated undistributed earnings of the previous year, and it shall be filed to the shareholders' meeting for distribution. The aggregate amount of the shareholders' bonus shall be 10% to 90% of the aforementioned accumulated undistributed earnings. For the distribution of shareholders' dividends and bonuses, the cash portion shall be at least 20% of the total shareholders' dividends and bonuses.
- (7) The distribution of dividends shall be processed through converting earnings to capital increase, converting capital reserve to capital increase, and cash dividends. Where there is a suitable investment plan that can increase the Corporation's profitability, the cash dividend ratio policy shall be adopted to convert earnings or capital reserve to capital increase. When the capital increase affects profitability, a high cash dividend policy shall be adopted.

2. Distribution of dividends proposed in the shareholders' meeting:

The Board of Directors of the Corporation resolved on March 27, 2020 to propose the distribution of shareholders' dividends for 2019. The dividends shall be distributed as cash dividend of totaling 2.20 per share which shall be distributed after the resolution of the shareholders' meeting.

3. Any expected major change in dividend policy: None.

(VII) Effect of free allotment of shares proposed at this shareholders' meeting on the Corporation's business performance and earnings per share:

Unit: NT\$1,000

Item		2019 (estimated)
Beginning paid-in capital		2,664,230
Current dividends distribution	Cash dividends per share	NT\$ 2.20
	Number of shares allotted for capital transferred from surplus	
	Capital reserve to capital increase	
Changes in operating performance	Operating profit	Note 1
	Operating profit increase (decrease) ratio over the same period last year	
	Net income after tax	
	Net income after tax increase (decrease) ratio over the same period last year	
	Earnings per share	
	Earnings per share increase (decrease) ratio over the same period last year	
	Annual average return on investment (annual P/E ratio in reverse)	
Pro-forma earnings per share and P/E ratio	If capital increase by retained earnings is entirely replaced by cash dividend distribution	Pro-forma earnings per share
		Pro-forma average annual return on investment
	If capital reserve is not used for capital increase	Pro-forma earnings per share
		Pro-forma average annual return on investment
	If capital reserve to capital increase is not undertaken and the surplus to capital increase is changed to cash dividend distribution	Pro-forma earnings per share
		Pro-forma average annual return on investment

Note 1: The regulations do not require the Corporation to publish financial forecasts and this item is therefore not applicable.

Chairman:



Managerial Officer:



Accounting Manager:



(VIII) Remuneration of Employees, Directors, and Supervisors

1. Percentage or range of remuneration paid to employees and Directors and Supervisors as set forth in the Articles of Incorporation:

To motivate employees and the management team, the Corporation appropriates no less than 0.3% of any annual profits as employees' compensation and no more than 3% as remuneration for Directors and Supervisors. However, a sum shall be set aside in advance to pay for any outstanding cumulative losses. Directors' remuneration shall be distributed in cash and employees' remuneration may be distributed in stocks or cash. A resolution by a majority voting of the directors present at a meeting of the Board of Directors attended by two-thirds or more of the Directors of the Corporation shall be obtained, and a report shall be submitted to the shareholders' meeting. The distribution of employee remuneration in stocks or cash shall include employees of affiliated companies that meet the criteria specified by the Board of Directors.

2. The basis for estimating the amount of remuneration for employees, Directors and Supervisors, basis for calculating the number of shares to be distributed as stock compensation, and remuneration for employees, Directors, and Supervisors are recognized as expenses and liability if such recognition is based on legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution. The Corporation's remuneration for employees, Directors, and Supervisors for 2019 was determined based profitability in the current period and appropriate in accordance with regulations in the Articles of Incorporation. The Board of Directors resolved to distribute NT\$2,369 thousand and NT\$11,845 thousand, of which the employee remuneration shall be distributed in cash. The estimated amount of employee remuneration for the period was NT\$2,369 thousand and the remuneration for Directors was NT\$15,793 thousand. The estimates are based on the Articles of Incorporation and recognized as operating cost and expenses for the current period. However, any difference between the actual distribution amount determined by a subsequent resolution of the Board of Directors and the estimated amount shall be listed as the profit or loss for the year of the shareholders' meeting.
3. Information on any approval by the Board of Directors of distribution of remuneration:
 - (1) Amount of remuneration distributed to employees and Directors in the form of cash or stock
Remuneration for Employees, Directors, and Supervisors are recognized as expense and liability, provided that such recognition is required under legal

or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

- (2) Amount of any employee remuneration distributed in stock, and its size as a percentage of the sum of net income after tax and total employee remuneration stated in the parent company only financial statements or individual financial statements for the current period

The Board has resolved to distribute remuneration for employees and Directors in cash. Therefore, the distribution of stock dividends does not apply.

4. The actual distribution of remuneration for employees and Director for the previous fiscal year (including number and amount of shares distributed, as well as share price), and, if there is any discrepancy between the actual distribution and the recognized remuneration for employees and Director, the discrepant amount, cause and treatment of such discrepancy shall be stated:

Distribution Status	Previous Year			
	Actual Distribution Amount Determined in the Resolution of the Shareholders' Meeting on June 20, 2019	Actual Distribution Amount Determined in the Resolution of the Board of Directors on June 20, 2019	Discrepancy	Cause of Discrepancy
1. Remuneration for employees	NT\$ 2,337,967	NT\$ 2,337,967	0	None
2. Remuneration for Directors and Supervisors	NT\$ 14,906,453	NT\$ 14,906,453	0	None

(IX) Company share repurchase status: None.

- II. Issuance of Corporate Bonds, Special Shares, Overseas Depository Receipts, Employee Stock Option Certificates, Restrictions on Employee Warrants and Mergers, Acquisitions or Issuance of New Shares for Acquisition of Shares of Other Companies: None.

- III. Capital Utilization Plan and Its Implementation:

The Corporation does not have "previous issuance or private placement of marketable securities that have not been completed" or "completed issuance of securities without demonstrable benefits within the past three years".

Chapter 5. Operational Highlights

I. Business Activities

(I) Business scope:

1. YungShin Global Holding Corporation: The Corporation is an industrial investment holding company and its main business is general investment.

2. Yung Shin Pharmaceutical Industrial Co., Ltd.:

(1) Principal business activities and revenue distribution:

A. Manufacturing and trading of pharmaceutical products, agricultural industrial pharmaceutical products, animal drugs, food, Chinese medicine, agricultural products, chemical drugs, sanitation and medical products, environmental hygiene agents, cosmetics, toothpaste, soap, scented soap, detergent, shampoo, and other cleaning agents, spices, feed, feed additives, fertilizers, sports goods, decorations, science instruments, medical equipment, diagnostic reagents, diagnostic instruments, and biological preparation.

B. C802120 industrial catalyst manufacturing.

C. C801030 precision chemical materials manufacturing

D. Machinery and equipment repairs, manufacturing, and trading

E. Import, export, and agency business of the aforementioned products.

F. Commissioned construction of residential and commercial buildings for lease or sale, and commissioning of construction companies for development of industrial parks approved by industrial authorities.

G. Publication and distribution of books of magazines.

H. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

I. F401171 Alcohol drink import

The current main source of revenue of Yung Shin Pharmaceutical consists of pharmaceuticals and animal pharmaceutical businesses specified in Item A.

Main Products	Amount (NT\$1,000)	Percentage of Revenue
Pharmaceuticals for humans and animals	3,532,327	75.59%
Cosmetics	18,451	0.39%
Health food	405,587	8.68%
Product distribution	212,728	4.55%
OEM products	496,430	10.62%
Other	7,604	0.17%
Total	4,673,127	100.00%

(2) Current main products and services of Yung Shin Pharmaceutical:

- A. The Company currently holds 819 permits
 - a. Pharmaceuticals for human consumption (including 13 permits for contracted production by other factories) 650 permits
 - b. Medical equipment 1 permit
 - c. Active pharmaceutical ingredients 23 permits
 - d. Health food 2 permits
 - e. Cosmetics that contain drugs 8 permits
 - f. Capsule and pill food 35 permits
 - g. Food import 6 permits
 - h. Pharmaceuticals for animal consumption (including 36 permits for contracted production) 74 permits
 - i. Subsidies for feed 14 permits
 - j. Food additives 6 permits
- B. The Company holds 30 contracted OEM permits
 - a. Pharmaceuticals for human consumption 28 permits
 - b. Health food 1 permit
 - c. Cosmetics that contain drugs 1 permit
- C. Other products (permit applications not required): 144 types
 - a. Regular cosmetics 45 types
 - b. Regular traded cosmetics 3 types
 - c. Food 90 types
 - d. Traded food 6 types
- D. The preparations include suppositories, capsules, granule, injections, ointments, powder, syrups, pills, solutions, etc.
- E. Preparations include nerve system drugs, circulation system drugs, respiratory system drugs, digestive system drugs, metabolic drugs, anti-cancer drugs, urogenital drugs, anti-microbial drugs, topical medication, and hormone preparations.

(3) Plans for new product development:

The Company invests on 6% to 10% of annual average operating income in research and development expenses each year and with R&D expenditures amounting to NT\$200 million to NT\$300 million. The pharmaceutical products developed by Yung Shin Pharmaceutical encompass multiple treatment categories. The development strategies of Yung Shin Pharmaceutical are as follows:

- A. We focus on satisfying market demands and use high-quality requirements and market penetration strategies to improve the Company's overall competitiveness.
- B. We shall conduct comprehensive research and development of pharmaceutical-related products, create market demand, and adjust research and development strategies based on the National Health Insurance system and market trends.

C. We adopted a centralized and diversified business strategy to develop other products with market potential and high-quality standards. The Company's strong R&D team and the performance and integration of technology and marketing systems allow the Company to consolidate its specialization position in pharmaceutical industry and expands opportunities for success in new businesses.

3. Chemix Inc. :

(1) Main businesses:

Chemix Inc. is a company that specializes in the sales of pharmaceutical products, pharmaceutical raw materials, and health food raw materials. The main products are injectable products for generic drugs, injectable antibiotic products, solvents for medical use, and oral tablets with antibiotics. The Company also distributes raw materials and health food products that meet Japanese GMP regulations from multiple overseas manufacturers of medical ingredients. It serves as the manager of drug permits in Japan and introduces drugs into Japan for sales and promotion.

In terms of sales of generic drugs, Chemix works with major Japanese pharmaceutical companies and retains a professional distribution sales team to establish independent sales channels for the sales of pharmaceutical products. The scope of product sales encompasses medical institutions across Japan and hundreds of local distributors.

(2) Percentage of revenue:

Unit: JPY 1,000; %

Item \ Year	2018		2019	
	Operating revenue	Weight (%)	Operating revenue	Weight (%)
Trading of preparations	974,574	43%	1,220,793	48%
Trading of raw materials	1,285,195	57%	1,320,754	52%
Total	2,259,769	100%	2,541,547	100%

4. Vetrinorm Animal Health Co., Ltd.:

(1) Main businesses: Manufacturing and sale of products for animal consumption such as chemical drugs and feed additives. Its main products include veterinary products, pharmaceutical feed additives (such as "Aurofac" and "King Won" series), non-drug feed additives ("Aurofac", "Versazyme", etc.) and customized vitamin mineral pre-mix agent. The Company provides animal husbandry operators with safe and reliable products to facilitate industrial development.

(2) Percentage of revenue:

Unit: NT\$1,000, %

Item \ Year	2018		2019	
	Operating revenue	Weight (%)	Operating revenue	Weight (%)
Products for animal consumption:				
Powder	602,044	57.64%	657,030	60.81%
Solutions	56,541	5.41%	57,333	5.31%
Product distribution	385,130	36.87%	364,563	33.74%
Other	724	0.08%	1,501	0.14%
Total	1,044,439	100.00%	1,080,427	100.00%

(II) Industry overview:

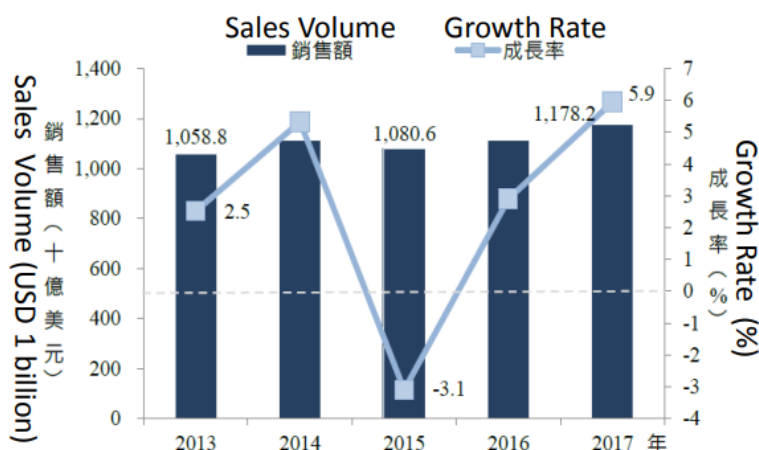
1. YungShin Global Holding Corporation:

(1) Status and Development of the Industry:

Global pharmaceutical market:

In view of the changes in the overall global environment, as the pharmaceutical market is influenced by the healthcare policies and budget and cost control of different governments, and consumers' budget for self-paid medical treatment, changes in the market demand for new drugs and generic drugs as well as drug price control measures will bring causes changes to the scale of the global pharmaceutical market in the future. However, the overall industry is expected to grow at a compound annual growth rate of 4.5% and it is expected to reach NT\$1.5 trillion by 2022.

According to BMI data, despite the rise in external trade barriers, the continuous population growth and aging population still resulted in a 5.9% increase in total market output in 2017. The market has maintained stable growth and shows signs of marginally accelerated growth. Results are shown in the figure below.



資料來源：BMI；DCB 產資組 ITIS 研究團隊整理（2018.06）
Source: BMI; Compiled by the research team of the Industrial Information Group; Medical Industry Yearbook 2018

With the continuous decline in fertility and mortality rates across the world, the proportion of young population continues to decrease as population aging accelerates. The population of the elderly surpassed 7.0% in 2005 and the global population structure officially entered that of an aging society. By 2040, the population aged 65 and above will surpass 1.3 billion as the globe becomes an aging society. The number of the elderly and young population will be equalized by 2075 and the elderly population will exceed the young population. By then, the world will face the impact of a more severe aging society and low birthrate. As the global population ages and the population with chronic diseases continue to increase, high-price and breakthrough drugs will enter the market and continue to power overall growth in the pharmaceutical market.

The current global pharmaceutical market is divided by country, and the top five markets are the United States, Mainland China, Japan, Germany, and the United Kingdom. The United States pharmaceutical market, with a total market size of US\$373.3 billion, remains the largest market. The pharmaceutical market in Mainland China is worth US\$140.37 billion and Japan's pharmaceutical market is worth US\$103 billion. The pharmaceutical market in these three markets has exceeded US\$100 billion. The global population growth and increased medical demand of an aging society means that the scale of the global pharmaceutical market will increase as emerging markets begin to provide more comprehensive healthcare systems and prices of cancer drugs and other new drugs increase.

Top 10 countries in the global pharmaceutical market in 2017

Rank	Country	2017		Share of the global pharmaceutical market	2013~2017 CAGR	2017~2022 CAGR
		Sales	growth rate			
1	United States	3,733.2	3.1	31.7	7.1	3.2
2	Mainland China	1,403.1	29.7	11.9	14.4	12.4
3	Japan	1,029.9	-1.0	8.7	-1.1	1.4
4	German	642.2	3.9	5.5	1.4	2.5
5	United Kingdom	442.5	-2.4	3.8	-0.8	4.4
6	France	410.3	3.8	3.5	-2.4	2.3
7	Italy	337.3	3.7	2.9	-0.9	2.2
8	Spain	295.5	3.9	2.5	-2.1	2.2
9	Brazil	246.6	16.8	2.1	-1.5	3.7
10	Canada	205.0	5.2	1.7	-2.8	2.9
Total		8,745.7	6.3	74.2	4.2	4.6

Note: The sum of sales data from various countries are slightly different from the total due to rounding.

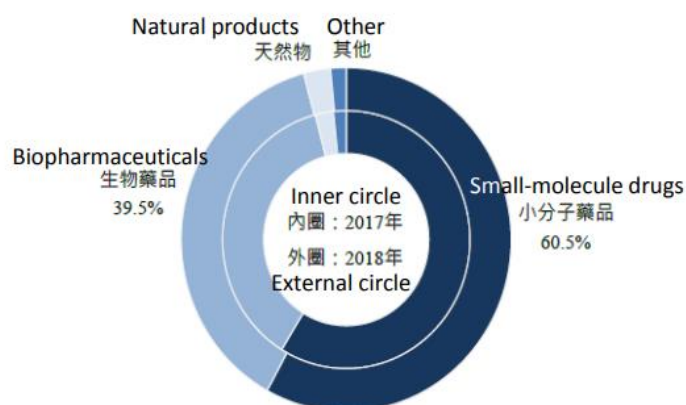
Source: Compiled by the research team of the Industry Industrial Group.

Source: Medical Industry Yearbook 2018

North America and Europe have long been the main regional markets for global pharmaceutical sales. However, as they are considered mature markets, the growth rate of the pharmaceutical market is relatively slow due to the pressure of a slowed economic development and medical expenditures. Their share of the global market has gradually declined. Asia Pacific enjoys the advantages of rapid population growth and the increased demand for medical services powered by economic development. Countries such as Mainland China, India, Bangladesh, Iran, and Vietnam are still considered emerging markets and have high potential for high-speed growth in their pharmaceutical markets. As such, Asia Pacific's market share in the global pharmaceutical market has steadily increased each year.

By using drug categories to analyze the structure of pharmaceuticals in development across the world, small-molecule drugs account for 60.5% of all new drug R&D projects. It is followed by biopharmaceuticals which account for 39.5% of overall new drug R&D with a growth rate of 4.4%.

Percentage of drugs by category in new drug R&D across the world in 2017 and 2018:



註：2017 年件數統計時間為 2017 年 1 月，2018 年件數統計時間為 2018 年 1 月

資料來源：Pharmaprojects (2018.02) ； DCB 產資組 ITIS 研究團隊整理

Note: The number of cases in 2017 was based on calculations in January 2017 and the number in 2018 was based on calculations in January 2018.

Source: Compiled by the research team of the Industrial Information Group
Medical Industry Yearbook 2018

In terms of treatment, cancer research remains the most popular field for research and development. Despite the advancement of immunotherapy in recent years with substantial advancement for the treatment of certain cancers, many demands remain unmet. Therefore, research and development of cancer drugs continues to attract investments. Immunotherapy drugs have been proven to be effective for the treatment of certain cancers and applications have been expanded to treatments of infections and inflammation suppression. It is expected to be a key sector for the development of new drugs in the future. In terms of drug categories,

small-molecule drugs account for 60.5% of all drug R&D projects. Although the growth rate was not as high as biopharmaceuticals, it has continued to grow, demonstrating continuous growth of the R&D of small-molecule drugs amid rapid growth in biopharmaceuticals.

The global pharmaceutical market is expected to benefit from the global economic growth in the next five years. Although many political uncertainties still affect the development of economic or medical policies, the accelerated aging of the global population means a continuous increase of demand for medical services that must be met by innovative and breakthrough new drugs. The demand will be the main driver in the growth of the pharmaceutical market. The main factors limiting the growth of the pharmaceutical market will be medical expenditures, drug price controls, the wave of expiration of brand drugs due to expiration of patents and their replacement by generic drugs and biosimilars. According to BMI, a market and industry intelligence agency, the consumption in the global pharmaceutical market will continue to expand. However, under the pressure of drug price controls and the expected increase in market acceptance of generic drugs and biosimilars, the global pharmaceutical market will reach US\$1.3 trillion in 2021. The compound annual growth rate is expected to reach 3.6% from 2016 to 2021 and it is expected to reach 3.9% over the next 10 years, reaching an estimated US\$1.6 trillion in 2020.

(2) Product development trends and competition:

The following is a brief description of development trends and competition conditions of biopharmaceuticals, generic drugs, and biosimilars.

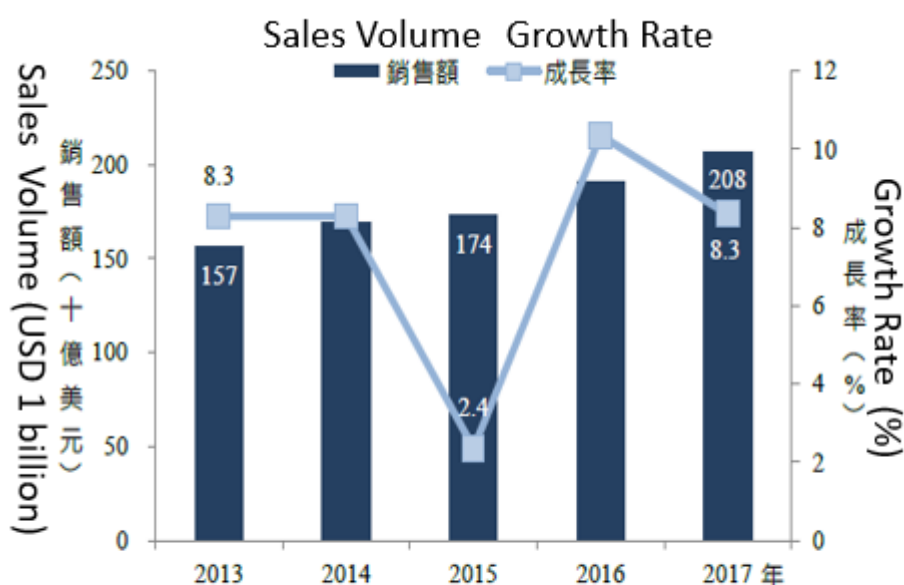
A. Biopharmaceuticals market:

Biopharmaceuticals are manufactured using biotechnology methods such as genetic engineering to produce drugs with features including larger molecular size, higher complexity of structures, and higher production costs when compared with small molecule drugs. However, they generally have superior effects in treating cancers, autoimmune diseases, and other major diseases. They also have fewer side effects and generally accepted by patients. As a result, despite the high production cost of biopharmaceuticals, their high market acceptance made them the items with the greatest potential in the pharmaceutical market. Their share of the pharmaceutical market has also increased each year.

The United States and Europe have expedited reviews of biosimilars for launch in the market and these measures have become the main obstacles for growth of the biopharmaceuticals market. Therefore, the total value of the global biopharmaceuticals market in 2017 amounted

to US\$ 208 billion with an annual growth rate of 8.3%. Compared to the 10.3% growth rate in 2016, the growth in 2017 was significantly slower as the patent cliff effect became increasingly visible. However, the number of innovative biopharmaceuticals launched in 2017 still reached record highs and there are still many biopharmaceuticals with great market potential in research and development or clinical trials. They are expected to generate continuous growth in the biopharmaceuticals market and the compound annual growth rate (CAGR) from 2017 to 2022 may yet reach 9.8%.

Scale of the global pharmaceutical market from 2013 to 2017



資料來源：EvaluatePharma；DCB 產資組 ITIS 研究團隊整理（2018.06）

Source: Evaluate Pharma; Compiled by the research team of the Industrial Information Group; Medical Industry Yearbook 2018

B. Generic drug market:

Generic drugs refer to drugs created based on the small-molecule patent drugs developed by the original manufacturer as reference drugs. They have identical usage, dosage, safety, therapeutic effects, method of delivery, quality, and pharmacodynamic properties as the patent drugs or are biological equivalent. Therefore, generic drugs and reference drugs have the same chemical contents, dosage and therapeutic effects. As the global population ages and new drug prices become more expensive, leading to increasing medical expenditure, governments around the world are actively encouraging the use of generic drugs. Despite the restrictions imposed by the United States through the TPP and bilateral free trade agreements in the form of patent linkage and quality regulatory risks, the global generic drug market still continued

its steady growth. The significance of the existence of generic drugs is to provide the public with drugs and treatment at affordable prices. The increase in medical expenses has become a significant fiscal burden for many countries and they have promulgated incentive policies aimed at reducing medical expenses by increasing the penetration rate of generic drugs. For instance, the Pharmaceuticals and Medical Devices Agency of Japan aims to increase the market share of generic drugs to 80% by 2020 and it actively approves the launch of generic drugs. France has launched a cost control program for medical expenditures that aims to reduce drug prices and increase the use of generic drugs. Advanced countries have adopted incentives and restrictions to continue to promote the growth of the generic drug market.

In terms of the global generic drug market, emerging countries such as China will continue to maintain two-digit high-speed growth due to their immense potential. The United States, Japan, and five countries in Western Europe will achieve 3-5% growth each year, the same rate as the population aging rate.

C. Biosimilar market:

Biosimilars refer to drugs developed and produced by biopharmaceutical companies based on biopharmaceutical products as references. However, due to the complex and unstable molecular structure of biosimilars, the products cannot be completely identical to the molecular characteristics of biopharmaceuticals created by the original manufacturer. They can only be described as similar, and the terms for biosimilars vary from country to country. For example, the US FDA refers to them as Follow-on Biologics; the EU EMA refers to them as biosimilars; they are referred to as biosimilar drugs in Taiwan.

The molecular characteristics Biosimilars are different from those of generic drugs and the review model of generic drugs thus cannot be used. Therefore, countries must establish dedicated legislation as the basis for reviews. The development cost of biosimilars is higher than that of generic drugs and the cost has increased the entry barrier for pharmaceutical companies. Therefore, they are less competitive than generic drugs and manufacturers can maintain a higher profit margin.

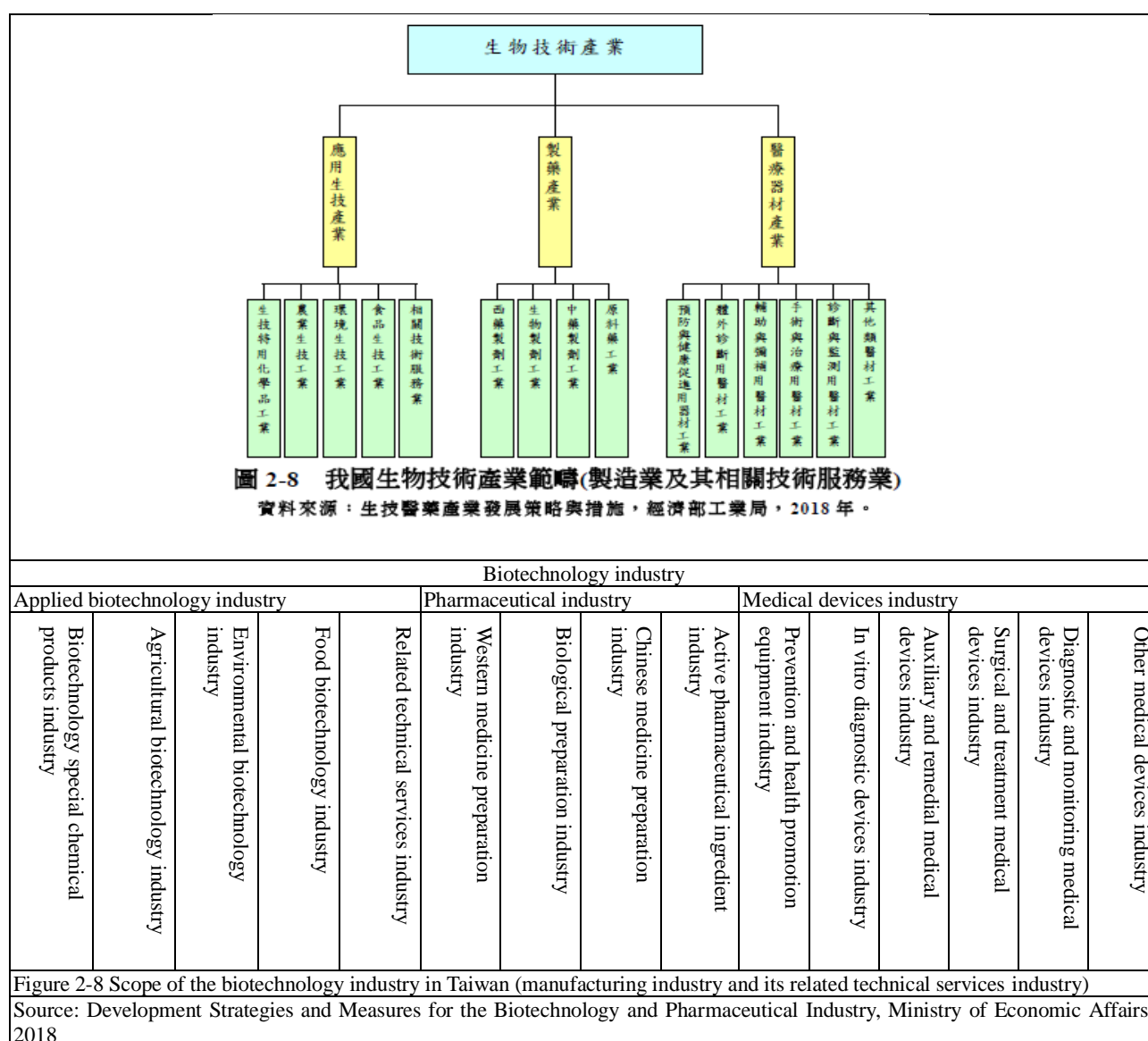
As biosimilars have superior therapeutic effects and can help reduce medical costs, many countries have commenced the establishment of related regulations to promote the development of biosimilars. The EU EMA is the first region in the world to establish regulations for the review and approval of biosimilars and it authorized the launch of the first biosimilar product in 2006. As of 2017, the EU market, consisting

mainly of the five countries in Western Europe, had accelerated the approval of 38 biosimilars. Following the European Union, the US FDA approved the regulation of biosimilars in 2012, the first biosimilar was approved in 2015, four biosimilars followed in 2016. As of May 2018, 10 products have entered the US market.

The approval of the US FDA for the launch of biosimilars and the expiration of many future biopharmaceutical patents have attracted many manufacturers to invest in the development of biosimilars. They aim to develop business opportunities in the biosimilar market after the expiration of the patents.

(3) Correlation between upstream, midstream, and downstream of the industry:
Taiwan's pharmaceutical market:

The scope of the biotechnology industry in Taiwan mainly includes the pharmaceutical industry, medical device industry, and application biotechnology industry, as shown in the figure below:



The biotechnology industry in Taiwan has achieved stable growth along with the international market. The total output in 2017 amounted to NT\$325 billion with the largest output from medical materials and related industries which accounted for NT\$146.2 billion while the pharmaceutical industry accounted for NT\$80.1 billion. The growth has been stable.

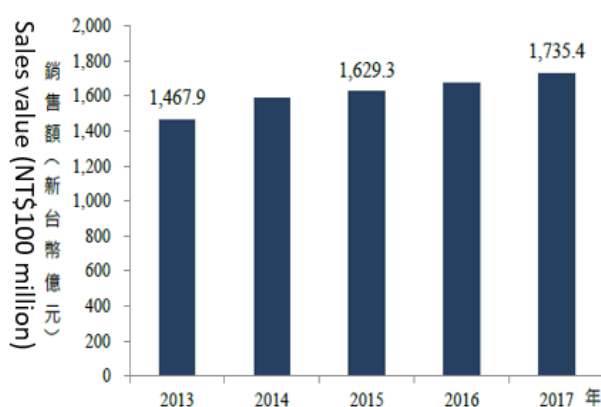
Status of the biotech industry in Taiwan from 2016 to 2017

Unit: NT\$100 million

Industry	Applied biotechnology		Pharmaceutical industry		Medical devices industry		Total	
Year	2016	2017	2016	2017	2016	2017	2016	2017
Revenue	940	986	795	801	1,415	1,463	3,150	3,250
Number of suppliers	525	557	320	357	1,073	1,090	1,918	2,004
Employees (persons)	20,219	21,432	18,500	19,000	39,500	40,300	78,219	80,732
Export value	377	411	311	292	861	873	1,549	1,576
Import value	534	544	1,114	1,225	736	746	2,384	2,515
Domestic sales: exports	60:40	58:42	61:39	64:36	39:61	40:60	59:41	52:48
Domestic market demand	1,097	1,119	1,598	1,734	1,289	1,336	3,984	4,189

Source: Medical and Pharmaceutical Industry Technology and Development Center, ITRI Industrial Economics and Knowledge Center, MOEA Biotechnology and Pharmaceutical Industries Promotion Office, 2018

Although the scale of the pharmaceutical market in Taiwan (as shown in the figure below) has grown steadily over the years, with the accelerated aging of the population and increased demand for medical resources, the government has continuously implemented adjustments of the insurance premiums, coinsurance payment, and other policies to control drug expenditures. However, the balancing policy has conflicted with the issue of the population structure and resulted in a growth rate of around 3%.



資料來源：IQVIA (2018.05)；DCB 產資組 ITIS 研究團隊整理

Source: IQVIA; Compiled by the research team of the Industrial Information Group; Medical Industry Yearbook 2018

Taiwan's pharmaceutical industry include Western medicine preparations, active ingredients, biopharmaceuticals, and Chinese medicine preparations. Western medicine preparations have the largest business scale and it is

followed by active ingredients. The current market conditions in the top three sectors are describe below:

我國製藥產業範疇及其主要產品項目	
產業次領域	主要產品項目
原料藥工業	原料藥、中間體、賦形劑
西藥製劑工業	小分子藥品
生物製劑工業	生物藥品、血液製劑、疫苗及類毒素、過敏原藥品
中藥製劑工業	中藥/植物藥新藥、濃縮中藥、傳統中藥、中藥之西藥製劑
資料來源：財團法人生物技術開發中心產業資訊組，2018 年。	
The scope of the pharmaceutical industry in Taiwan and major products	
Industrial sub-sector	Main products
Active pharmaceutical ingredient industry	Active pharmaceutical ingredients, intermediates, excipients
Western medicine pharmaceutical industry	Small-molecule drugs
Biological preparation industry	Biopharmaceuticals, blood-based products, vaccines and toxoids, allergy drugs
Chinese medicine preparation industry	New Chinese medicine/herbal medicine drugs, concentrated Chinese medicine, traditional Chinese medicine, Chinese medicine produced with Western medicine pharmaceutical technology
Source: Industrial Information Group, Development Center for Biotechnology, 2018	

A. Western medicine preparation market:

Western medicine preparation refers to the processing of active ingredients with active cost for the production of small molecule drugs with different preparations or dosage types and specific therapeutic effects. Western medicine preparations can also be divided into new drugs with patent protection or generic drugs developed based on ingredients or manufacturing methods of original pharmaceutical manufacturers whose patent protection has expired. In the early days, most of the western generic pharmaceutical preparation manufacturers in Taiwan engaged in the development of generic drugs. However, as the government began promoting the development of the biotech industry, the pharmaceutical industry was listed as a key sector and the government used measures such as subsidies for research and development to encourage academic and research institutions to work with pharmaceuticals companies to develop new small-molecule drugs. Although generic drugs remain the main source of revenue for Western medicine preparations in Taiwan, the industry has shifted toward the development of unique generic drugs.

In general, the western medicine preparations industry in Taiwan is currently led by generic drugs. Although it faces pressures such as increase in production costs and reduced profit margins of pharmaceutical products, the manufacturers retain a certain level of

competitiveness. Export volume of western medicine preparations has grown each year and the western medicine preparations industry has achieved steady growth in output value as a result of continuous expansion of export sales. The Japanese government also continues to increase the use of generic drugs and vigorously promoted their use. Most of the countries of Taiwan's "New Southbound Policy" use generic drugs. With rapidly aging population and increased burden on medical services, many governments across the world have encouraged the use of generic drugs to control medical costs. These policies are expected to bring forth opportunities for growth to the generic drug industry. OTC drugs will become increasingly important with economic development and popularization of education as people pay more attention to their own health. The austerity policies adopted by governments of different countries for medical expenditures and the rise of self-medication will usher in more market opportunities.

Taiwan's western medicine preparations are mainly provided for the domestic market. In response to adjustment of drug prices in the domestic National Health Insurance in recent years, the industry is now actively seeking internationalization. According to the statistics of import and export of Customs Administration of the Republic of China (as shown in the table below), the export of Western medicine preparations continued to maintain a steady growth of 10% in the United States market in 2017. In response to China's one-time evaluation policy in the Chinese market, the demand for high-quality drugs has increased substantially by 37% while prices in other countries in Southeast Asia decreased due to competition.

Most of the new ingredients for new drugs in Taiwan rely on imports from major pharmaceutical companies in Europe and the United States. In response to the aging population and progress in new treatment methods, the price of new drugs has increased significantly due to the rising cost of research and development expenses. These trends have caused the output to maintain a two-digit growth.

Table 2-15 Taiwan's top 10 countries/regions for the import and export of western medicine preparations in 2017

Unit: NT\$100 million

Rank	Export Country				Import Country			
	Country / Region	2016	2017	Growth rate	Country / Region	2016	2017	Growth rate
1	United States	31.56	34.89	10.54	Germany	172.96	201.66	16.59
2	Mainland China	17.65	24.31	37.72	United States	129.81	143.98	10.92
3	Japan	11.00	10.06	-8.52	France	81.96	92.16	12.44
4	Vietnam	4.47	7.59	69.72	Ireland	95.90	91.46	-4.63
5	Belgium	8.68	6.42	-25.97	Switzerland	56.28	67.48	19.91
6	India	2.03	3.96	94.78	Japan	59.63	57.63	-3.34
7	Hong Kong	4.68	3.81	-18.41	Italy	50.90	51.44	1.07
8	Malaysia	3.09	2.58	-16.51	United Kingdom	39.27	47.16	20.11
9	Thailand	2.72	2.43	-10.68	Puerto Rico	41.54	44.15	6.27
10	Philippines	2.87	2.40	-16.41	Canada	22.99	35.08	16.59

Source: Statistics of the Customs Administration of the ROC, Medical and Pharmaceutical Industry Technology and Development Center, 2018

The Western medicine preparation manufacturers in Taiwan focus on the domestic market which includes prescription drugs that can only be described with prescriptions from doctors and over-the-counter drugs that require preparation by pharmacists. The National Health Insurance system has been implemented for many years and the NHI drug market has become the largest drug market in Taiwan. The introduction of new drugs has taken up significant segments of the NHI drug market and prompted domestic pharmaceutical manufacturers to seek expansion in overseas markets. YungShin Group has maintained extensive presence in the United States, Mainland China, South East Asia, and Japan for many years. In addition to Taiwan, it has also set up factories and operations overseas and can sell to local markets or third parties through overseas subsidiaries.

B. Active pharmaceutical ingredients market:

Pharmaceutical manufacturers make use of active pharmaceutical ingredients or active ingredients, and adds excipients to produce products for sale. APIs are therefore crucial for the development of the pharmaceutical industry. To improve the quality of pharmaceutical raw materials, the government of Taiwan has implemented the GMP system for API manufacturing plants since January 1, 2016. The government requires API products used by Western medicine preparation to be provided with GMP certification documents issued by domestic and overseas competent authorities before they may be used.

The consolidation of the global generic drug channels has increased the capacity for price negotiation. The speed of approval for the launch of

generic drugs has increased and resulted in decreased profits and the suspension of production. As a result, the export of domestic APIs has continued to decline and the revenue of API producers has declined. According to the import and export statistics of the Customs Administration of the ROC, the export amount of APIs in 2017 amounted to approximately NT\$4.2 billion, representing a slight decline in production value compared to the same period in 2016. The United States, Japan, Greece, India and Mainland China were the top five markets for exports. In 2017, the import value of API in Taiwan amounted to approximately NT\$6.4 billion, representing an increase of approximately 8% compared to 2016. The top five origin countries of the import of APIs in Taiwan were, in descending order, Mainland China, United States, Japan, South Korea, and India.

The expiration of patents of Western medicine preparations and biopharmaceuticals around the world has brought forth new product development opportunities to API companies. Taiwan government has championed the New Southbound Policy. Southeast Asian countries produce less APIs and mostly rely on imports. The regulatory management of APIs is less regulated than drugs and presents lower entry barriers. Therefore, they offer higher possibilities of export sales and opportunities. In addition, the business model of outsourcing of APIs for OEM manufacturing has gradually taken shape in the international market. It helps domestic API manufacturers in obtaining OEM opportunities.

Due to the small domestic pharmaceutical market and the small and diverse demand for API products, the target market for domestic API products is mainly export sales. In recent years, manufacturers have faced low-price competition for API products from India and Mainland China in the international API market. Domestic API manufacturers lack advantages in costs and the profitability of exporters is often affected by the appreciation of the NTD. Foreign countries have imposed increasingly stringent management of APIs and increased review and plant audit fees in recent years, which have increased the cost of exports. Foreign countries have imposed more stringent management of APIs and increased the frequency of plant audits. These measures will cause the launch of APIs to be more time-consuming and become a major challenge for the operations of domestic API manufacturers.

C. Biological preparation market:

Biological preparations include biopharmaceuticals, vaccines, blood

preparations and drugs with allergen extracts. Due to the complex product molecular structure, the development process and R&D expenses are higher than those of small molecule new drugs. However, biological preparations are highly effective and have minimal side effects. Its market growth rate is higher than that of small molecule drugs. They have become key sectors of development for manufacturers across the globe and many domestic manufacturers have also invested in the research and development of products such as biopharmaceuticals and vaccines.

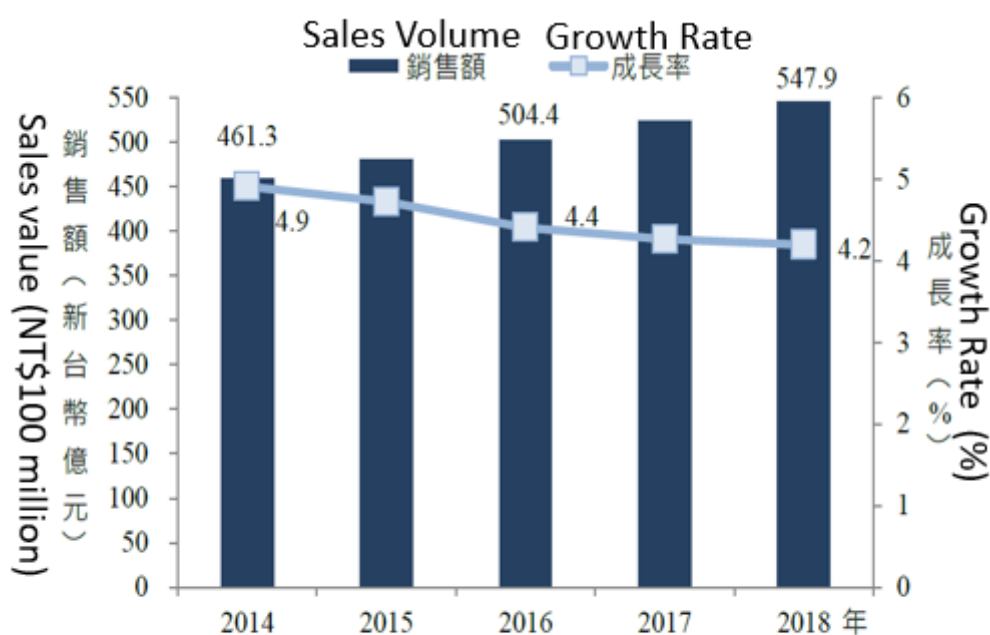
Today, related domestic manufacturers of biopharmaceuticals, vaccines, and biosimilars have achieved growth. They have obtained drug permits for vaccine products in multiple countries and they have been sold in domestic and export markets. The biopharmaceutical industry has entered a commercialization and production stage. The pharmaceutical industry in Taiwan is mainly a new drug development industry. It has achieved breakthroughs in R&D and production expansion in 2016 and applications have been filed for the launch of 2 products. To date, 3 products have obtained the approval of the Ministry of Health and Welfare for the market. Companies have expanded the installation of commercial mass production equipment in response to the demand for the imminent launch of products.

In view of the small domestic demand market in Taiwan and the intense need to expand into global market in the face of future global opportunities and challenges, Taiwan's biopharmaceutical industry, due to its lack of international marketing experience, still needs to expand its product line and international markets through strategic alliances. In terms of the challenges in the research and development of innovative biopharmaceutical products, the speed of the development of immunotherapy and gene therapy for cancer treatment and other international R&D trends in Taiwan has been slower than competitors in Korea and Mainland China. It will affect the international competitiveness of emerging biopharmaceutical products in the future. The regulators have not yet established comprehensive regulations for innovative biopharmaceuticals such as RNA therapeutics and gene therapy, and they also lack review experience. Although biosimilars in Taiwan have been produced, entered clinical trials, and attracted major international partners, the intensification of the competition in the future will require strong market expansion strategies and cost control, which will be key for determining the success and profitability in the market. Research, development, and equipment expenditures for

biopharmaceuticals require high levels of investment and capital. However, the disappointment of the unblinding procedures for new drugs in 2016 and new management measures imposed by the FSC have since decreased investments in biopharmaceutical stocks. These measures are unfavorable to the continuous development and expansion of the biopharmaceutical industry in Taiwan and the investment of the production for the results of early R&D projects. The key to future development will be to rebuild investors' confidence and ensure continuous increase of investment capital.

2. Yung Shin Pharmaceutical Industrial Co., Ltd.:

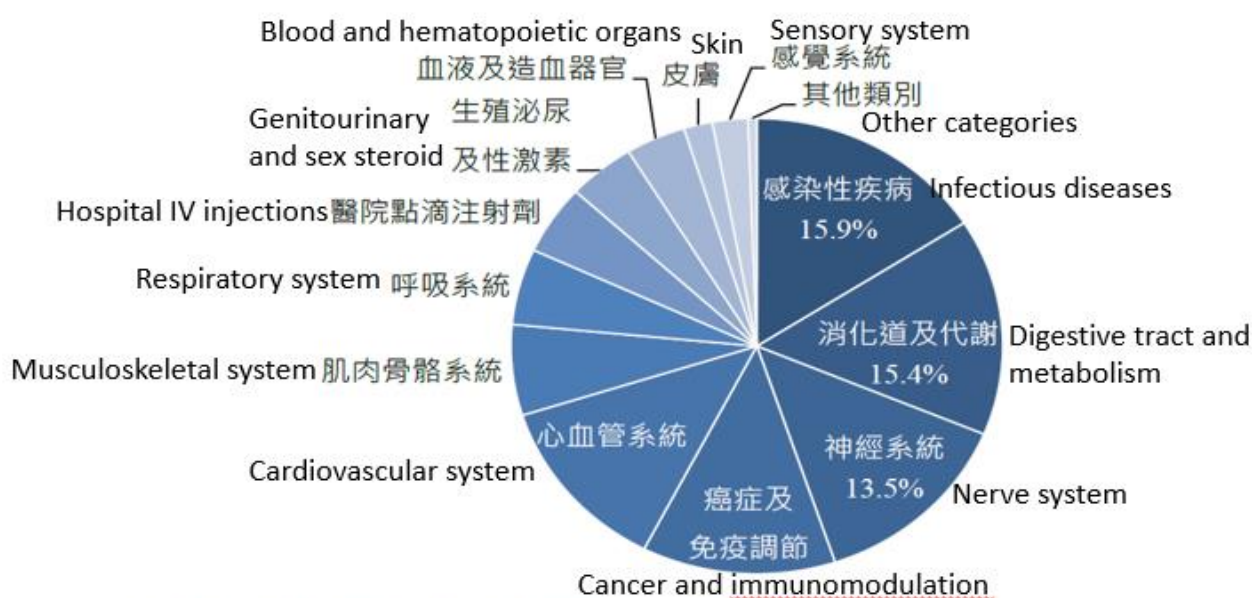
Due to the increased medical expenditures for the generic drug market in Taiwan, the government of Taiwan seeks to reduce the cost of medical services and continues to adjust the insurance premiums, coinsurance payment, and other policies to control drug expenditures. Taiwan has adjusted NHI drug prices once every two years since 2000. However, the increase of the proportion of the elderly population and inclusion of new drugs and new treatment into the payment scheme have still led to an increase in drug expenditures in Taiwan. According to data from Fitch Solutions, sales of generic drugs in Taiwan in 2018 amounted to NT\$54.79 billion, representing an increase of 4.2% compared to 2017. It is estimated that the domestic pharmaceutical market will continue to grow due to the increase in the elderly population and demand for drugs for treating cancer and chronic diseases.



資料來源：Fitch Solutions；DCB 產資組 ITIS 研究團隊整理（2019.07）

Source: Fitch Solution; Compiled by the research team of the Industrial Information Group

The top five categories of prescription drugs used for various treatments were those used for treating infectious diseases, digestive tract and metabolism, nerve system, cancer and immunomodulation, and cardiovascular system. The top five categories account for 70.0% of total sales revenue of domestic pharmaceuticals companies with NT\$5.15 billion for drugs used for treating infectious diseases, which accounted for 15.9% of total drug sales; NT\$4.98 billion for drugs used for treating digestive tract and metabolism, which accounted for 15.4% of total drug sales; NT\$4.38 billion for drugs used for treating the nerve system, which accounted for 13.5% of total drug sales; NT\$4.12 billion for drugs used for treating cancer and immunomodulation, which accounted for 12.7% of total drug sales; NT\$4.38 billion for drugs used for treating the cardiovascular system, which accounted for 12.5% of total drug sales.



註：以臺灣本土藥廠之處方藥銷售總額為市占率 100%

資料來源：IQVIA；DCB 產資組 ITIS 研究團隊整理（2019.07）

Note: Based on 100% of the market share of domestic manufacturers of prescription drugs.

Source: IQVIA; Compiled by the research team of the Industrial Information Group

3. Chemix Inc.:

Due the fiscal burden of the Japanese government and an aging population, the Japanese government has strongly encouraged and promoted the use of generic drugs in recent years to reduce medical expenses. The Ministry of Health, Labour and Welfare of Japan has set a target of 80% penetration rate of generic drugs by 2020 (by 2019, the penetration rate of generic drugs has exceeded 75%). With the support of the policy, medical institutions are provided with incentives for using generic drugs based on the generic drug point system. These measures and changes in overall prescription habits have increased the use of generic drugs in Japan substantially in recent years. As Japan promoted the use of generic drugs,

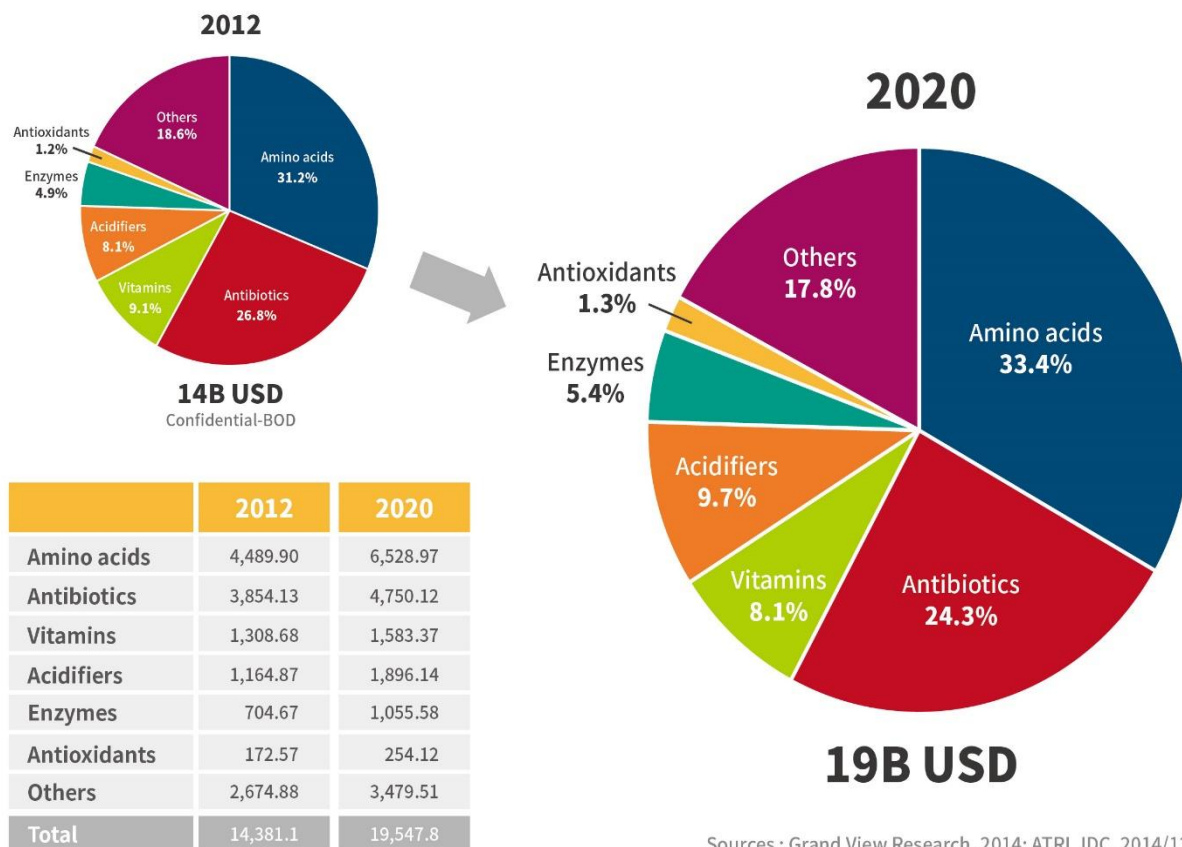
competition between manufacturers of generic drugs has intensified and large new drug companies have also entered the market for generic drugs. Japanese administrative authorities have imposed increasingly stringent requirements for the quality of generic drugs and the factories. In addition, in order to mitigate the financial burden of the Japanese government, the healthcare drug price of generic drugs is also affected by the annual price reduction measures. Therefore, the continuous development of new products and the maintenance of competitive advantages and quality of products have become the most important challenges for the generic drug industry.

4. Vetnostrum Animal Health Co., Ltd.:

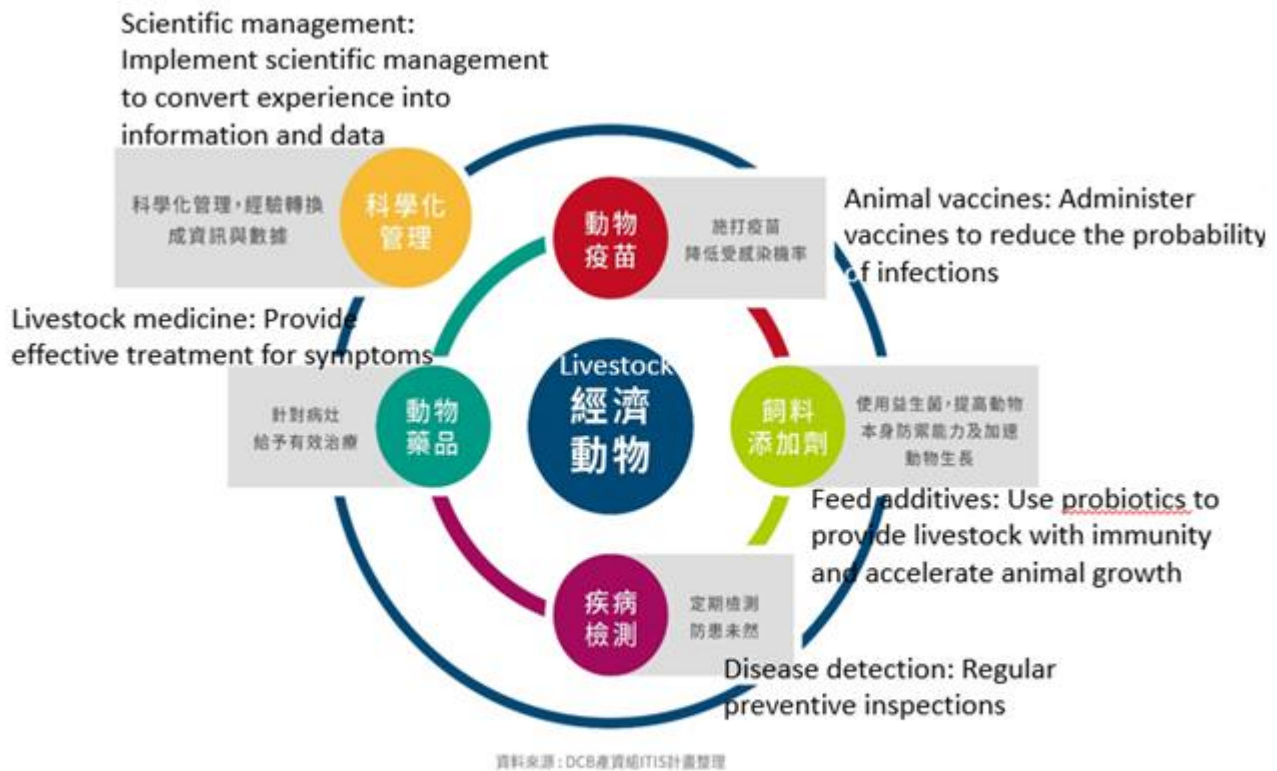
Vetnostrum Animal Health specializes in the production of animal health products including drugs and nutritional products. The main driver of growth in the animal health market is the continuous increase in global consumption of meat products, the prohibition of governments of different countries for preventive antibiotic usage, and increased consumer health awareness. Consumers have increased their demands for the quality of meat products each year and the industry must expand the application of feed additives to improve the health of the animals. In addition, the outbreaks of diseases in large-scale farming and livestock have also increased the use of animal drugs and feed additives. In the developed and developing countries, the aging population, reduced family relationships, and distancing of social relationships have increased the people's willingness to adopt pets. Pets have dietary, healthcare and medical needs and Vetnostrum Animal Health is currently preparing to explore these markets.

According to the report from the Development Center for Biotechnology, the global feed additives market reached US\$16.05 billion in 2015 and has a compound annual growth rate of 4% from 2015 to 2020. Although many countries have strengthened their regulations on the use of antibiotics which affected the market growth, natural feed additives such as microbial feed additives remain unaffected, accounting for 20% of the overall market in 2015 and approximately US\$3.25 billion. Its compound annual growth rate is 6.1% and the market is expected to reach US\$4.37 billion by 2020.

According to the statistics of the market research company Grand View Research, the output value of feed additive products by product category in 2012 and the estimated output value by 2020 are shown in the figure below. Amino acids account for the highest proportion, followed by antibiotics, vitamins, and acidifiers.



Due to restrictions in regulations of different countries, the feed additives industry has implemented the following changes: (1) Prohibition of the use of preventive medicine: antibiotics have been used for a long period of time, but the use of antibiotics will cause animals to develop resistance and it may also cause residual drug issues when animal products or dairy products are produced; (2) Green energy and environmental protection: feed additives increases the animals' utilization rate of feed and reduces feed consumption and feed costs. Once the feed utilization rate is increased, the animal excrements will be reduced. It reduces the cost of waste disposal and reduces greenhouse gas emissions.



In terms of companion animals, according to data from the American Pet Products Association (APPA) and Taiwan's Ministry of Economic Affairs, Americans spend about US\$70 billion a year on pets and the scale of the global pet industry size is estimated to be around US\$200 billion.

According to the latest statistics from the Bureau of Animal and Plant Health of the Council of Agriculture, the number of dogs and cats in Taiwan exceeded 2.5 million for the first time in 2017, representing an increase of 10% as compared to 2015 which far exceeds the population birthrate of less than 1.5% each year. According to the forecast on the number of dogs and cats and the average annual growth rate of the young population from 2011 to 2017, the number of dogs and cats in Taiwan is projected to exceed the number of children under the age of 15 for the first time in the second half of 2020. The number is expected to reach 2.95 million by 2021 and surpass the number of children (2.83 million) for the first time. In addition to the United States, the majority of countries with well-developed pet industries are developed countries in Western Europe, Australia and Japan. However, the growth of the Asian economy, the increase in people's spending power, and the increase in number of pets, the development of related industries is expected to surpass Europe as Asia becomes the second largest pet market. In addition, pet owners in Europe, United States, and Asia have different types of pets due to differences in the living environment and

rearing habits. In terms of dogs, pet owners in Europe and the United States prefer medium to large dogs, while pet owners in Asia prefer smaller dogs.

According to the big data statistics of the Ministry of Economic Affairs, Taiwan's pet care industry ranked first in terms of Internet presence. Pet owners view pets as "companions" and treat pets as family members. These trends have brought about changes in the pet healthcare market in Taiwan and gave birth to a variety of medical services. The professionalism of veterinarians in the diagnosis process satisfy the owners' mental needs for taking care of their pets. If medical services for humans are used as an analogy for the development, the animal hospitals of the past were mostly general practitioners who provided care for dogs, cats, and other small animals. As pets become older, they suffer from more special diseases. In recent years, more animal hospitals in urban areas have become specialized in terms of clinical treatments and specialties. In addition to distinctions between hospitals dedicated to treating dogs or cats, more medical services including cardiology, dentistry, ophthalmology, orthopedics, dermatology, and immune disorder treatment are now provided. Specialist animal hospitals provide a diverse range of choices for medical services and the variety, prescriptions, or packaging specifications for human consumption or healthcare products no longer satisfy the needs of veterinarians or pet owners. Therefore, the demand for special drugs or healthcare items for pets has gradually increased.

According to the Euromonitor market research report, the output value of various consumption items in the US pet industry market in 2017 amounted to approximately US\$4.1 billion, of which 36% were pet food, 23% were medical expenses, 16% were various pet products, 11% were pet cosmetics, and 14% were pet trading. According to surveys conducted by Japan Pet Food Association (JPFA), Japanese families spent on average more than JPY 120,000 per year on their pets. According to the breakdown of the pet industry, 39% of the pet industry spending in Japan was derived from pet food, 17% was from pet products, and 32% was from healthcare. According to statistics of the Japan Pet Food Association, Japanese pet owners spent an additional 20% on veterinary expenses per household in 2017 compared to the 2010 average. According to the market research report from Euromonitor, Taiwan exhibited similarities with Japan. According to statistics, the total output of the pet market in Taiwan in 2017 was approximately US\$26 billion, of which food consumption accounted for approximately 22% of the total market and medical services accounted for approximately 15%.

In response to the aforementioned industrial development trends, Vetnostrum Animal Health will focus on the development of non-pharmaceutical feed additives and specific drugs and healthcare products for pets.

(III) Overview of technology and R&D:

1. YungShin Global Holding Corporation:

(1) The Group's R&D investments in the most recent year:

Unit: NT\$1,000, %

Item \ Year	2018	2019
R&D expenditures (NT\$1,000)	370,735	397,982
Percentage of revenue (%)	4.93%	4.86%

Source: 2019 Consolidated Financial Report

(2) Technology and R&D projects:

- A. Obtained pharmaceutical license for active pharmaceutical ingredient and expand production volume and production technology.
- B. Obtained the first generic drug permit in Japan.
- C. Obtained the new drug permit in Taiwan.
- D. Obtained inspection registration and permit for medical materials in Taiwan.
- E. Animal drugs and feed additives.

2. Yung Shin Pharmaceutical Industrial Co., Ltd.:

(1) R&D investments in the most recent year:

Unit: NT\$1,000, %

Item \ Year	2018	2019
R&D expenditures (NT\$1,000)	313,974	323,969
Percentage of revenue (%)	7.06%	6.93%

(2) Technologies or products developed successfully:

- A. Long-acting cardiovascular drug Felodipine received US FDA approval.
- B. General anti-inflammatory drugs and anti-rheumatic drugs Diclofenac Sodium / Misoprostol combination pills received US FDA approval.
- C. The antiemetic Granisetron received US FDA approval.
- D. Obtained pharmaceutical license for Cabazitaxel, an API used for the treatment of transfer prostate cancer unresponsive to hormones, in Taiwan.
- E. Completion of the review and registration of the API used for treating stomach ulcer, duodenal ulcer, and gastroesophageal reflux disease in Malaysia.
- F. Completion of the review and registration of the API for treating hepatitis B in Malaysia.
- G. Completion of the review and registration of the API for treating locally invasive or transitional non-small cell lung cancer with EGFR-TK mutations in Taiwan.
- H. Received US DMF for the API used for treating secondary hyperparathyroidism in patients on dialysis.

- I. Received US DMF for the API used for treating candidemia and other candidiasis.
 - J. Completion of the effectiveness verification procedures for the API for the next-generation antifungal drugs and applied for MF in Japan.
 - K. Completion of production process verification for the API used for treating locally-advanced or transitional non-small cell lung cancer.
 - L. Completion of the GMP factory inspection for the joint production line of medical materials.
 - M. A new generation of feed additive that can be used to protect gastrointestinal tract and remove odors passed animal tests.
- 3. Chemix Inc.: Not applicable.
 - 4. Vetrinum Animal Health Co., Ltd.:

(1) Existing technologies and new technologies

Vetrinum Animal Health currently has more than 203 permits for domestic animal products and 41 export licenses for international markets such as Mainland China, Southeast Asia, and South America. The existing R&D products can be divided into a wide variety of products such as veterinary medicine, pharmaceutical feed, ready-mixed feed, enzymes and probiotics. With ISO 9001, GMP and FAMI-QS certifications, the products are consistent and stable and they meet domestic and overseas regulations.

The R&D Department also produces different formulas and product specifications based on the needs of customers to meet their actual applications and requirements. It can also perform analysis on various regulations in response to different regulatory requirements. The Department also developed different dosage technologies such as powder, pills, granules, injections, and oral solutions to respond to customers' needs. The R&D laboratory also works with production units to expand the production processes and output volume and achieve efficient production for commercial product.

In addition to continuing the development of existing veterinary products and new projects, Vetrinum will use the biochemical technology and slow-release technology platform to develop animal feed additive products, enhance the function of digestive and immune systems, and establish comprehensive animal health solutions for customers. Vetrinum shall achieve sustainable development of the environment by combining the concept of green farming and reducing the emissions of hazardous substances in animal husbandry. At the same time, the Company also expanded product diversity, developed pet drugs, expanded brand influence, and completed the new injection production plant. It now leads the domestic animal protection industry and to create the most competitive international

enterprise with the highest brand influence. In the future, the Company shall continue to carry out the research and development of forward-looking technologies and innovative clinical applications and implement mass production techniques and cGMP management to diversify its development strategies and ensure the Company's leading position in the animal protection industry.

(2) R&D investments in the most recent year:

Unit: NT\$1,000, %

Item	Year	2018	2019
R&D expenditures (NT\$1,000)		8,519	11,497
Percentage of revenue (%)		0.82%	1.06%

(IV) Short/long-term business development plans:

1. YungShin Global Holding Corporation:

(1) Long term

YungShin has been committed to expanding its international market since 1985. The Group currently has manufacturing plants in Taiwan, China, United States, Malaysia, and Vietnam to meet the demands of local and global markets. In addition to Taiwan, we also established sales offices Mainland China, United States, Southeast Asia, and Japan. We shall continue to expand into Europe and emerging markets such as South America and Africa.

(2) Short term

In the intense cost competition of the generic drug market, the Group controls the R&D and supply of APIs, which are important elements for the survival and development of generic drug companies. YungShin Group has invested in the R&D and production of APIs in its early stage of development. The Corporation currently has established R&D and production of APIs in Taiwan and Mainland China and will continue to expand the product range and production capacity of APIs through cooperation, investment, mergers, and acquisition.

2. Yung Shin Pharmaceutical Industrial Co., Ltd.:

(1) Marketing strategy

A. Hospital channels will continue to play a leading role in the growth of the domestic pharmaceutical market. The Company will continue to achieve breakthroughs in business performance and increase its market share by planning organized marketing activities, differentiating its brand image, building a new sales team, implementing project management for new product development, and integrating execution and team spirit.

B. The Company shall increase product profitability and market coverage

by shifting the focus of disease treatment from acute and infectious diseases to treatment of chronic diseases such as hypertension, hyperlipidemia, diabetes, cardiovascular diseases, and cancer.

- C. The Company shall actively expand the self-paid medicine market for OTC drugs, healthcare products, and medical beauty products.
- D. The business model is also gradually moving towards international cooperation including mergers and acquisitions, technology transfer/authorization, sharing of marketing channels, research and development cooperation, supply of products or raw materials, with the aim of accelerating the time to market, enhancing research and development capacity, completing product lines, and expanding market share in international markets.

(2) R&D strategy

- A. Adopt a strategy of vertical integration of APIs and preparations to enhance R&D quality and capacity.
- B. Establish key technology platforms to transform and upgrade technologies and achieve high value-added development.
- C. Develop new dosage forms and new compound prescription medicines to create product differentiation and strengthen the marketing of special dosage products. By establishing a professional image for marketing special dosages, the Group will accelerate the development of prescription drugs and OTC product lines in domestic and overseas markets.

(3) Production strategy

- A. Develop R&D technologies for separated phases in the development of new prescription drugs and develop large-scale, automated, and specialized commissioned production to integrate resources, increase competitiveness, and reduce costs.
- B. Expand industry cooperation to achieve a balanced proportion of independent manufacturing / external purchases in operations.
- C. Enhance factory quality and production capacity through production line planning, production-marketing communication, and production management procedures.

3. Chemix Inc.:

- (1) Short-term objectives: Increase the range of antibiotics and water solvent products and establish various new forms of sales channels to capture a larger market share.
- (2) Medium-term (long-term) goal: Establish new business and production locations to become the top 20 generic drug distributors in Japan.

4. Vetrinum Animal Health Co., Ltd.:

- (1) Short-term objectives:
 - A. Complete the official inauguration of the new injection production plant, and the transfer of YSP injection licenses to rapidly increase the utilization rate of the injection production line.
 - B. Promote and distribute specific medicines and healthcare products for pets.
- (2) Medium-term (long-term) objectives:
 - A. Continue to develop new products, including non-pharmaceutical feed additives and specific drugs and healthcare products for pets.
 - B. Extend the cooperation between the industry, the government, the academia, and strengthen Vetnostrum's market image to enhance its prestige in the industry.
 - C. Continue to promote the concept of green farming and transform Vetnostrum into the most competitive international animal protection and biotechnology enterprise with the highest brand influence in Asia Pacific.

II. Market and Production and Sales Overview

(I) Market Analysis:

1. YungShin Global Holding Corporation: The Corporation's main business is general investment and it is therefore not applicable.
2. Yung Shin Pharmaceutical Industrial Co., Ltd.:

(1) Sales regions and market share of major products:

The Company's main products are mainly sold on the domestic market which accounts for approximately 87% of individual sales. Exports account for 13%. The Company has actively made use of the partnership strategy to enhance its competitiveness in overseas markets with the aim of expediting the launch of drugs in foreign markets through the participation of foreign manufacturers. After the drugs are marketed, the Company can ensure the successful development of the product in the market by working with partners that offer local presence and channels.

(2) Future supply-demand status and growth in the market:

The ITIS research team of the Industrial Information Group, DCB provided forecasts of the changes in the drug categories in Taiwan by 2023 based on the increase in the demand of drugs for chronic diseases for the elderly and the continuous increase of NHI drug expenditures. The ratio of generic drugs is expected to increase slightly from 28.1% to 28.9% while patented drugs as a ratio of the entire drug market is set to decrease slightly from 64.5% in 2018 to 63.7% in 2023.

(3) Competitive niches, favorable and unfavorable factors for future development, and response strategies:

The Company has always received recognition from customers and competitors in the market for its "comprehensive product line, high quality, and reasonable prices". Although the "NHI Drug Use Guidelines" and other non-free market competition factors affect competition in the market, the Company maintains competitive advantages with its existing solid foundations and the research and development of new products and new dosages. In addition to its comprehensive system, YSP also won recognition for the quality of its products. In addition, the Company has established differentiated corporate and brand image in recent years to maintain its relative competitive advantages.

A. Favorable factors:

- a. To support the innovation of the domestic biotech pharmaceutical industry, the government of Taiwan has promoted the "Biomedical Industry Innovation Program" since 2017 to connect the resources of the industry, academia, medical sector, and foundations for the implementation of the industry innovation program and expedite the product/technology innovation in the domestic biomedical industry and make Taiwan an important hub of the medical industry in Asia Pacific.
- b. The major drug markets in the United States and Japan have adopted policies for encouraging the use of generic drugs. Emerging markets in Southeast Asia also focus on the use of generic drugs which will create opportunities for growth to the generic drugs industry in Taiwan.
- c. There is a strong consumer preference for buying OTC drugs for use as medication. It has contributed to growth in the OTC drug market across the world and may benefit the OTC drug industry in Taiwan.

B. Unfavorable factors:

- a. The pharmaceutical industry in Taiwan is mainly engaged in the production of generic drugs for which the patents have expired. Fewer new drugs are being developed. The domestic market is small and the demand for products is small and diverse with high homogeneity, lower prices, and intense competition.
- b. The low estimates for the prices of new drugs, long price approval period, and tightened funding have obstructed the development of new drugs.
- c. As governments across the world slash drug prices and regulatory authorities impose more stringent management measures, the cost of production for domestic manufacturers will increase and profits

from drugs will decrease.

- d. The people's high reliance on the National Health Insurance system and restrictions in policies and regulations have confined the growth of the OTC pharmaceutical market in Taiwan.
- e. In the face of inadequate regulations in individual countries and capacity for international channel deployment, the problems in overseas deployment must be overcome.

3. Chemix Inc.:

Sales regions of major products:

Unit: JPY 1,000

Region	Amount	Percentage
Exports	71,915	3%
Domestic sales	2,469,632	97%
Total	2,541,547	100%

4. Vetnostrum Animal Health Co., Ltd.:

Sales regions of major products:

Unit: NT\$1,000

Region	Amount	Percentage
Exports	207,863	19%
Domestic sales	872,564	81%
Total	1,080,427	100%

(II) Usage and manufacturing processes for main products:

1. YungShin Global Holding Corporation: The Corporation's main business is general investment and it is therefore not applicable.
2. Yung Shin Pharmaceutical Industrial Co., Ltd.:

The main usage of major products includes nerve system drugs, circulation system drugs, respiratory system drugs, digestive system drugs, metabolic drugs, anti-cancer drugs, urogenital drugs, anti-microbial drugs, hormone preparations, and topical medication. The preparations include suppositories, capsules, granule, injections, ointments, powder, syrups, pills, etc. which must be manufactured in accordance with a PIC/S GMP quality management system. The granule manufacturing technology created in Taiwan not only enhances the effectiveness of in-vitro absorption, but also ensures the safety of medication for patients. It represents the advancement of the pharmaceutical technology in Taiwan. In addition, the Company has established a comprehensive bacteria mutation screening system and bacteria preservation, fermentation, and recycling processes to produce related APIs, cosmetics, and animal feed ingredients as it expands into related fermentation products and technologies.

3. Chemix Inc.: Not applicable.
4. Vetnostrum Animal Health Co., Ltd.:
The main products and uses include: Supplementary feed (pre-mixed vitamins/minerals), drug feed additives (antibiotics, anti-coccidia, and growth

promotion), veterinary drugs (anti-microbe, respiratory system drugs, digestive system drugs, and insect repellent drugs) and non-pharmaceutical feed additives (acids, enzymes/probiotics, Chinese herbal medicine, toxin absorption agents). Each preparation is manufactured in its own separate production line with an air-conditioning environmental control system to prevent cross-contamination. The production process involves the mixture, granulation, drying, and screening for different dosages before automatic filling and packaging. All manufacturing processes are conducted in compliance with GMP regulations and the ISO quality management system. The animal injection production plant (including uperization and terminal sterilization) and topical preparation plant were completed in 2019. The Company also obtained GMP certification in February 2020.

(III) Supply status of main raw materials:

1. YungShin Global Holding Corporation: The Company's main business is general investment and it is therefore not applicable.
2. Yung Shin Pharmaceutical Industrial Co., Ltd.:
China is the world's leading supplier of APIs and a significant number of major chemicals. The strengthening and implementation of China's pollution prevention and environmental protection policies have led to a reduced output or forced suspension of production of many manufacturers of APIs and intermediates for several months. The impact on the balance of supply and demand in the market and price fluctuations have become more severe than the past. The Company shall pay close attention to the sources of supply and the impact of the environmental protection policies at all times. It shall establish medium to long-term purchase orders for ingredients that are often used by the Company in large quantities and those that have unstable supplies. The Company shall use pre-orders or advanced inventories where necessary to ensure the supply of materials.
3. Chemix Inc.: Not applicable.
4. Vetrinum Animal Health Co., Ltd.:
Currently, 80 to 90% of raw materials are sourced from China. In recent years, China has introduced substantial reforms in environmental protection policies, environmental protection tax laws, ecological and environmental damage compensation systems and implemented online supervision of factories. The environmental protection cost and factories have affected the production quantity and capacity and the production, supply, demand, and prices will become increasingly unstable. The Company's procurement strategy focuses on the market supply, price trends and timely purchases of materials at low market prices to optimize costs. Raw materials for vitamin products have reached their lowest prices in recent years, and the Company has purchased certain materials at suitable intervals. For raw materials with more stable prices, the Company implements annual procurement policies to ensure low prices and stable supplies.

Materials with falling prices and low demand are purchased and used immediately. The Company will continue to actively seek new sources to reduce the supply risk, ensure the source of supplies, and reduce cost.

The Xiangshui chemical plant explosion in Yancheng in March 2019 closed down the entire industrial park and instigated policies for relocation. It has affected approximately 50% to 60% of the supply of intermediates and APIs in China. The Company shall continue to monitor the latest news on similar occupational safety and environmental protection issues and adopt early response strategies.

The impact of COVID-19 since January 2020 has resulted in delays and prevented the restoration of operations. Labor shortages and logistics issues have caused severe impact. There will be major changes in the supply chain and shortages of materials. The Company has also taken emergency measures to purchase additional materials to ensure the availability of supplies for the next 6 to 10 months based on the conditions of the supply of materials and market supply and prices. The Company shall continue to pay attention to market conditions and respond accordingly to procurement requirements.

(IV) Names of the customers accounting for more than 10% of total purchases (sales) in either of the most recent two years:

1. YungShin Global Holding Corporation: The Company's main business is general investment and it is therefore not applicable.
2. Yung Shin Pharmaceutical Industrial Co., Ltd.:
 - (1) Names of the customers accounting for more than 10% of total purchases in either of the most recent two years:

Unit: NT\$1,000

Item	2018				2019				2020 up to the end of the previous quarter (Note)			
	Name	Amount	Percentage of net purchases of the year (%)	Relationship with the issuer	Name	Amount	Percentage of net purchases of the year (%)	Relationship with the issuer	Name	Amount	Percentage accounting for net purchase in current year as of the end of last quarter (%)	Relationship with the issuer
1	---	---	---	---	HTO14337	133,340	12%	None	Related information not yet available			
	Net purchases	---	---		Net purchases	1,122,978	100%					

(2) Names of the customers accounting for more than 10% of total sales in either of the most recent two years: None.

3. Chemix Inc.:

- (1) Names of the customers accounting for more than 10% of total purchases in either of the most recent two years:

Unit: JPY 1,000

Item	2018				2019				2020 up to the end of the previous quarter (Note)			
	Name	Amount	Percentage of net purchases of the year (%)	Relationship with the issuer	Name	Amount	Percentage of net purchases of the year (%)	Relationship with the issuer	Name	Amount	Percentage accounting for net purchase in current year as of the end of last quarter (%)	Relationship with the issuer
1	Company A	276,695	17%	None	Company A	408,796	23%	None	Related information not yet available			
2	Company P	208,971	13%	None	Company P	221,064	12%	None				
	Net purchases	1,592,469	100%		Net purchases	1,805,643	100%					

* Reason for deviation: Company P: Gaps in purchases caused by seasonal changes in shipments. Company A: Increase in demand in the Japanese market.

Note: As of the date of the publication of the Annual Report, no CPA-audited financial data for 2020 Q1 were available.

- (2) Names of the customers accounting for more than 10% of total sales in either of the most recent two years:

Unit: JPY 1,000

Item	2018				2019				2020 up to the end of the previous quarter (Note)			
	Name	Amount	Percentage of net sales in the year (%)	Relationship with the issuer	Name	Amount	Percentage of net sales in the year (%)	Relationship with the issuer	Name	Amount	Percentage of net sales in the current year as of the end of last quarter (%)	Relationship with the issuer
1	Company T	469,308	21%	None	Company T	478,800	19%	None	Related information not yet available			
2	Company S	225,310	10%	None	Company S	156,637	6%	None				
	Net sales	2,259,769	100%		Net sales	2,541,547	100%					

* Reason for deviation: The main changes were caused by variation in demands of the year due to inventory adjustments of specific drugs by main customers.

Note: As of the date of the publication of the Annual Report, no CPA-audited financial data for 2020 Q1 were available.

4. Vetrinum Animal Health Co., Ltd.:

- (1) Names of the customers accounting for more than 10% of total purchases in either of the most recent two years:

Unit: NT\$1,000

Item	2018				2019				2020 up to the end of the previous quarter (Note)			
	Name	Amount	Percentage of net purchases of the year (%)	Relationship with the issuer	Name	Amount	Percentage of net purchases of the year (%)	Relationship with the issuer	Name	Amount	Percentage accounting for net purchase in current year as of the end of last quarter (%)	Relationship with the issuer
1	Yung Shin Pharmaceutical	237,636	39%	Related parties	Yung Shin Pharmaceutical	241,073	40%	Related parties	Yung Shin Pharmaceutical	46,620	43%	Related parties
2	Supplier K	92,938	15%	None	Supplier K	92,330	16%	None	Supplier K	13,712	13%	None
	Net purchases	603,821	100%		Net purchases	595,504	100%		Net purchases	107,361	100%	

Note: No material change was found in suppliers.

- (2) Names of the customers accounting for more than 10% of total sales in either of the most recent two years:

Unit: NT\$1,000

Item	2018				2019				2020 up to the end of the previous quarter (Note)			
	Name	Amount	Percentage of net sales in the year (%)	Relationship with the issuer	Name	Amount	Percentage of net sales in the year (%)	Relationship with the issuer	Name	Amount	Percentage of net sales in the current year as of the end of last quarter (%)	Relationship with the issuer
1	Customer B	123,812	12%	None	Customer B	137,828	12%	None	Customer B	28,293	10%	None
	Net sales	1,044,439	100%		Net sales	1,080,427	100%		Net sales	287,959	100%	

Note: No material change was found in customers.

(V) Production volume and value in the most recent two years:

- YungShin Global Holding Corporation: The Corporation's main business is general investment and it is therefore not applicable.
- Yung Shin Pharmaceutical Industrial Co., Ltd.:

Table of production volume and value in the two most recent years

Unit: NT\$1,000

Production volume And value Primary product	Year	2018			2019		
		Production capacity (Note 1)	Production volume	Production value	Production capacity (Note 1)	Production volume	Production value
Pharmaceuticals for human consumption:							
Suppository (thousand units)		73,146	17,493	16,151	73,146	17,359	16,349
Capsules (thousand units)		2,984,420	758,483	599,363	2,984,420	862,826	665,732
Granules and powder (kg)		128,032	43,896	54,364	128,032	34,116	47,237
Injections (thousand units)		106,900	20,812	258,386	106,900	15,886	237,087
Ointment (kg)		222,307	87,867	48,384	222,307	75,009	44,987
Solutions (liter)		1,254,960	156,002	32,659	1,254,960	150,314	30,132
Pills (thousand units)		7,263,040	1,532,882	678,925	7,263,040	1,335,345	592,525
Active pharmaceutical ingredient (kg)		353,000	1,761	166,042	353,000	794	98,024
Animal drugs:							
Injections (thousand units)		6,650	542	42,338	6,650	606	52,963
Powder (kg)		1,460,000	55,826	16,035	1,588,000	37,512	9,414
Solutions (liter)		0	0	0	0	0	0
Cosmetics:							
Solutions (liter)		418,320	11,195	7,084	418,320	11,176	7,082
Cream (liter)		54,382	4,105	4,992	54,382	4,258	5,716
Powder (kg)			2	446	0	0	0
Active pharmaceutical ingredient (kg)		1,000	2	1,386	1,000	2	701
Masks (thousand units)		0	52	1,888	0	68	2,361
Other (thousand units)		0	4	4,343	0	4	708
Food:							
Capsules (thousand units)		287,480	44,817	105,725	287,480	44,587	110,984
Granules and powder (kg)		313,740	18,449	24,923	313,740	18,419	20,080
Pills (thousand units)		313,740	49,515	64,069	313,740	53,828	69,047
Other (thousand units)		0	3	199	0	4	300
Medical equipment:							
Medical equipment (thousand units)		253	35	4,053	253	70	9,325
Medical equipment (grams)		0	0	679	0	0	1,117
OEM products (Note 2):							
Capsules for human consumption (thousand units)		0	3,636	4,857	0	2,055	2,755
Injections for human consumption (thousand units)		0	1,326	47,325	0	1,398	50,687
Pills for human consumption (thousand units)		0	119,013	30,786	0	4,984	2,525

Production volume And value Primary product	Year	2018			2019		
		Production capacity (Note 1)	Production volume	Production value	Production capacity (Note 1)	Production volume	Production value
Animal drugs powder (kg)		0	965	116,035	0	955	115,445
Cosmetic solutions (liter)		0	16,218	4,098	0	16,458	4,620
Cosmetic cream (kg)		0	1,873	1,423	0	1,970	1,443
Cosmetic masks (thousand units)		0	16	236	0	16	238
Food capsules (thousand units)		0	9,932	21,105	0	15,405	35,019
Food powder (kg)		0	26,490	25,293	0	30,756	36,721
Food pills (thousand units)		0	27,993	47,145	0	37,793	71,956
Active pharmaceutical ingredient (ton)		0	274	5,678	0	337	6,697
Total				2,436,415			2,349,977

Note 1. The production capacity is estimated based on the maximum capacity in a three-shift system.

Note 2. The production capacity of OEM products is incorporated into various dosage types of main products.

3. Chemix Inc.: Not applicable.
4. Vetnostrum Animal Health Co., Ltd.:

Table of production volume and value in the two most recent years

Production value unit: NT\$1,000

Primary product	Year / Production Volume and Value	2018			2019		
		Production capacity (Note 1)	Production volume	Production value	Production capacity (Note 1)	Production volume	Production value
Powder (kg)		3,962,000	2,128,699	431,744	4,712,000	2,391,449	436,907
Solutions (liter)		350,000	89,747	36,929	700,000	111,687	40,814
Total				468,673			477,721

Note 1: The production capacity is estimated based on the maximum capacity in a one-shift system.

(VI) Sales volume and value in the most recent two years:

1. YungShin Global Holding Corporation: The Corporation's main business is general investment and it is therefore not applicable.
2. Yung Shin Pharmaceutical Industrial Co., Ltd.:

Table of sales volume and value in the two most recent years

Unit: NT\$1,000

Sales volume and value Primary product	Year	2018				2019			
		Domestic Sales		Export Sales		Domestic Sales		Export Sales	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Pharmaceuticals for human consumption:									
Suppository (thousand units)		16,302	41,367	642	1,811	16,434	41,692	248	700
Capsules (thousand units)		579,331	903,356	141,497	182,868	596,567	1,024,868	269,451	292,556
Granules (kg)		3,144	7,768	10,701	23,259	2,284	5,652	14,282	32,406
Injections (thousand units)		9,905	433,028	10,373	99,723	9,939	444,321	7,549	77,825
Ointment (kg)		80,754	105,188	541	845	73,958	104,426	553	885
Powder (kg)		2,208	5,018	26,945	66,047	1,704	4,223	17,295	41,888
Solutions (liter)		147,055	58,430	0	0	152,258	60,093	0	0
Pills (thousand units)		1,366,281	1,327,901	69,119	61,350	1,238,892	1,283,092	64,454	45,421
Active pharmaceutical ingredient (kg)		102	1,001	75	962	1	8	25	666
Animal drugs:									
Injections (thousand units)		396	35,696	42	2,637	570	55,496	9	1,835
Powder (kg)		87,783	24,338	0	0	34,485	14,948	0	0
Solutions (liter)		9,256	2,299	0	0	0	0	0	0
Cosmetics:									
Solutions (liter)		4,526	10,391	0	3	6,090	9,373	0	0

Sales volume and value Primary product	Year	2018				2019			
		Domestic Sales		Export Sales		Domestic Sales		Export Sales	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Cream (liter)		1,663	8,405	0	3	2,319	6,879	0	0
Masks (thousand units)		31	793	0	0	87	919	0	0
Other (thousand units)		1	1,766	0	0	1	1,280	0	0
Food:									
Capsules (thousand units)		37,487	221,457	0	0	39,676	239,046	0	0
Granules (kg)		1,155	10,010	0	0	675	4,958	0	0
Powder (kg)		14,489	22,830	0	0	10,926	23,650	0	0
Pills (thousand units)		48,496	138,518	0	0	50,282	137,784	0	0
Others		1	81	0	0	1	149	0	0
Medical equipment:									
Test agents (thousand units)		14	5,756	0	0	44	17,377	0	0
Medical equipment (thousand units)		13	5,447	0	0	21	7,927	0	0
Product distribution:									
Others		14,629	170,917	0	0	15,878	187,424	0	0
OEM products:									
Capsules for human consumption (thousand units)		3,104	8,092	0	0	1,415	3,686	0	0
Injections for human consumption (thousand units)		0	0	1,225	74,970	0	0	1,442	88,730
Pills for human consumption (thousand units)		2,667	2,815	104,595	58,246	1,070	2,280	20,523	11,752
Animal drugs powder (kg)		923	151,381	0	0	966	157,723	0	0
Cosmetic solutions (liter)		15,628	6,471	0	0	16,929	7,600	0	0
Cosmetic cream (kg)		1,875	2,424	0	0	1,437	1,850	0	0
Cosmetic masks (thousand units)		16	361	0	0	16	354	0	0
Other cosmetic products (thousand units)									
Food capsules (thousand units)		8,792	32,040	0	0	15,327	55,388	0	0
Food powder (kg)		26,346	37,618	0	0	28,724	49,009	0	0
Food pills (thousand units)		23,554	61,226	2,951	12,023	36,370	99,107	1,763	7,521
Active pharmaceutical ingredient (kg)		0	0	272	9,951	0	0	307	11,430
Total			3,844,189		594,698		4,052,582		613,615

3. Chemix Inc.:

Table of sales volume and value in the most recent two years

Sales value unit: JPY 1,000

Sales Volume and Value Primary product	Year	2018				2019			
		Domestic Sales		Export Sales		Domestic Sales		Export Sales	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Injection solutions (EA)		399,433	927,635	0	0	499,469	1,165,456	0	0
Other non-injection solutions (EA)		14,784	50,144	0	0	18,366	55,537	0	0
Raw materials KG		111,881	1,222,988	831,895	21,401	112,989	1,248,639	12,012	71,915
Total			2,200,767		21,401		2,469,632		71,915

4. Vetrostrum Animal Health Co., Ltd.:

Table of sales volume and value in the most recent two years

Sales value unit: NT\$1,000

Sales Volume and Value	Year	2018				2019			
		Domestic Sales		Export Sales		Domestic Sales		Export Sales	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Primary product									
Products for animal consumption:									
	Powder (kg)	2,019,105	577,583	34,105	24,461	2,329,933	621,568	68,658	35,463
	Solutions (liter)	88,194	55,394	1,561	1,147	94,573	56,519	3,060	815
Product distribution	EA	469,249	215,246	19,116	169,884	471,029	192,976	21,720	171,585
Other		0	724	0	0	0	1,501	0	0
Total			848,947		195,492		872,564		207,863

III. Human Capital

(I) YungShin Global Holding Corporation:

Information on employees in the last two years and as of the published date of the annual report

Year		2018	2019	Current fiscal year up to March 31, 2020
Number of employees		33	23	10
Average age		42.3	41.81	42.53
Average work tenure		3.2	2.93	0.74
Education Distribution Distribution Ratio Ratio	PhD	3.0%	5.7%	10%
	Masters	39.4%	32.9%	20%
	Bachelor's degree	54.5%	56.3%	60%
	Senior high school	3.0%	5.1%	10%

(II) Yung Shin Pharmaceutical Industrial Co., Ltd.

Year		2018	2019	Current fiscal year up to March 31, 2020
Number of employees	Production personnel	606	619	612
	R&D personnel	141	141	137
	Sales personnel	265	263	267
	Administrative personnel	242	244	244
	Total	1,254	1,267	1,260
Average age		38.5	38.9	39.0
Average work tenure		10.8	11.6	11.5
Education distribution ratio	PhD	0.9%	1.0%	1.1%
	Masters	14.7%	15.1%	14.7%
	University / College	57.1%	57.0%	57.4%
	Senior high school	23.5%	23.4%	23.4%
	Below senior high school	3.8%	3.5%	3.4%

(III) Chemix Inc.:

Year		2018	2019	Current fiscal year up to March 31, 2020
Number of employees		70	66	67
Average age		45.3	46.6	46.11
Average work tenure		5.0	5.8	6.10
Education Distribution Ratio	PhD	0%	1.5%	1.5%
	Masters	25.7%	32.8%	27.9%
	University	51.4%	46.27%	47.1%
	Senior high school	22.9%	23.8%	23.5%

(IV) Vetnostrum Animal Health Co., Ltd.:

Year		2018	2019	Current fiscal year up to March 31, 2020
Number of employees		147	159	159
Average age		37.5	38.8	38.1
Average work tenure		5.5	5.3	5.3
Education Distribution Ratio	PhD	0.7%	0.6%	0.6%
	Masters	21.8%	25.2%	24.5%
	Bachelor's degree	64.6%	64.2%	64.8%
	Senior high school	12.9%	10.0%	10.1%

IV. Environmental Protection Expenditures

(I) YungShin Global Holding Corporation:

1. The Corporation's pollution prevention measures: The Corporation's main business is general investment and only conducts business operations in offices. It is therefore not applicable.
2. Protection measures for work environment and employees' personal safety:
The Corporation only conducts business operations in offices and has enhanced related access security, fire safety, equipment safety, environmental security, and employee health examinations:
 - (1) Access security:
 - A. To ensure the safety of our employees at the workplace, we installed access control card devices at all entrances. Main entrances are also equipped with security surveillance equipment to protect the personal safety of our employees.
 - B. Security guards are stationed at the office building 24 hours a day and security cameras are installed at each entrance.
 - (2) Fire safety and equipment safety:
 - A. The Corporation carries out maintenance or repairs of all electrical and mechanical equipment at least once a year to ensure safety of the work environment.
 - B. Fire safety companies regularly conduct maintenance and repairs of fire safety equipment (e.g., fire alarms and fire extinguishers).
 - (3) Safe environment: To maintain the quality of drinking water and employees' health, we appointed vendors to monitor water quality every quarter and conduct regular office cleaning work to build a safe and comfortable working environment.
 - (4) Employee health examinations: Medical institutions are appointed every three years to conduct employee health examinations.

(II) Yung Shin Pharmaceutical Industrial Co., Ltd.

1. The Company's pollution prevention measures:
 - (1) Wastewater treatment:

- A. The Company has installed pre-processing equipment for wastewater in accordance with regulations.
 - B. The Company adheres to the idea of "caring for the planet and protecting the environment first", and adopted the upflow anaerobic sludge blanket (UASB) tank to strengthen the functions of the wastewater treatment system. The Company uses various instruments to regularly control, inspect, and monitor the water quality of wastewater discharged by each unit and the effectiveness of treatment systems of each unit.
 - C. The wastewater processed in treatment plants meet the requirements of the Sewage Treatment Plant of Dajia Youth Industrial Park. The discharged wastewater is managed and processed by the Sewage Treatment Plant of the Industrial Park and the treatment fee is paid according to the discharge volume and wastewater quality.
- (2) Waste disposal:
- The industrial waste generated by the Company is divided into two main categories:
- A. Recyclable waste: Processed by recycling service providers.
 - B. Non-recyclable waste: Outsourced to qualified environmental protection companies for clearance and disposal.
- (3) Air pollutant treatment:
- A. The Company conducts regular exhaust pipe sampling inspections for production processes in each plant as required by laws and regulations.
 - B. The Company reports air pollutant emission volume online and pays the air pollution fees each quarter.
 - C. The Company complies with the government's policy for reducing air pollution emissions and converted the fuel of all boilers from heavy fuel oil to natural gas.
- (4) Toxic chemical substance management:
- A. The Company fills out the operation records of toxic chemical substances and completes emergency response drills for toxic chemical substances in accordance with regulations.
 - B. The Company reports the operation status of various toxic chemical substances online each month.

2. Total amount of losses (including compensation) and penalties incurred due to environmental pollution in the most recent fiscal year up to the publication date of this annual report:

Item \ Year	2018	2019	Current fiscal year up to March 31, 2020
Status of pollution (type and level)	None	None	None
Compensation claimed by/Penalty incurred by	None	None	None
Amount of compensation or penalty	None	None	None
Other losses	None	None	None

3. Protection measures for work environment and employees' personal safety:
The Company has strengthened relevant workplace safety management, equipment safety management, workplace safety management, fire safety management, and employee health management.

(1) Workplace safety management

- A. The Company established the Occupational Safety and Health Work Rules which govern safety and health management items for compliance by employees.
- B. The Company implements access management and requires all visitors to exchange IDs for entry. All visitors and employees are required to swipe their badges to enter. Access to production sites, laboratories, and important sites is managed separately with rigorous access controls.

(2) Equipment safety management

- A. Equipment exposed to suction hazards is subject to project inspections and provided with additional protective equipment such as reaction tanks and motor shafts.
- B. The Company conducts special inspections for the grounding systems of all equipment and devices in the plant such as equipment, instrumentation, and lightning arrestors.
- C. Equipment exposed to falling hazards is subject to project inspections and provided with additional protective equipment such as ladders and stepladders.
- D. Dangerous equipment (boilers, specific high-pressure equipment, and type 1 pressure vessels) is inspected by the legal verification unit commissioned by the Ministry of Labor each year.
- E. Qualified vendors are commissioned each month to perform maintenance for elevators. Regular inspections are conducted by the elevator association every year.

(3) Work environment safety management

- A. The Company introduced the occupational safety information management system and established mechanisms for managing regular automatic inspections and professional certification.
- B. The Company conducts regular environmental monitoring of the

general workplace (including onsite operations and offices) on items such as illumination, carbon dioxide, specific chemicals, organic solvents, and noise.

- C. The Company appoints qualified professional monitoring companies to conduct onsite environmental inspection and monitoring and assessment team formulation every six months.

(4) Employee health management

- A. On-the-job health examinations are conducted for all employees every three years.
- B. Special operation health examinations and health promotion management are conducted annually for employees in special operation sites (mainly including operations involving organic solvents and operations in noisy environments).
- C. The Company regularly assigns doctors of the plants to provide in-house labor health services.

(5) Contractor safety management

- A. The Company established construction standards for contractors and related onsite construction guidelines.
- B. The Company established written hazard notification and training mechanisms.
- C. The Company has established a holiday construction and repair management system to provide various types of hazard notifications and precautions to reduce the occurrence and risks of hazards.

(6) Fire safety

- A. The Company has established a complete fire safety system in accordance with regulations. The systems include the alarm system, fire safety water system, and emergency exit system.
- B. The Company appoints qualified detection and monitoring consulting firm to test the functions of the fire safety equipment each year and compile a comprehensive report.
- C. The Company conducts regular fire equipment drills such as drills for the use of fire extinguishers and fire hose. We also appoint professional personnel to teach employees skills of for CPR and the use of AED.

(7) Regular reporting

- A. Environment: The Company regularly inspects and reports its operation results in accordance with the law.
- B. Safety and health: Occupational hazard statistics are reported regularly.

(III) Chemix Inc.:

- 1. The Company's pollution prevention measures: The Company only conducts business operations in offices. It is therefore not applicable.

2. Protection measures for work environment and employees' personal safety: To ensure the safety of our employees at the workplace, we installed access control card devices at all entrances to protect the personal safety of our employees.

(IV) Vetnostrum Animal Health Co., Ltd.:

1. The Company's pollution prevention measures:

- (1) Wastewater treatment:

The Company adopted the upflow anaerobic sludge blanket (UASB) tank for the pre-processing equipment to strengthen the functions of the wastewater treatment system. The Company passed the functional inspections in January 2018 and obtained the discharge permit issued by the competent authority. The system is now operating normally. Wastewater produced by the Company is processed before discharging, and the quality of treated water meets the effluent standards stipulated by the competent authorities.

- (2) Waste disposal:

The Company has received an Industrial Waste Disposal Plan from the competent authority and adheres to the contents of the Plan for waste removal and processing. The industrial waste generated by the Company is divided into two main categories:

- A. Recyclable waste: Processed by recycling service providers.

- B. Non-recyclable waste: The Company appoints qualified environmental protection companies for clearance and disposal inside the plant at fixed intervals. We also comply with the regulations of the competent authority and fill out the Industrial Waste Joint Commissioning Disposal Control and Delivery Triplicate to track the flow of industrial waste.

- (3) Air pollutant treatment:

- A. The major air pollutants emitted by the Company consist of particulate matter. The Company has obtained a stationary pollutant source operation permit issued by the competent authority, and we regularly inspect the operations of air pollution prevention equipment in accordance with laws and regulations. We regularly take samples from the chimney to ensure the effectiveness of prevention equipment in the plants.

- B. The Company reports the consumption of volatile organic compounds and particulate matter emissions of the plants each quarter in accordance with the regulations of the competent authority.

- (4) Toxic chemical substance management:

- A. The Company has received approval documents from the competent authority for operations with toxic chemical substances that are necessary for analyses in laboratories. We also fill out the operation

records of toxic chemical substances and complete emergency response drills and training for toxic chemical substances in accordance with regulations.

B. The Company reports the conditions of various toxic chemical operations each month.

2. Total amount of losses (including compensation) and penalties incurred due to environmental pollution in the most recent fiscal year up to the publication date of this annual report:

Item \ Year	2018	2019	Current fiscal year up to March 31, 2020
Status of pollution (type and level)	None	None	None
Compensation claimed by/Penalty incurred by	None	None	None
Amount of compensation or penalty	None	None	None
Other losses	None	None	None

3. Protection measures for work environment and employees' personal safety:

The Company has strengthened relevant workplace safety management, equipment safety management, workplace safety management, fire safety management, and employee health management.

(1) Workplace safety management

- A. Established the Occupational Safety and Health Work Rules which stipulate safety and health management items for compliance by employees.
- B. The Company implements access management and requires all visitors to exchange IDs for entry. All visitors and employees are required to swipe their badges to enter. Access to production sites, laboratories, and important sites is managed separately with rigorous access controls.

(2) Equipment safety management

- A. Equipment with cutting, clamping, and coiling risks provided with additional protective equipment such as reaction tanks and motor shafts.
- B. The Company conducts special annual inspections on high and low voltage electricity and grounding system in the plants for substation equipment and grounding systems.
- C. Energized machinery and equipment must be locked out and tagged before cleaning or maintenance to avoid activation by mistake during operations.
- D. Dangerous machinery and equipment (forklifts) are subject to regular inspections each year and operators have licenses for operating such machinery.
- E. Qualified vendors are commissioned each month to perform maintenance for elevators. Routine inspections and license renewal inspections are conducted by the Elevator Association of the Republic of China.

- (3) Work environment safety management
 - A. The Company established mechanisms for managing regular automatic inspections and related occupational safety certification in accordance with the Occupational Safety and Health Act.
 - B. The Company conducts regular environmental monitoring of onsite operations and offices on items such as carbon dioxide, specific chemicals, organic solvents, and noise.
 - C. The Company establishes the Workplace Environmental Monitoring Plan every six months and appoints qualified professional monitoring companies to conduct workplace environmental monitoring tasks. The Company then establishes related improvement measures with onsite supervisors in accordance with the monitoring results.
- (4) Employee health management
 - A. The Company provides new employees with physical examinations in accordance with laws and regulations and organizes health examinations at regular intervals.
 - B. Special operation health examinations and health promotion management are conducted annually for employees in special operation sites (including operations involving organic solvents and operations in noisy environments).
- (5) Contractor safety management
 - A. The Company established construction standards for contractors and related onsite construction guidelines. We also require contractors to sign the Contractor Construction Safety, Health, and Environmental Protection Commitment to ensure their compliance with related occupation safety regulations and the owner's safety requirements during construction.
 - B. The Company established hazard notification and related penalties for construction workers for them to understand the Company's construction safety management requirement. They are also required to fill out permit forms for any high-risk operation and the forms must be confirmed by the Company's onsite plant facility personnel and environmental safety personnel before construction to reduce the risks of accidents during construction.
- (6) Fire safety
 - A. The Company has established a complete fire safety system in accordance with regulations. The systems include the alarm system, fire safety water system, and emergency exit signs.
 - B. The Company appoints qualified detection and monitoring firm to test the functions of the fire safety equipment each year and compile a

comprehensive report. We also submit the results of fire safety equipment inspection results to the competent authority and implement improvements in accordance with the results to maintain fire safety in the plants.

- C. The Company conducts regular fire safety emergency escape drills such as personnel evacuation routes and the use of hand-held fire extinguishers and fire hose.

(7) Regular reporting

- A. Environmental: The Company regularly inspects and reports its operational results in accordance with regulations. All regulations have been met.

- B. Safety and health: Occupational hazard statistics are reported regularly.

(8) No major occupational safety incidents occurred at the Company in 2019.

V. Labor Management Relations

- (I) The Corporation's employee welfare policies, continuing education, training, retire systems and implementation status, the agreement between employees and employer and employees' rights and interests:

- 1. Employee welfare measures:

Since its establishment, the Corporation has provided employees with adequate care and respect by adopting humane management to pursue sustainability and growth of the Corporation. The Corporation organizes regular welfare activities to improve the welfare of the Corporation. We also provide holiday bonuses, relief fund, group insurance, scholarships for employees' children, and subsidies for employees' on-the-job education, etc. to provide employees with full care and build a happy and high-quality work environment.

- 2. Employee education and training:

Talent is an important asset of the Corporation and a key factor in determining the Corporation's competitive advantage. The Corporation provides information and channels for related education and training courses in accordance with the organization strategy and work requirements. The Corporation encourages employees to actively request training to improve motivation and satisfy their inner needs. With regard to new recruits, the Corporation aims to help them learn about their jobs and professional knowledge as quickly as possible. For senior employees, the Corporation enhances their professional knowledge and provides opportunities for rotations to increase employees' diverse capabilities. These measures allow employees to improve their work capabilities and help them fulfill their personal goals. In addition, the Corporation also actively trains in-house instructors with the aim of enhancing professional skills and experience. We also encourage employees to study by themselves and provide a system of incentives for on-the-job education with pay.

Implementation status of the Corporation's educational training plans for 2019

Course Title	Annual education and training expenditures	Course enrollments	Average training hours per enrollment
(I) Pre-service education and training (II) On-the-job education and training (III) Manager cultivation training (IV) Self-development	NT\$75 thousand	28 enrollments	3.57 hours/enrollment

3. Pension system and implementation status:

The retirement operations of the Corporation are handled in accordance with the relevant provisions of the Labor Standards Act and Labor Pension Act and monthly contributions are made to the labor pension program.

4. Employee–employer agreements and measures taken to safeguard the employee interests:

All systems of the Corporation are established in accordance with the relevant labor laws and regulations. The Corporation organizes regular labor-management meetings to communicate, coordinate, and improve various administrative measures and maintain harmonious labor-management relations.

5. Employee health management

The Corporation provides new employees with physical examinations in accordance with laws and regulations and organizes health examinations at regular intervals to protect the health of employees.

(II) The losses suffered due to labor disputes in the most recent fiscal year up to the publication date of this annual report are listed, and the estimated amount for current and possible future occurrences and response measures are disclosed. If the amount cannot be reasonably estimated, the reason should be clarified. None.

(III) Employee Code of Conduct and Ethics:

- The Corporation has established the "Articles of Incorporation", "Corporate Governance Best Practice Principles", "Ethical Corporate Management Best Practice Principles", and "Code of Ethical Conduct" as the guidelines for the conduct of Director, managerial officers, and employees.
- The Corporation has established a code of conduct for employees for their services and development at the Corporation. The main contents include:
 - Clearly separate public and private interests, give mutual respect, show sincerity, and collaborate to achieve the Corporation's business goals.
 - Follow the guidance of management officers and may not disobey orders or express contempt.
 - Employees must conduct themselves with honesty and integrity and stay away from derogatory, extravagant, promiscuous, gambling, and other actions that may damage the reputation of the Corporation.
 - Employees are not permitted to hold concurrent positions in other companies

or hold concurrent positions in business operations.

- (5) Employees may not leak business and technical secrets of any unit.
 - (6) Employees may not access documents, correspondence, design drawings, or information that are not within the scope of their duties.
 - (7) Employees shall give care to all public properties and refrain from causing wastage.
 - (8) Take challenges and responsibilities and never procrastinate any tasks.
 - (9) Employees may not speak about their work as an individual or group without permission.
 - (10) Employees may not accept gifts in the exercise of their duties. They must recuse themselves if the execution of duties involves their personal interest or their families' interest.
 - (11) Employees may not post or distribute promotional documents within the Corporation without permission.
- 3. The Corporation provides bonuses to employees after the semi-annual performance appraisal. Employees must be notified of the reward and penalty regulations and evaluation guidelines so that they have a clear understanding of the code of conduct. Rewards and punishments are prescribed when employees have performed actions that merit encouragement or disciplinary actions.
 - 4. The interactions between supervisors and employees at all levels of the Corporation shall be based on the principle of integrity and compliance which are also the Corporation's highest guiding principles of ethical conduct.
 - 5. We do not accept any proprietary or confidential business information given to the Corporation by other companies or individuals except with the written approval of the data provider.
 - 6. Every employee of the Corporation must understand that he/she may not use the Corporation's assets for the benefit of others in an illegitimate manner. Such conduct is a gross violation of the Corporation's policy and ethical standards.
 - 7. All employees of the Corporation must abide by the principle of recusal for duties within the organization in matters that involve their personal interest or that of specific related parties.

VI. Important Contracts

(I) YungShin Global Holding Corporation: None.

(II) Yung Shin Pharmaceutical Industrial Co., Ltd.

Nature of contract	Counterparty	Term	Main contents	Restrictions
Commissioned research (OEM)	Wakamoto Pharm. Co., Ltd.	10/1/2014 - 10/1/2024	OEM contract	None
	Wakamoto Pharm. Co., Ltd.	5/17/2013 - 12/31/9999	OEM contract	None
	Chemix Inc.	12/18/2014 - 2/14/2022	OEM contract	None
Commissioned research	Changhua Christian Hospital	1/1/2019 - 12/31/2021	Commissioned tests	None
	Rosetta Pharmamate Co., Ltd.	1/8/2019 - 6/7/2019	Commissioned bioequivalence tests	None
	Protech Pharmservices Corporation	2/15/2019 - 5/31/2021	Commissioned clinical trials	None
	Veeda clinical research Pvt. Ltd.	3/4/2019 - 3/3/2020	Commissioned bioequivalence tests	None
	isRed Pharma & Biotech Research Co., Ltd.	5/9/2019 - 5/9/2021	Commissioned bioequivalence tests	None
	QPS Holdings, LLC	5/21/2019 - 9/28/2020	Commissioned tests	None
	Nanjing Gritpharma Co., Ltd.	11/15/2019 - 1/31/2025	Commissioned test technology development	None
	Medical and Pharmaceutical Industry Technology and Development Center	12/9/2019 - 12/8/2021	Commissioned tests	None
	Hungkuang University	3/1/2020 - 12/31/2021	Commissioned test technology development	None
Technical cooperation	GlyTech, Inc.	12/11/2019 - 12/31/9999	Product development	None
Technology transfer	YungShin Pharm. Ind. (KS) Co., Ltd.	4/1/2019 - 3/31/2029	Technology transfer	None
	Y.S.P.Industries (M) Sdn. Bhd.Y.S.P.Southeast Asia Holding Berhad	9/18/1998 - 7/14/2029	Technology transfer	None
	YungShin Pharm. Ind. (KS) Co., Ltd.	3/20/2012 - 12/31/9999	Sales contract	None
Sales contract	YungShin Pharm. Ind. (KS) Co., Ltd.	8/1/2014 - 4/19/2025	Distribution contract	None
	Southern Cross Pharma Pty Ltd (Australia)	8/15/2014 - 12/31/9999	Distribution contract	None
	Mint Pharmaceuticals	11/14/2014 - 11/13/2024	Distribution contract	None
	Impax Laboratories, Inc.	12/31/2017 - 12/31/2020	Distribution contract	None
	Carlsbad Technology, Inc.	7/7/2016 - 7/6/2023	Distribution contract	None
	Chemix Inc.	12/30/2016 - 12/29/2026	Distribution contract	None
	TWi Pharmaceuticals USA, Inc.; Carlsbad Technology, Inc.	9/17/2017 - 9/19/2021	Distribution contract	None
	Socorro Pharmaceutical LLC; Carlsbad Technology, Inc.	6/28/2019 - 6/27/2022	Distribution contract	None
	Uni-Shinmed Company Ltd.	3/18/2019 - 12/31/2021	Distribution contract	None

(III) Chemix Inc.:

Nature of contract	Counterparty	Term	Main contents	Restrictions
Loan Capital loan	MUFG Bank, Ltd.	11/17/2017 - 9/30/2022	Short-term loan contract	None
Loan Capital loan	Mizuho Bank	9/2/2016 automatic renewal each year	Short-term loan contract	None
Loan Capital loan	Japan Finance Corporation	12/29/2008 - 3/20/2025	Long-term loan contract	None

(IV) Vetnostrum Animal Health Co., Ltd.:

Nature of contract	Counterparty	Term	Main contents	Restrictions
Loan contract	Cathay United Bank	7/10/2018 - 7/10/2023	Medium-term loan	Land and building
Loan contract	Cathay United Bank	12/26/2019 - 7/22/2020	Import financing limit	None
Loan contract	Hua Nan Bank	10/1/2019 - 9/30/2020	Short-term loan	None
Loan contract	Chang Hwa Bank	1/1/2019 - 12/31/2019	Short-term loan	None
Loan contract	Citibank Taiwan	7/1/2019 - 6/30/2020	Short-term loan	None

Chapter 6. Financial Overview

I. Condensed Balance Sheet and Comprehensive Income Statement of the Most Recent Five Years

(I) Condensed Consolidated Balance Sheet

Unit: NT\$1,000

Item \ Year	Financial information for the most recent five years					Financial data in the current year up to March 31, 2020 (Note 2)
	2015	2016	2017	2018	2019 (Note 1)	
Current assets	4,787,823	4,816,749	5,176,668	5,687,775	6,083,821	Related information not yet available
Property, plant, and equipment	2,851,711	3,765,406	4,285,343	4,441,706	4,537,304	
Intangible assets	35,301	36,743	38,763	45,977	41,252	
Other assets	1,590,131	1,571,755	1,517,535	1,590,191	1,697,077	
Total asset value	9,264,966	10,190,653	11,018,309	11,765,649	12,359,454	
Current liabilities	Before distribution	2,233,634	3,300,236	4,449,681	5,078,156	
	After distribution	2,633,268	3,699,870	4,982,527	5,279,514	To be determined
Non-current liabilities		871,718	874,015	545,827	872,837	862,473
Total liabilities	Before distribution	3,105,352	4,174,251	4,995,508	5,566,220	5,940,629
	After distribution	3,771,410	4,573,885	5,528,354	6,152,351	To be determined
Equity attributed to the owners of the parent company		5,939,154	5,820,368	5,882,510	6,083,742	6,250,116
Share capital		2,664,230	2,664,230	2,664,230	2,664,230	2,664,230
Capital surplus		2,175,517	2,181,998	2,169,405	2,118,665	2,143,919
Retained earnings	Before distribution	1,244,273	1,209,668	1,311,603	1,545,483	1,709,371
	After distribution	578,215	810,034	778,757	959,352	To be determined
Other equity interest		(143,427)	(234,089)	(261,289)	(243,197)	(265,965)
Treasury stock		(1,439)	(1,439)	(1,439)	(1,439)	(1,439)
Non-controlling interests		220,460	196,034	140,291	115,687	168,709
Total equity	Before distribution	6,159,614	6,016,402	6,022,801	6,199,429	6,418,825
	After distribution	5,493,556	5,616,768	5,489,955	5,613,298	To be determined

Note 1. The proposal of the Corporation's 2019 earnings allocation remains to be approved by the resolution of the shareholders' meeting.

Note 2. As of the date of the publication of the Annual Report, no CPA-audited financial data for 2020 Q1 were available.

(II) Condensed Consolidated Statement of Comprehensive Comprehensive Income

Unit: NT\$1,000

Item \ Year	Financial information for the most recent five years					Financial data in the current year up to March 31, 2020 (Note 1)
	2015	2016	2017	2018	2019	
Operating revenue	6,034,169	6,190,862	6,622,635	7,513,686	8,191,531	Related information not yet available
Gross profit	2,705,640	2,581,199	2,707,264	3,434,963	3,807,772	
Operating profit (loss)	841,203	527,642	522,787	802,162	891,904	
Non-operating income and expenses	269,790	233,333	98,307	131,005	119,994	
Net income before tax	1,110,993	760,975	621,094	933,167	1,011,898	
Continuing operations						
Net profit for this period	895,399	609,121	467,573	685,252	754,011	
Loss from discontinued operations	-	-	-	-	-	
Net income (loss) for this period	895,399	609,121	467,573	685,252	754,011	
Other comprehensive income or loss (net value after tax) in this period	(143,720)	(117,736)	(39,220)	13,244	(14,394)	
Total comprehensive income for this period	751,679	491,385	428,353	698,496	739,617	
Net income attributable to owners of parent company	893,254	657,993	514,056	701,982	748,601	
Net income (loss) attributable to non-controlling interests	2,145	(48,872)	(46,483)	(16,730)	5,410	
Comprehensive income (loss) attributable to owners of parent company	747,013	540,791	474,369	723,100	727,251	
Total comprehensive income attributable to non-controlling interests	4,666	(49,406)	(46,016)	(24,604)	12,366	
Earnings per share	3.35	2.47	1.93	2.64	2.81	

Note 1: As of the date of the publication of the Annual Report, no CPA-audited financial data for 2020 Q1 were available.

(III) Parent Company Only Condensed Balance Sheet

Unit: NT\$1,000

Item	Year	Financial information for the most recent five years					Financial data in the current year up to March 31, 2020 (Note 2)
		2015	2016	2017	2018	2019 (Note 1)	
Current assets		134,382	140,945	249,340	196,293	83,539	N/A
Property, plant, and equipment		3,549	3,352	9,707	6,996	2,037	
Intangible assets		2,451	3,058	6,200	4,498	4,119	
Other assets		6,240,202	6,316,706	6,533,047	6,668,370	6,838,446	
Total asset value		6,380,584	6,464,061	6,798,294	6,876,157	6,928,141	
Current liabilities	Before distribution	124,590	187,464	786,190	323,501	498,820	
	After distribution	790,648	587,098	1,319,036	909,632	To be determined	
Non-current liabilities		316,840	456,229	129,594	468,914	179,205	
Total liabilities	Before distribution	441,430	643,693	915,784	792,415	678,025	
	After distribution	1,107,488	1,043,327	1,448,630	1,378,546	To be determined	
Equity attributed to the owners of the parent company		5,939,154	5,820,368	5,882,510	6,083,742	6,250,116	
Share capital		2,664,230	2,664,230	2,664,230	2,664,230	2,664,230	
Capital surplus		2,175,517	2,181,998	2,169,405	2,118,665	2,143,919	
Retained earnings	Before distribution	1,244,273	1,209,668	1,311,603	1,545,483	1,709,371	
	After distribution	578,215	810,034	778,757	959,352	To be determined	
Other equity interest		(143,427)	(234,089)	(261,289)	(243,197)	(265,965)	
Treasury stock		(1,439)	(1,439)	(1,439)	(1,439)	(1,439)	
Non-controlling interests		-	-	-	-	-	
Total equity	Before distribution	5,939,154	5,820,368	5,882,510	6,083,742	6,250,116	
	After distribution	5,273,096	5,420,734	5,349,664	5,497,611	To be determined	

Note 1. The proposal of the Corporation's 2019 earnings allocation remains to be approved by the resolution of the shareholders' meeting.

Note 2. The Corporation has not issued the quarterly parent company only financial report as of March 31, 2020.

(IV) Condensed Parent Company Only Statement of Comprehensive Income

Unit: NT\$1,000

Item \ Year	Financial information for the most recent five years					Current fiscal year up to March 3, 2020 Financial information (Note 1)
	2015	2016	2017	2018	2019	
Operating revenue	958,860	718,076	595,787	848,480	917,231	N/A
Gross profit	958,860	718,076	595,787	848,480	917,231	
Operating profit (loss)	902,709	649,244	504,310	736,561	830,032	
Non-operating income and expenses	(2,240)	(6,080)	(7,240)	(5,931)	(58,524)	
Net income before tax	900,469	643,164	497,070	730,630	771,508	
Net profit from continuing operations in the current period	893,254	657,993	514,056	701,982	748,601	
Loss from discontinued operations	-	-	-	-	-	
Net income (loss) for this period	893,254	657,993	514,056	701,982	748,601	
Other comprehensive income or loss (net value after tax) in this period	(146,241)	(117,202)	(39,687)	21,118	(21,350)	
Total comprehensive income for this period	743,013	540,791	474,369	723,100	727,251	
Net income attributable to owners of parent company	893,254	657,993	514,056	701,982	748,601	
Net income (loss) attributable to non-controlling interests	-	-	-	-	-	
Comprehensive income (loss) attributable to owners of parent company	747,013	540,791	474,369	723,100	727,251	
Total comprehensive income attributable to non-controlling interests	-	-	-	-	-	
Earnings per share	3.35	2.47	1.93	2.64	2.81	

Note 1: The Corporation has not issued the quarterly parent company only financial report as of March 31, 2020.

(V) Names of CPA and Audit Opinions

Year	Name of the accounting firm	CPA	Audit opinion
2011	PricewaterhouseCoopers, Taiwan	Hung, Shu-Hua and Tseng, Hui-Chin	Modified unqualified opinion
2012	PricewaterhouseCoopers, Taiwan	Hung, Shu-Hua and Tseng, Hui-Chin	Modified unqualified opinion
2013	PricewaterhouseCoopers, Taiwan	Yang, Ming-Ching and Tseng, Hui-Chin	Modified unqualified opinion
2014	PricewaterhouseCoopers, Taiwan	Yang, Ming-Ching and Tseng, Hui-Chin	Modified unqualified opinion
2015	PricewaterhouseCoopers, Taiwan	Hung, Shu-Hua and Tseng, Hui-Chin	Modified unqualified opinion
2016	PricewaterhouseCoopers, Taiwan	Hung, Shu-Hua and Tseng, Hui-Chin	Unqualified opinion
2017	PricewaterhouseCoopers, Taiwan	Hung, Shu-Hua and Tseng, Hui-Chin	Unqualified opinion
2018	PricewaterhouseCoopers, Taiwan	Hung, Shu-Hua and Wang, Yu-Chuan	Unqualified opinion
2019	PricewaterhouseCoopers, Taiwan	Hsu, Chien-Yeh and Wang, Yu-Chuan	Unqualified opinion

II. Financial Analysis for the Most Recent Five Years

(I) Financial Analysis for the Most Recent Five Years

1. Consolidated

Analysis Item (Note 2)		Year	Financial information for the most recent five years					Current fiscal year up to March 31, 2020 (Note 1)	
		2015	2016	2017	2018	2019			
Financial structure (%)	Ratio of liabilities to assets	33.51	40.96	45.34	47.30	48.07	Related information not yet available		
	Ratio of long-term capital to property, plant and equipment	246.56	170.11	153.28	159.22	160.48			
Solvency (%)	Current ratio	214.35	145.95	116.34	121.18	119.80			
	Quick ratio	130.87	82.74	65.67	67.91	65.86			
	Times interest earned ratio	4,934.60	2,022.53	1,321.14	1,604.98	1,531.74			
Operating ability	Accounts receivable turnover rate (times)	3.87	3.89	3.96	4.02	4.19			
	Average days for cash receipts	94.31	93.83	92.12	90.79	87.11			
	Inventory turnover rate (times)	2.10	1.93	1.94	1.86	1.82			
	Payables turnover rate (times)	9.22	9.40	8.82	8.06	9.34			
	Average days for sale of goods	173.80	189.38	189.12	196.23	200.54			
	Turnover rate for property, plant and equipment (times)	2.11	1.87	1.55	1.69	1.82			
	Total asset turnover rate (times)	0.65	0.64	0.60	0.63	0.68			
Profitability	Return on assets (%)	10.18	6.60	4.81	6.45	6.72			
	Return on equity (%)	14.85	10.01	7.77	11.21	11.95			
	Ratio of income before tax to paid-in capital (%)	41.70	28.56	23.31	35.03	37.98			
	Net profit margin (%)	14.83	9.84	7.06	9.12	9.20			
	Earnings per share (NT\$)	3.35	2.47	1.93	2.64	2.81			
Cash flow	Cash flow ratio (%)	24.92	19.56	11.79	20.32	18.52			
	Cash flow adequacy ratio (%)	106.30	75.09	63.25	55.67	57.64			
	Cash reinvestment ratio (%)	0.41	(0.69)	1.01	3.63	2.66			
Leverage	Operating leverage	7.17	10.19	5.13	7.75	7.43			
	Financial leverage	1.03	1.08	1.11	1.08	1.09			
Analysis of financial ratio difference for the last two years (Not required if the difference does not exceed 20%)									
Cash reinvestment ratio: The increase in 2018 cash dividends distributed in 2019 resulted in a decrease in available cash and a decrease in cash reinvestment ratio.									

Note 1: As of the date of the publication of the Annual Report, no CPA-audited financial data for 2020 Q1 were available.

2. Parent Company Only

Analysis Item (Note 2 to Note 5)		Year	Financial information for the most recent five years					Current fiscal year up to March 31, 2020 (Note 1)
		2015	2016	2017	2018	2019		
Financial structure (%)	Ratio of liabilities to assets	6.92	9.96	13.47	11.52	9.79	N/A	
	Ratio of long-term capital to property, plant and equipment	175,800.34	182,588.54	61,935.76	91,248.46	315,626.95		
Solvency (%)	Current ratio	107.86	75.19	31.71	60.68	16.75		
	Quick ratio	105.89	72.95	31.46	59.85	16.48		
	Times interest earned ratio	17,704.48	10,960.59	6,246.53	8,946.47	11,611.61		
Operating ability	Accounts receivable turnover rate (times)	-	-	-	-	-		
	Average days for cash receipts	-	-	-	-	-		
	Inventory turnover rate (times)	-	-	-	-	-		
	Payables turnover rate (times)	-	-	-	-	-		
	Average days for sale of goods	-	-	-	-	-		
	Turnover rate for property, plant and equipment (times)	540.36	208.11	91.25	101.60	203.08		
	Total asset turnover rate (times)	0.15	0.11	0.09	0.12	0.13		
Profitability	Return on assets (%)	14.27	10.32	7.85	10.36	10.92		
	Return on equity (%)	15.36	11.19	8.79	11.73	12.14		
	Ratio of income before tax to paid-in capital (%)	33.80	24.14	18.66	27.42	28.96		
	Net profit margin (%)	93.16	91.63	86.28	82.73	81.62		
	Earnings per share (NT\$)	3.35	2.47	1.93	2.64	2.81		
Cash flow	Cash flow ratio (%)	497.89	321.87	64.34	198.16	132.33		
	Cash flow adequacy ratio (%)	84.70	85.02	83.46	96.20	113.91		
	Cash reinvestment ratio (%)	1.80	(1.00)	1.77	2.47	1.15		
Leverage	Operating leverage	1.06	1.07	1.13	1.12	1.08		
	Financial leverage	1.01	1.01	1.02	1.01	1.01		
Analysis of financial ratio difference for the last two years: (Not required if the difference does not exceed 20%)								
1. Ratio of long-term capital to property, plant and equipment: Long-term loans due within one year were transferred to increased current liabilities, resulting in an increase in the ratio of long-term capital to property, plant and equipment.								
2. Current ratio: Long-term loans due within one year were transferred to increased current liabilities, resulting in an increase in the current ratio and quick ratio.								
3. Times interest earned ratio: The increase in net profit before income tax and interest expenses caused the increase in the times interest earned ratio.								
4. Turnover rate for property, plant and equipment: The increase in operating revenue resulted in an increase in turnover rate for property, plant and equipment.								
5. Cash flow ratio: The decrease in net cash flow from operating activities and increase in current liabilities resulted in the decrease of the cash flow ratio.								
6. Cash reinvestment ratio: The increase in 2018 cash dividends distributed in 2019 resulted in a decrease in available cash and a decrease in cash reinvestment ratio.								

Note 1. The Corporation has not issued the quarterly parent company only financial report as of March 31, 2020.

Note 2. Formula for calculating the financial analysis:

1. Financial structure
 - (1) Liability to asset ratio = total liabilities/total assets.
 - (2) Ratio of long-term capital to property, plant, and equipment = (total equity + non-current liabilities)/net amount of property, plant, and equipment.
 2. Debt-paying capability
 - (1) Current ratio = current assets/current liabilities
 - (2) Quick ratio = (current assets - inventory - prepaid expenditures)/current liabilities.
 - (3) Interest protection multiples = income before income tax and interest expenditure/ Interest expenditures for this period.
 3. Business capability
 - (1) Accounts receivable (including accounts receivable and notes receivable resulting from operation) turnover = Net sales/balance of average accounts receivable (including accounts receivable and notes receivable resulting from operation).
 - (2) Average collection days = 365/Receivables turnover rate.
 - (3) Inventory turnover = Sales expense/Average inventory value.
 - (4) Payables turnover rate (including bills payable resulting from accounts payable and business operations) = Cost of sales/Average accounts payable in various periods (including bills payable resulting from accounts payable and business operations).
 - (5) Average sales days = 365/Inventory turnover ratio.
 - (6) PP&E turnover ratio = Net sale/Average PP&E value.
 - (7) Total asset turnover ratio = Net sales/Average total PP&E value.
 4. Profitability
 - (1) Return on assets (ROA) = [Net income after income tax + Interest expenses * (1 - tax rate)]/Average total assets.
 - (2) Equity remuneration rate = Net gain (loss) after tax/Average total equity value.
 - (3) Net profit rate = Net gain (loss) after tax/Net sales.
 - (4) Earnings Per Share (EPS) = (Gain (loss) attributable to the owner of the parent company - Dividend for preferred shares)/Weighted average of issued shares
 5. Cash flow volume
 - (1) Cash flow ratio = Net cash from business activities/Current liabilities.
 - (2) Net cash flow adequacy ratio = Net cash flow for business activities for the last 5 years/(Capital expenses + Additional inventory sum + Cash dividend) for the past 5 fiscal years.
 - (3) Cash re-investment ratio = (Net cash flow from business activities - Cash dividend)/(Gross amount of PP&E + Long-term investments + Other non-current assets + Business capital).
 6. Degree of leverage:
 - (1) Operating leverage = (Net revenue - Variable operating costs and expenses)/Operating income.
 - (2) Degree of Financial Leverage (DFL) = Operating profit/(Operating profit - Interest expenditures).
- Note 3. Special attention shall be paid to the following matters when using the formula of Earnings Per Share above:
1. The calculation shall be based on the weighted average quantity of common shares, instead of the number of shares outstanding as of the end of the year.
 2. When calculating the weighted average shares after capital increase or treasury stock trades, their effective term shall be taken into consideration.
 3. Where retained earnings or capital surplus are transferred to common stocks, retrospective adjustment shall be made in proportion to the quantity of shares issued in calculating the semiannual or annual EPS of the year. The period for the release of such new shares may be omitted.
 4. If the preferred stock is non-convertible cumulative preferred stocks, dividend for the year (whether it is being distributed or not) shall be subtracted from net profit after income tax or added to net loss after income tax. If the preferred shares are not cumulative in nature, the preferred stock dividends shall be deducted from the net income under after-tax net profit conditions. No adjustment is required if there are losses.
- Note 4. Special attention shall be paid to the following matters for cash flow analysis:
1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the statement of cash flows.
 2. Capital expenditure refers to the cash outflow to annual capital investment.
 3. The increase in inventory is included only when the balance at the end of the period is larger than the balance at the beginning of the period. If the inventory decreases at the end of the year, it shall be calculated as zero.
 4. Cash dividends include the cash dividends paid to holders of common shares and preferred shares.
 5. Gross property, plant, and equipment refer to total property, plant and equipment before the accumulated depreciation is subtracted.
- Note 5. The issuer shall classify operating costs and operating expenses as fixed or variable by their nature. If estimation or subjective judgment is involved, attention shall be paid to its reasonableness and consistency.

III. Audit Committee's Review Report for the Most Recent Years' Financial Report

Audit Committee's Review Report

The Board of Directors has prepared and submitted the 2019 business report, financial statements (including parent company only and consolidated financial statements), and earnings allocation proposal, of which the financial statements have been audited by the CPAs Hsu, Chien-Yeh and Wang, Yu-Chuan of PricewaterhouseCoopers, Taiwan. After having audited the above-mentioned business report, financial statements and earnings allocation proposal, the Audit Committee does not consider that there is any disagreement. Therefore, an audit report is provided as above in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

To

2020 general shareholders' meeting

Convener of the Audit Committee : Tsai, Shih-Kuang



March 30, 2020

IV. Most Recent Financial Reports

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Shareholders of YungShin Global Holding Corporation

Opinion

We have audited the accompanying consolidated balance sheets of YungShin Global Holding Corporation and its subsidiaries (the “Group”) as at December 31, 2019 and 2018, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to Other Matter section of our report), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and generally accepted auditing standards in the Republic of China (ROC GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Key audit matters for the Group's consolidated financial statements of the current period are stated as follows :

Allowance for inventory valuation losses

Description

Please refer to Note 4(12) for description of accounting policy on inventory valuation, Note 5(2) for accounting estimates and assumptions, and Note 6(4) for details of allowance for inventory valuation losses.

The Group was engaged in manufacturing and selling human drugs and health food. The Group's inventories were measured at the lower of cost and net realisable value, and provided the allowance for inventory valuation losses based on individually identified reasonable net realisable value of inventories. Considering that the Group's inventories and the allowance for inventory valuation losses were material to its financial statements, and the determination of net realisable value in balance sheet date involved judgements and estimates, we identified the allowance for inventory valuation losses a key audit matter.

How our audit addressed the matter

As this key audit matter had covered different consolidated entities based on our audit and the reports of other auditors, we performed the following audit procedures on the above key audit matter:

1. Assessed the reasonableness of provision policies on allowance for inventory valuation losses and procedures based on our understanding of the Group's operation and industry.
2. Obtained an understanding of the Group's warehousing control procedures. Reviewed annual physical inventory count plan and participated in the annual inventory count event in order to assess the classification of obsolete inventory and effectiveness of obsolete inventory internal control.
3. Obtained the net realisable value of each kind of inventory and checked whether the applied calculation logic was in agreement with all inventory, and tested the reasonableness of supporting document in relation to net realisable value.
4. Verified whether the inventory aging reports that the Group applied to value inventories were accurate. Recalculated and evaluated the reasonableness of allowance for inventory valuation losses in order to confirm the report information were in line with its policies.

Other matter –Audits by other auditors

We did not audit the financial statements of a wholly-owned consolidated subsidiary and investments recognized under the equity method that are included in the financial statements. Total assets of the subsidiary and the investees (including investments accounted for using equity method) of \$2,632,704 thousand and \$2,655,156 thousand as at December 31, 2019 and 2018, constituted 21% and 23% of consolidated total assets; operating income of the subsidiary and the investees of \$1,338,008 thousand and 1,200,671 thousand, for the years ended December 31, 2019 and 2018, both constituted 16% of consolidated total operating income; and comprehensive income of aforementioned investments accounted for using equity method of \$72,609 thousand and \$119,447 thousand, constituted 10% and 17% of consolidated total comprehensive income, respectively. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on the audit reports of the other auditors.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion and other matter section on the parent company only financial statements of YungShin Global Holding Corporation as at and for the years ended December 31, 2019 and 2018.

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

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

As part of an audit in accordance with ROC GAAS, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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

We remain solely responsible for our audit opinion.

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

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

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


[Wang, Yu-Chuan]


[Hsu, Chien-Yeh]

For and on behalf of PricewaterhouseCoopers, Taiwan

March 30, 2020

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

YUNGSHIN GLOBAL HOLDING CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2019		December 31, 2018			
			AMOUNT	%	AMOUNT	%		
Current assets								
1100	Cash and cash equivalents	6(1)	\$	1,311,760	11	\$	1,174,242	10
1136	Current financial assets at amortised cost	6(2)		24,755	-		26,542	-
1150	Notes receivable, net	6(3)		302,418	2		411,076	3
1170	Accounts receivable, net	6(3)		1,586,047	13		1,488,960	13
1180	Accounts receivable due from related parties, net	7		59,653	1		57,249	-
1200	Other receivables	7		54,334	-		11,678	-
1220	Current tax assets	6(23)		-	-		14,755	-
130X	Inventories	6(4)		2,510,726	20		2,305,831	20
1410	Prepayments			228,400	2		194,201	2
1470	Other current assets			5,728	-		3,241	-
11XX	Current Assets			6,083,821	49		5,687,775	48
Non-current assets								
1517	Non-current financial assets at fair value through other comprehensive income	6(5)		70,246	1		51,832	-
1550	Investments accounted for using equity method	6(6)		1,173,857	9		1,141,309	10
1600	Property, plant and equipment	6(7) and 8		4,537,304	37		4,441,706	38
1755	Right-of-use assets	6(8)		109,500	1		-	-
1760	Investment property - net	6(9)		39,959	-		25,973	-
1780	Intangible assets			41,252	-		45,977	-
1840	Deferred tax assets	6(23)		93,552	1		83,161	1
1900	Other non-current assets	6(10)		209,963	2		287,916	3
15XX	Non-current assets			6,275,633	51		6,077,874	52
1XXX	Total assets		\$	12,359,454	100	\$	11,765,649	100

(Continued)

YUNGSHIN GLOBAL HOLDING CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2019		December 31, 2018	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Current borrowings	6(12) and 8	\$ 2,927,434	24	\$ 2,918,934	25
2130	Current contract liabilities	6(19)	18,149	-	19,140	-
2150	Notes payable		1,986	-	6,518	-
2170	Accounts payable		431,657	4	436,590	4
2180	Accounts payable to related parties	7	30,109	-	32,055	-
2200	Other payables	6(13) and 7	975,895	8	911,844	8
2230	Current tax liabilities	6(23)	146,237	1	152,250	1
2280	Current lease liabilities	6(8)	27,133	-	-	-
2365	Current refund liabilities	6(19)	128,524	1	140,019	1
2399	Other current liabilities, others	6(14) and 8	391,032	3	76,033	1
21XX	Current Liabilities		5,078,156	41	4,693,383	40
Non-current liabilities						
2540	Non-current portion of non-current borrowings	6(14) and 8	312,031	3	393,281	3
2570	Deferred tax liabilities	6(23)	290,392	2	265,805	2
2580	Non-current lease liabilities	6(8)	47,924	-	-	-
2640	Net defined benefit liability, non-current	6(15)	152,744	1	170,917	2
2670	Other non-current liabilities, others		59,382	1	42,834	-
25XX	Non-current liabilities		862,473	7	872,837	7
2XXX	Total Liabilities		5,940,629	48	5,566,220	47
Equity attributable to owners of parent						
Share capital		6(16)				
3110	Ordinary share		2,664,230	22	2,664,230	23
Capital surplus		6(17)				
3200	Capital surplus		2,143,919	17	2,118,665	18
Retained earnings		6(18)				
3310	Legal reserve		573,689	5	503,491	4
3320	Special reserve		243,197	2	261,289	2
3350	Unappropriated retained earnings		892,485	7	780,703	7
Other equity interest						
3400	Other equity interest		(265,965) (	2) (	243,197) (	2) (
3500	Treasury stocks		(1,439) (	- (	1,439) (- (
31XX	Equity attributable to owners of the parent		6,250,116	51	6,083,742	52
36XX	Non-controlling interest		168,709	1	115,687	1
3XXX	Total equity		6,418,825	52	6,199,429	53
Significant contingent liabilities and unrecognized contract commitments		9				
3X2X	Total liabilities and equity		\$ 12,359,454	100	\$ 11,765,649	100

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

YUNGSHIN GLOBAL HOLDING CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars, except earnings per share)

Items	Notes	Year ended December 31			
		2019		2018	
		AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(19) and 7	\$ 8,191,531	100	\$ 7,513,686	100
5000 Operating costs	6(4)(22) and 7	(4,383,759)	(53)	(4,078,723)	(55)
5950 Net operating margin		3,807,772	47	3,434,963	45
Operating expenses	6(22) and 7				
6100 Selling expenses		(1,962,565)	(24)	(1,706,262)	(23)
6200 Administrative expenses		(555,321)	(7)	(555,804)	(7)
6300 Research and development expenses		(397,982)	(5)	(370,735)	(5)
6000 Total operating expenses		(2,915,868)	(36)	(2,632,801)	(35)
6900 Net operating profit		891,904	11	802,162	10
Non-operating income and expenses					
7010 Other income	6(20)	77,727	1	80,667	1
7020 Other gains and losses	6(21)	14,250	-	1,871	-
7050 Finance costs		(70,676)	(1)	(62,005)	(1)
7060 Share of profit of associates and joint ventures accounted for under equity method		98,693	1	110,472	2
7000 Total non-operating income and expenses		119,994	1	131,005	2
7900 Profit from continuing operations before tax		1,011,898	12	933,167	12
7950 Income tax expense	6(23)	(257,887)	(3)	(247,915)	(3)
8200 Profit		\$ 754,011	9	\$ 685,252	9

(Continued)

YUNGSHIN GLOBAL HOLDING CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars, except earnings per share)

	Items	Notes	Year ended December 31			
			2019		2018	
			AMOUNT	%	AMOUNT	%
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Gains on remeasurements of defined benefit plans	6(15)	\$ 2,357	-	\$ 6,858	-
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(5)	17,590	-	(9,342)	-
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		1,052	-	(63)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(23)	(471)	-	4,606	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss		<u>20,528</u>	<u>-</u>	<u>2,059</u>	<u>-</u>
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Exchange differences on translation		(23,946)	-	4,613	-
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method		(21,445)	-	7,262	-
8399	Income tax relating to components of other comprehensive income that will be reclassified to profit or loss	6(23)	10,469	-	(690)	-
8360	Components of other comprehensive income that will be reclassified to profit or loss		<u>(34,922)</u>	<u>-</u>	<u>11,185</u>	<u>-</u>
8300	Other comprehensive (loss) income, net		<u>(\$ 14,394)</u>	<u>-</u>	<u>\$ 13,244</u>	<u>-</u>
8500	Total comprehensive income		<u>\$ 739,617</u>	<u>9</u>	<u>\$ 698,496</u>	<u>9</u>
	Profit (loss), attributable to:					
8610	Owners of the parent		\$ 748,601	9	\$ 701,982	9
8620	Non-controlling interest		5,410	-	(16,730)	-
	Total		<u>\$ 754,011</u>	<u>9</u>	<u>\$ 685,252</u>	<u>9</u>
	Comprehensive income attributable to:					
8710	Owners of the parent		\$ 727,251	9	\$ 723,100	9
8720	Non-controlling interest		12,366	-	(24,604)	-
	Total		<u>\$ 739,617</u>	<u>9</u>	<u>\$ 698,496</u>	<u>9</u>
	Basic earnings per share					
9750	Total basic earnings per share	6(24)	<u>\$ 2.81</u>		<u>\$ 2.64</u>	
	Diluted earnings per share					
9850	Total diluted earnings per share		<u>\$ 2.81</u>		<u>\$ 2.63</u>	

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

YUNGSHIN GLOBAL HOLDING CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

Notes	Equity attributable to owners of the parent													
	Capital Surplus				Retained Earnings				Other equity interest					
	Ordinary share	Additional paid-in capital	Changes in ownership interests in subsidiaries	Donated assets received	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Unrealized gain or loss on available-for-sale financial assets	Treasury stocks	Total	Non-controlling interest	Total equity
For the year ended December 31, 2018														
Balance at January 1, 2018	\$ 2,664,230	\$ 2,165,650	\$ 3,225	\$ 530	\$ 452,085	\$ 234,090	\$ 625,428	(\$ 264,621)	\$ -	\$ 3,332	(\$ 1,439)	\$ 5,882,510	\$ 140,291	\$ 6,022,801
Effects of retrospective application and retrospective restatement	-	-	-	-	-	-	-	-	11,765	(3,332)	-	8,433	-	8,433
Balance at 1 January after adjustments	2,664,230	2,165,650	3,225	530	452,085	234,090	625,428	(264,621)	11,765	-	(1,439)	5,890,943	140,291	6,031,234
Profit (loss)	-	-	-	-	-	-	701,982	-	-	-	-	701,982	(16,730)	685,252
Other comprehensive income (loss)	-	-	-	-	-	-	11,459	19,059	(9,400)	-	-	21,118	(7,874)	13,244
Total comprehensive income (loss)	-	-	-	-	-	-	713,441	19,059	(9,400)	-	-	723,100	(24,604)	698,496
Appropriation and distribution of 2017 earnings	6(18)													
Legal reserve appropriated	-	-	-	-	51,406	-	(51,406)	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	-	-	27,199	(27,199)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	(479,561)	-	-	-	-	(479,561)	-	(479,561)
Cash dividends from capital surplus	-	(53,283)	-	-	-	-	-	-	-	-	-	(53,283)	-	(53,283)
Changes in ownership	-	-	2,543	-	-	-	-	-	-	-	-	2,543	-	2,543
Balance at December 31, 2018	\$ 2,664,230	\$ 2,112,367	\$ 5,768	\$ 530	\$ 503,491	\$ 261,289	\$ 780,703	(\$ 245,562)	\$ 2,365	\$ -	(\$ 1,439)	\$ 6,083,742	\$ 115,687	\$ 6,199,429
For the year ended December 31, 2019														
Balance at January 1, 2019	\$ 2,664,230	\$ 2,112,367	\$ 5,768	\$ 530	\$ 503,491	\$ 261,289	\$ 780,703	(\$ 245,562)	\$ 2,365	\$ -	(\$ 1,439)	\$ 6,083,742	\$ 115,687	\$ 6,199,429
Profit (loss)	-	-	-	-	-	-	748,601	-	-	-	-	748,601	5,410	754,011
Other comprehensive income (loss)	-	-	-	-	-	-	1,418	(41,878)	19,110	-	-	(21,350)	6,956	(14,394)
Total comprehensive income (loss)	-	-	-	-	-	-	750,019	(41,878)	19,110	-	-	727,251	12,366	739,617
Appropriation and distribution of 2018 earnings	6(18)													
Reversal of special capital reserve	-	-	-	-	-	(18,092)	18,092	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	70,198	-	(70,198)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	(586,131)	-	-	-	-	(586,131)	-	(586,131)
From share of changes in equities of subsidiaries	-	-	25,254	-	-	-	-	-	-	-	-	25,254	40,656	65,910
Balance at December 31, 2019	\$ 2,664,230	\$ 2,112,367	\$ 31,022	\$ 530	\$ 573,689	\$ 243,197	\$ 892,485	(\$ 287,440)	\$ 21,475	\$ -	(\$ 1,439)	\$ 6,250,116	\$ 168,709	\$ 6,418,825

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

YUNGSHIN GLOBAL HOLDING CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 1,011,898	\$ 933,167
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense (including investment property)	6(7)(9)	358,801	339,801
Depreciation expense on right-of-use assets	6(8)	19,388	-
Amortisation expense	6(22)	18,152	17,209
Expected credit loss/Provision for bad debt expense	(	5,369)	5,626
Amortisation charges of long-term prepaid rent	6(10)	-	2,025
Interest expense		70,378	62,005
Interest expense-lease liabilities	6(8)	298	-
Interest income	6(20)	(3,935)	(3,410)
Share of loss of associates and joint ventures	(	98,963)	(110,472)
Loss on disposal of investments - subsidiary	6(21)	24,291	-
Loss on disposal of property, plant and equipment	6(21)	13,623	1,178
Impairment loss of biological asset		-	2,885
Gain on disposal of non-current assets classified as held for sale	6(21)	(70,950)	-
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		108,658	(34,726)
Accounts receivable	(	104,566)	(15,859)
Accounts receivable - related parties, net	(	3,574)	6,896
Other receivables	(	42,656)	13,407
Inventories	(	204,895)	(247,401)
Prepayments	(	34,671)	1,727
Other current assets		2,913	65
Changes in operating liabilities			
Contract liabilities	(	991)	4,661
Notes payable	(	4,532)	4,996
Accounts payable	(	6,879)	(67,083)
Other payables		91,072	207,231
Other current liabilities		49,461	19,078
Other non-current liabilities		11,430	(36,274)
Cash inflow generated from operations		1,198,382	1,106,732
Interest received		3,935	3,295
Interest paid	(	70,378)	(62,005)
Income tax paid	(	246,081)	(152,512)
Cash dividends-long-term investments at equity		54,791	58,404
Net cash flows from operating activities		940,649	953,914

(Continued)

YUNGSHIN GLOBAL HOLDING CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2019	2018
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Decrease in financial liabilities at amortised cost		\$ 700	\$ 15,218
Proceeds from disposal of non-current assets classified as held for sale	6(11)	260,264	-
Proceeds from disposal of subsidiaries	6(25)	(29,978)	-
Acquisition of property, plant and equipment	6(25)	(609,699)	(461,214)
Proceeds from disposal of property, plant and equipment		22,281	507
Acquisition of intangible assets		(13,466)	(24,423)
Increase in refundable deposits		(53,298)	(27,787)
Increase in restricted assets		(4,000)	-
Decrease (increase) in other non-current assets		(12,306)	2,303
Net cash flows used in investing activities		(439,502)	(495,396)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings		4,810,176	6,271,576
Decrease in short-term borrowings		(4,777,868)	(6,116,785)
Proceeds from long-term debt		225,000	370,000
Repayments of long-term borrowings		(6,250)	(359,450)
Increase (decrease) in guarantee deposits received		(10,698)	19,350
Decrease in other payables — related parties		(29,980)	-
Repayments of principal portion of lease liabilities	6(8)	(17,012)	-
Cash dividends paid		(586,131)	(479,561)
Cash dividends from capital surplus		-	(53,283)
Increase in non-controlling interest		40,656	-
Net cash flows used in financing activities		(352,107)	(348,153)
Impact of exchange rate		(11,522)	(9,194)
Net increase in cash and cash equivalents		137,518	101,171
Cash and cash equivalents at beginning of year		1,174,242	1,073,071
Cash and cash equivalents at end of year		\$ 1,311,760	\$ 1,174,242

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

YUNGSHIN GLOBAL HOLDING CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

- A. YungShin Global Holding Corporation (the “Company”) was established in January 2011. The Company and its subsidiaries (collectively referred herein as the “Group”) are mainly engaged in investing and manufacturing and selling medicines, animal drugs, agricultural chemicals and industrial medicine, and cosmetics.
- B. The Company was incorporated on January 3, 2011, through a share swap from Yung Shin Pharmaceutical Industrial Company Limited, and the Company’s shares have been traded on the Taiwan Stock Exchange in the Republic of China since January 3, 2011. YungShin Pharmaceutical Industrial Company Limited is now a wholly-owned subsidiary of the Company.

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

These consolidated financial statements were authorized for issuance by the Board of Directors on March 27, 2020.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

New standards, interpretation and amendments endorsed by the FSC effective from 2019 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 9, ‘Prepayment features with negative compensation’	January 01, 2019
IFRS 16, ‘Leases’	January 01, 2019
Amendments to IAS 19, ‘Plan amendment, curtailment or settlement’	January 01, 2019
Amendments to IAS 28, ‘Long-term interests in associates and joint ventures’	January 01, 2019
IFRIC 23, ‘Uncertainty over income tax treatments’	January 01, 2019
Annual improvements to IFRSs 2015 - 2017 cycle	January 01, 2019

Except for the following, the above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

IFRS 16, ‘Leases’

- A. IFRS 16, ‘Leases’, replaces IAS 17, ‘Leases’ and related interpretations and SICs. The standard requires lessees to recognise a ‘right-of-use asset’ and a lease liability (except for those

leases with terms of 12 months or less and leases of low-value assets). The accounting stays the same for lessors, which is to classify their leases as either finance leases or operating leases and account for those two types of leases differently. IFRS 16 only requires enhanced disclosures to be provided by lessors.

- B. The Group has elected to apply IFRS 16 by not restating the comparative information (referred herein as the ‘modified retrospective approach’) when applying “IFRSs” effective in 2019 as endorsed by the FSC. Accordingly, the Group increased ‘right-of-use asset’ by \$97,284, increased ‘lease liability’ by \$43,865 and increased other non-current assets by \$53,419 with respect to the lease contracts of lessees on January 1, 2019.
- C. The Group has used the following practical expedients permitted by the standard at the date of initial application of IFRS 16:
- (a) Reassessment as to whether a contract is, or contains, a lease is not required, instead, the application of IFRS 16 depends on whether or not the contracts were previously identified as leases applying IAS 17 and IFRIC 4.
 - (b) The use of a single discount rate to a portfolio of leases with reasonably similar characteristics.
 - (c) The accounting for operating leases whose period will end before December 31, 2019 as short-term leases and accordingly, rent expense of \$10,872 thousand was recognised in 2019.
 - (d) The exclusion of initial direct costs for the measurement of ‘right-of-use asset’.
 - (e) The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.
 - (f) The adjustment of the ‘right-of-use asset’ by the amount of any provision for onerous leases.
- D. The Group calculated the present value of lease liabilities by using the weighted average incremental borrowing interest rate of 0.68% ~4.46%.
- E. The Group recognised lease liabilities which had previously been classified as ‘operating leases’ under the principles of IAS 17, ‘Leases’. The reconciliation between operating lease commitments under IAS 17 measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate and lease liabilities recognised as of January 1, 2019 is as follows:

Operating lease commitments disclosed by applying IAS 17 as at December 31, 2018	\$	52,005
Less: Short-term leases	(	7,533)
Total lease contracts amount recognised as lease liabilities by applying IFRS 16 on January 1, 2019	\$	<u>44,472</u>
Incremental borrowing interest rate at the date of initial application		0.68%~4.46%
Lease liabilities recognised as at January 1, 2019 by applying IFRS 16	\$	<u>43,865</u>

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

New standards, interpretations and amendments endorsed by the FSC effective from 2020 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendment to IAS 1 and IAS 8, 'Disclosure Initiative-Definition of Material'	January 01, 2020
Amendments to IFRS 3, 'Definition of a business'	January 01, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7, 'Interest rate benchmark reform'	January 01, 2020

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

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 01, 2021
Amendments to IAS 1, 'Classification of liabilities as current or noncurrent'	January 01, 2022

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

These consolidated financial statements are prepared by the Group in accordance with the "Regulations Governing the Preparation of Financial Statements by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

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

- (a) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- (b) Financial assets at fair value through other comprehensive income.
- B. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- (a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- (d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2019	December 31, 2018	
YungShin Global Holding Corporation	Yung Shin Pharm. Ind. Co., Ltd. (YSP)	Manufacturing and sales of medicines and cosmetics	100.00	100.00	Note 2
YungShin Global Holding Corporation	Antec Biotechnology Corporation, Ltd.(ATB)	Extraction, manufacturing and sales of trees	100.00	100.00	Note 1
YungShin Global Holding Corporation	isRed Pharma & Biotech Research Co., Ltd. (IBC)	Inspection and sales of medicines and cosmetics	-	100.00	Note 3
YungShin Global Holding Corporation	Chemix Inc. (Chemix)	Sales of medicines	100.00	100.00	-
YungShin Global Holding Corporation	YSP International Company Limited (YSP INC)	Sales,investments and other relevant businesses	100.00	100.00	Note 2
YungShin Global Holding Corporation	AShin Company Limited (ASHIN)	Manufacturing and sales of medicines	100.00	100.00	-
YSP	Angel Associates (Taiwan), Inc. (AAI)	Import and export trading	73.50	73.50	-
YSP	Vetnostrum Animal Health Co., Ltd.	Manufacturing and sales of medicines	100.00	100.00	-
YSP INC	Carlsbad Technology, Inc. (CTI)	Manufacturing and sales of medicines	82.60	82.60	-
YSP INC	Yung Shin China Holding Company Limited (YSP CNH)	Import and export trading	89.81	89.42	Note 4
YSP CNH	Yung Shin Pharmaceutical Ind. (Kunshan) Co., Ltd. (YSK)	Manufacturing of medicines	92.10	99.00	Note 5
YSP CNH	Shanghai Yung Zip Pharmaceutical Trading Co., Ltd. (YZS)	Import and export trading	100.00	100.00	-
YSP CNH	Yung Shin Company Limited (YHK)	Sales of medicines	96.50	96.50	-
YSP CNH	Farmtec Research Co., Ltd. (FTR)	Pharmaceutical research and authorization of developed products	100.00	100.00	-
YSP CNH	Globecare Trading (Shanghai) Co., Ltd. (GCT)	Import and export trading	60.00	60.00	-
YSP CNH	Chung Shin (JiangSu) Clinical Research Co., Ltd.(CSC)	Pharmaceutical research and transfer consultation of developed products	100.00	100.00	-

- Note 1: On December 31, 2016, Antec Biotechnology Co., Ltd. had dissolved and approved with Letter No. Sho-Gin-Shan-Zi-10607018000 by Taichung city government. Currently, the liquidation process is still ongoing.
- Note 2: A significant subsidiary of the Group.
- Note 3: In the third quarter of 2019, the Board of Directors of the Company resolved to sell 100% equity interest in isRed Pharma & Biotech Research Co., Ltd. to the related parties, director Fang Yu Lee and others. The transaction was completed in the third quarter of 2019 and the investee is no longer a subsidiary of the Company from then on.
- Note 4: On September 20, 2019, YSP International Company Limited invested USD 1.2 million in Yung Shin China Holding Company Limited.
- Note 5: On January 17, 2019 and August 19, 2019, the Board of Directors of Yung Shin Pharmaceutical Ind. (Kunshan) Co., Ltd. Resolved for a cash capital increase by issuing 5,967,380 shares and 2,602,620 shares, and the registrations were completed on July 15, 2019 and December 30, 2019, respectively.

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

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

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However,

non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

- (d) All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

The operating results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet.
- (b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period.
- (c) All resulting exchange differences are recognised in other comprehensive income.

(5) Classification of current and non-current items

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

- (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realised within twelve months from the balance sheet date;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

- (a) Liabilities that are expected to be settled within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be settled within twelve months from the balance sheet date;
- (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using settlement date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:
The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
 - (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.
- C. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(9) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Impairment of financial assets

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

(11) Derecognition of financial assets

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

from the financial asset expire.

(12) Inventories

Inventory is stated at cost. The cost is determined using the standard cost method. On balance sheet date, the cost difference is allocated to cost of goods sold and inventory proportionately. Variances arising from the fluctuations of productivity are deferred when preparing interim financial statements. At the end of period, inventories are evaluated at the lower of cost or net realisable value and the individual item-by-item approach is used for the comparison of inventory cost and its net realisable value. The net realisable value is calculated based on the estimated selling price in the normal course of business, net of estimated costs of completion and estimated selling expenses.

(13) Investments accounted for under the equity method / associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the

relevant assets or liabilities were disposed of.

(14) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately. The significant components of buildings include buildings and central precipitator systems engineering.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings, structures and attached facilities	2 ~ 45 years
Machinery and equipment	1 ~ 20 years
Transportation equipment	5 ~ 6 years
Office equipment	2 ~ 12 years
Other equipment	1 ~ 20 years

(15) Leasing arrangements (lessee) — right-of-use assets/ lease liabilities

Effective 2019

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate.
Lease payments are comprised of fixed payments, less any lease incentives receivable.
The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset

when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

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

- (a) The amount of the initial measurement of lease liability;
- (b) Any lease payments made at or before the commencement date; and
- (c) Any initial direct costs incurred by the lessee.

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

(16) Leased assets/ operating leases (lessee)

Payments made under an operating lease (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the lease term.

(17) Investment property

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

(18) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 4 ~ 35 years.

(19) Intangible assets

A. Trademark rights and drug licenses

Separately acquired trademark rights and drug licenses are stated at historical cost. Trademark rights and drug licenses have a finite useful life and are amortised on a straight-line basis over their estimated useful lives of 1 to 14 years.

B. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 to 10 years.

C. Patent and royalty are stated initially at its cost and amortised using the straight-line method over its estimated economic service life of 10 to 19 years.

(20) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist

or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(21) Borrowings

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

(22) Notes and accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term accounts and notes payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(23) Derecognition of financial liabilities

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

(24) Employee benefits

A. Short-term employee benefits

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

B. Pensions

1. (a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

2. (b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds of a currency and term consistent with the currency and term of employment benefit obligations.

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

iii. Past service costs are recognised immediately in profit or loss.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognises expense as it can no longer withdraw an offer of termination benefits or it recognises relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

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

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is distributed by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(25) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional 5% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to

apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

- D. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred income tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.
- F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(26) Share capital

- A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.
- B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.
- C. The cost of treasury stock is accounted for on a weighted-average basis.
- D. The Company's shares held by its subsidiaries are accounted for as treasury stocks.

(27) Dividends

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

(28) Revenue recognition

Sales of goods

- A. The Group manufactures and sells medicines products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery

occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

- B. The products are often sold with volume discounts based on aggregate sales over a 12-month period. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts as well as sales discounts and allowances. Accumulated experience is used to estimate and provide for the volume discounts as well as sales discounts and allowances, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. A refund liability is recognised for expected volume discounts or sales discounts and allowances payable to customers in relation to sales made until the end of the reporting period. The sales usually are made with a credit term of 30 to 120 days. Which is consistent with market practice. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.
- C. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(29) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker. The Chief Operating Decision-Maker is responsible for allocating resources and assessing performance of the operating segments.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. The related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes

down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of December 31, 2019, the carrying amount of inventories was \$2,510,726.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Cash on hand and revolving funds	\$ 966	\$ 1,176
Checking accounts and demand deposits	1,239,994	931,316
Time deposits	<u>70,800</u>	<u>241,750</u>
	<u>\$ 1,311,760</u>	<u>\$ 1,174,242</u>
Interest rate range of time deposit	<u>0.30%~2.49%</u>	<u>0.3%~2.9%</u>

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote. The Group's maximum exposure to credit risk at balance sheet date is the carrying amount of all cash and cash equivalents.

B. As at December 31, 2019 and 2018, time deposits mature in excess of three months amounted to \$24,755 and \$26,542, respectively, and are recognised in financial assets at a mortised cost.

C. The Group has no cash and cash equivalents pledged to others.

(2) Financial assets at amortised cost

<u>Items</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Current items:		
Time deposits mature in excess of three months	<u>\$ 24,755</u>	<u>\$ 26,542</u>

A. As at December 31, 2019 and 2018, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was \$24,755 and \$26,542, respectively.

B. The Group has no financial assets at amortised cost pledged to others as collateral.

(3) Notes and accounts receivable, net

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Notes receivable	\$ 304,023	\$ 412,616
Other notes receivable	<u>3</u>	<u>66</u>
Subtotal	<u>\$ 304,026</u>	<u>\$ 412,682</u>
Less: Allowance for bad debts	<u>(1,608)</u>	<u>(1,606)</u>
	<u>\$ 302,418</u>	<u>\$ 411,076</u>
Accounts receivable	\$ 1,601,259	\$ 1,511,140
Less: Allowance for bad debts	<u>(15,212)</u>	<u>(22,180)</u>
	<u>\$ 1,586,047</u>	<u>\$ 1,488,960</u>

A. The ageing analysis of accounts receivable and notes receivable that were past due but not

impaired is as follows:

	December 31, 2019		December 31, 2018	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 1,533,147	\$ 304,026	\$ 1,419,550	\$ 412,682
Up to 60 days	54,672	-	72,270	-
61 to 120 days	2,484	-	8,139	-
Over 120 days	10,956	-	11,181	-
	<u>\$ 1,601,259</u>	<u>\$ 304,026</u>	<u>\$ 1,511,140</u>	<u>\$ 412,682</u>

The above ageing analysis was based on past due date.

- B. As at December 31, 2019 and 2018, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2018, the balance of receivables from contracts with customers amounted to \$1,715,058.
- C. As at December 31, 2019 and 2018, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable were \$302,418 and \$411,076, \$1,586,047 and \$1,488,960, respectively.
- D. The Group does not hold any collateral as security.
- E. Information relating to credit risk is provided in Note 12(2).

(4) Inventories

	December 31, 2019		
	Cost	Allowance	Book value
Raw materials	\$ 1,162,926	(\$ 30,001)	\$ 1,132,925
Supplies	122,049	(1,277)	120,772
Work in progress	281,114	(10,987)	270,127
Finished goods	981,450	(22,857)	958,593
Inventory in transit	28,309	-	28,309
	<u>\$ 2,575,848</u>	<u>(\$ 65,122)</u>	<u>\$ 2,510,726</u>
	December 31, 2018		
	Cost	Allowance	Book value
Raw materials	\$ 1,084,718	(\$ 15,100)	\$ 1,069,618
Supplies	109,951	(2,020)	107,931
Work in progress	283,075	(13,504)	269,571
Finished goods	863,951	(47,427)	816,524
Inventory in transit	42,187	-	42,187
	<u>\$ 2,383,882</u>	<u>(\$ 78,051)</u>	<u>\$ 2,305,831</u>

	Years ended December 31,	
	2019	2018
Cost of inventories sold	\$ 4,350,158	\$ 4,040,750
Loss on inventory obsolescence	49,213	57,659
Gain on reversal of decline in market value	(11,817)	(18,242)
Others	(3,795)	(1,444)
	<u>\$ 4,383,759</u>	<u>\$ 4,078,723</u>

For the years ended December 31, 2019 and 2018, the Group reversed from previous inventory write-downs or obsolete inventories due to the disposal of part of those inventories.

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

Items	December 31, 2019	December 31, 2018
Non-current items:		
Listed stocks	\$ 4,047	\$ 4,169
Unlisted stocks	44,599	44,599
Valuation adjustment	<u>21,600</u>	<u>3,064</u>
Total	<u>\$ 70,246</u>	<u>\$ 51,832</u>

A. The Group has elected to classify listed and unlisted stocks that are considered to be strategic investments or steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$70,246 and \$51,832 as at December 31, 2019 and 2018, respectively.

B. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

Equity instruments at fair value through other comprehensive income	Year ended December 31, 2019	Year ended December 31, 2018
Fair value change recognised in other comprehensive income	<u>\$ 17,590</u>	<u>(\$ 9,342)</u>

As at December 31, 2019 and 2018, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents at fair value through other comprehensive income held by the Group was \$70,246 and \$51,832, respectively.

C. The Group has no financial assets at fair value through other comprehensive income pledged to others as collateral.

D. Information relating to price risk is provided in Note 12(2).

(6) Investments accounted for under the equity method

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Associates:		
Y.S.P. SOUTHEAST ASIA HOLDING BHD. (YSP SAH)	\$ 902,477	\$ 885,645
Biotrust International Corporation Ltd. (Biotrust)	197,547	191,122
Yung Zip Chemical Ind. Co., Ltd.	73,833	64,542
	<u>\$ 1,173,857</u>	<u>\$ 1,141,309</u>

A. Associates

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

Company name	Principal place of business	Shareholding ratio		Method of measurement
		December 31, 2019	December 31, 2018	
YSP SAH	Malaysia	37.52%	37.86%	Equity method

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

Balance sheet

	YSP SAH	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Current assets	\$ 2,041,552	\$ 1,927,505
Non-current assets	1,123,081	1,130,119
Current liabilities	(391,854)	(368,409)
Non-current liabilities	(367,172)	(307,025)
Total net assets	<u>\$ 2,405,607</u>	<u>\$ 2,382,190</u>
Share in associate's net assets	\$ 902,477	\$ 885,645
Less: Impairment loss	<u>-</u>	<u>-</u>
Carrying amount of the associate	<u>\$ 902,477</u>	<u>\$ 885,645</u>

Statement of comprehensive income

	YSP SAH	
	Years ended December 31,	
	<u>2019</u>	<u>2018</u>
Revenue	\$ 2,205,318	\$ 2,159,506
Profit for the period from continuing operations	\$ 163,327	\$ 233,587
Other comprehensive income, net of tax	1,470	919
Total comprehensive income	<u>\$ 164,797</u>	<u>\$ 234,506</u>

(c) The carrying amount of the Group's interests in all individually immaterial associates and the

Group's share of the operating results are summarized below:

As of December 31, 2019 and 2018, the carrying amount of the Group's individually immaterial associates amounted to \$271,380 thousand and \$255,664 thousand, respectively.

	Years ended December 31,	
	2019	2018
Share of loss of associates and joint ventures accounted for under equity method	\$ 37,228	\$ 21,069
Other comprehensive (loss) income, net of tax	(469)	(5)
Remeasurement of defined benefit plan:		
Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	1,521	(57)
Total comprehensive income	<u>\$ 38,280</u>	<u>\$ 21,007</u>

- (d) The Group's material associate YSP SAH Corporation has quoted market prices. As of December 31, 2019 and 2018, the fair value was \$894,347 and \$1,065,640, respectively.
- B. For the years ended December 31, 2019 and 2018, the share of profit (loss) of above related parties is recognised based on the financial statements audited by the auditors.

(7) Property, plant and equipment

<u>December 31, 2019</u>	<u>At January 1</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclassifications</u>	<u>Net exchange differences</u>	<u>December 31</u>
<u>Cost</u>						
Land	\$ 2,116,018	\$ 236,556	(\$ 22,197)	(\$ 93,097)	(\$ 2,030)	\$ 2,235,250
Buildings and structures	3,585,527	39,338	(5,161)	(117,490)	(25,350)	3,476,864
Machinery and equipment	3,640,221	74,241	(38,854)	187,502	(47,042)	3,816,068
Transportation equipment	41,655	5,339	(766)	(191)	(293)	45,744
Office equipment	212,731	4,293	(1,202)	(13,233)	(1,277)	201,312
Other equipment	749,171	32,265	(31,734)	6,794	(23,805)	732,691
Construction in progress	236,636	316,315	-	(217,734)	-	335,217
	<u>\$ 10,581,959</u>	<u>\$ 708,347</u>	<u>(\$ 99,914)</u>	<u>(\$ 247,449)</u>	<u>(\$ 99,797)</u>	<u>\$ 10,843,146</u>
<u>Accumulated depreciation</u>						
Buildings and structures	(\$ 2,410,283)	(\$ 112,657)	\$ 4,810	\$ 49,730	\$ 14,041	(\$ 2,454,359)
Machinery and equipment	(2,943,069)	(171,382)	37,971	833	30,654	(3,044,993)
Transportation equipment	(28,939)	(3,943)	689	493	171	(31,529)
Office equipment	(175,383)	(14,471)	971	11,815	1,007	(176,061)
Other equipment	(581,392)	(54,579)	19,569	18	17,484	(598,900)
	<u>(6,139,066)</u>	<u>(\$ 357,032)</u>	<u>\$ 64,010</u>	<u>\$ 62,889</u>	<u>\$ 63,357</u>	<u>(6,305,842)</u>
Less: Accumulated impairment	(1,187)	\$ -	\$ -	\$ 1,187	\$ -	-
	<u>\$ 4,441,706</u>					<u>\$ 4,537,304</u>

<u>December 31, 2018</u>	<u>At January 1</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclassifications</u>	<u>Net exchange differences</u>	<u>December 31</u>
<u>Cost</u>						
Land	\$ 2,105,147	\$ -	-	\$ -	\$ 10,871	\$ 2,116,018
Buildings and structures	3,493,173	24,341	(\$ 1,078)	57,496	11,595	3,585,527
Machinery and equipment	3,531,067	144,436	(56,578)	15,852	5,444	3,640,221
Transportation equipment	41,941	571	(853)	-	(4)	41,655
Office equipment	207,560	4,495	(563)	110	1,129	212,731
Other equipment	664,255	67,714	(12,309)	32,337	(2,826)	749,171
Construction in progress	101,363	234,157	-	(98,885)	1	236,636
	<u>\$ 10,144,506</u>	<u>\$ 475,714</u>	<u>(\$ 71,381)</u>	<u>\$ 6,910</u>	<u>\$ 26,210</u>	<u>\$ 10,581,959</u>
<u>Accumulated depreciation</u>						
Buildings and structures	(\$ 2,287,554)	(\$ 114,332)	\$ 917	(\$ 4,117)	(\$ 5,197)	(\$ 2,410,283)
Machinery and equipment	(2,857,959)	(150,535)	55,911	15,663	(6,149)	(2,943,069)
Transportation equipment	(24,967)	(4,594)	643	-	(21)	(28,939)
Office equipment	(160,384)	(15,370)	542	683	(854)	(175,383)
Other equipment	(527,112)	(52,808)	11,683	(14,817)	1,662	(581,392)
	<u>(5,857,976)</u>	<u>(\$ 337,639)</u>	<u>\$ 69,696</u>	<u>(\$ 2,588)</u>	<u>(\$ 10,559)</u>	<u>(6,139,066)</u>
Less: Accumulated impairment	(1,187)	\$ -	\$ -	\$ -	\$ -	(1,187)
	<u>\$ 4,285,343</u>					<u>\$ 4,441,706</u>

A. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

B. For the year ended December 31, 2019, the Group transferred part of land as well as building and structures to ‘non-current asset held for sale’, refer to Note 6(11) for more details.

(8) Leasing arrangements — lessee

Effective 2019

- A. The Group leases various assets including land, buildings and structures, machinery and equipment, transportation equipment and other equipment. Rental contracts are typically made for periods of 1 to 3 years, except for land in China which are for periods of 41 to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. The carrying amount of right-of-use assets and the depreciation charge are as follows:
-

	<u>December 31, 2019</u>	
	<u>Carrying amount</u>	
Land	\$	13,403
Long-term lease prepayments (land use right)		49,823
Buildings and structures		34,294
Machinery and equipment		3,375
Transportation equipment		7,747
Office equipment		858
	\$	<u>109,500</u>

	<u>Year ended December 31, 2019</u>	
	<u>Depreciation charge</u>	
Land	\$	781
Long-term lease prepayments (land use right)		2,011
Buildings and structures		6,640
Machinery and equipment		1,282
Transportation equipment		8,674
	\$	<u>19,388</u>

-
- C. For the year ended December 31, 2019, the additions to right-of-use assets was \$46,781.
- D The information on profit and loss accounts relating to lease contracts is as follows:

	<u>Year ended December 31, 2019</u>	
Items affecting profit or loss		
Interest expense on lease liabilities	\$	298
Expense on short-term lease contracts	\$	10,872
Gain or loss on sale and leaseback transactions (gains on transfer of the rights) (Note)	\$	<u>70,950</u>

Note: Refer to Note 6(11) for sale and leaseback transactions.

- E. For the year ended December 31, 2019, the Group's total cash outflow for leases was

\$28,182.

(9) Investment property, net

<u>December 31, 2019</u>	<u>At January 1</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclassifications</u>	Net exchange differences	<u>At December 31</u>
<u>Cost</u>						
Land	\$ -	\$ -	\$ -	\$ 13,987	\$ -	\$ 13,987
Buildings and structures	58,863	-	-	9,607	(2,233)	66,237
Total	<u>\$ 58,863</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,594</u>	<u>(\$ 2,233)</u>	<u>\$ 80,224</u>
<u>Accumulated depreciation</u>						
Buildings and structures	(\$ 32,890)	(\$ 1,769)	\$ -	(\$ 5,294)	\$ 875	(\$ 39,078)
Accumulated impairment	-	\$ -	\$ -	(\$ 1,187)	\$ -	(1,187)
Total	<u>\$ 25,973</u>					<u>\$ 39,959</u>

<u>December 31, 2018</u>	<u>At January 1</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclassifications</u>	Net exchange differences	<u>At December 31</u>
<u>Cost</u>						
Buildings and structures	\$ 63,782	\$ -	\$ -	(\$ 3,595)	(\$ 1,324)	\$ 58,863
<u>Accumulated depreciation</u>						
Buildings and structures	(\$ 33,649)	(\$ 2,162)	\$ -	\$ 2,588	\$ 333	(\$ 32,890)
Total	<u>\$ 30,133</u>					<u>\$ 25,973</u>

A. Rental income from the lease of the investment property and direct operating expenses arising from the investment property are shown below:

	<u>Years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Rental revenue from the lease of the investment property	<u>\$ 2,841</u>	<u>\$ 3,749</u>
Direct operating expenses arising from the investment property that generated rental income in the period	<u>\$ 2,403</u>	<u>\$ 2,234</u>
Direct operating expenses arising from the investment property that did not generate rental income in the period	<u>\$ 457</u>	<u>\$ -</u>

B. The fair value of the Group's investment property and major assumptions for fair value calculation are as follows:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Fair value	<u>\$ 78,832</u>	<u>\$ 31,682</u>

Fair value of investment properties held by the Group is valued based on prices available on real estate transaction database website of the Department of Land Administration M.O.I. and

transaction prices of properties in the neighbouring areas.

C. The Group has no investment property pledged as collateral.

(10) Other non-current assets

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Prepayment for equipment	\$ 66,256	\$ 159,827
Long-term prepaid rents	-	53,419
Refundable deposits	125,143	71,845
Restricted assets	4,000	-
Other non-current assets	<u>14,564</u>	<u>2,825</u>
	<u>\$ 209,963</u>	<u>\$ 287,916</u>

Note: On January 1, 2019, the Group reclassified long-term prepaid rents - land use rights to right-of-use assets. Refer to Note 6(8) for more details.

The Group leased land in Mainland China with terms of 41~50 years. All rentals had been paid on the contract date. The Group recognised rental expenses of \$2,025 for the year ended December 31, 2018, respectively.

(11) Non-current assets held for sale

A. On March 11, 2019, the Board of Directors of the subsidiary, Carlsbad Technology, Inc. resolved to dispose land as well as buildings and structures, and transferred the related assets to non-current assets held for sale, which were then sold for \$260,264 on November 4, 2019 with book value amounting to \$173,925. All proceeds from the disposal have been collected. The transaction resulted in a total gain on disposal of \$86,339, of which a gain on disposal amounting to \$15,389 was deferred as a portion of abovementioned assets was sold and leased back for another three years for the operational needs, and the remaining amount of \$70,950 was recognised as a gain on disposal for the year and recorded under other gains and losses (refer to Note 6(21)). Information on sale and leaseback transactions is provided in Note 6(8).

B. As of December 31, 2019 and 2018: None.

(12) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2019</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Secured borrowings	\$ 829,424	0.51% ~ 4.79%	Please refer to Note 8.
Unsecured borrowings	<u>2,098,010</u>	0.85% ~ 4.80%	None
	<u>\$ 2,927,434</u>		

<u>Type of borrowings</u>	<u>December 31, 2018</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Secured borrowings	\$ 908,480	0.50% ~ 4.41%	Please refer to Note 8.
Unsecured borrowings	<u>2,010,454</u>	0.85% ~ 5.48%	None
	<u>\$ 2,918,934</u>		

(13) Other payables

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Accrued salaries and bonuses	\$ 403,205	\$ 417,846
Accrued employee remuneration	44,241	45,601
Accrued research expenses	7,940	16,570
Payables on equipment	11,193	6,116
Compensation payable to directors and supervisors	15,793	14,957
Others	<u>493,523</u>	<u>410,754</u>
	<u>\$ 975,895</u>	<u>\$ 911,844</u>

(14) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest Rate</u>	<u>Collateral</u>	<u>December 31, 2019</u>
Bank unsecured NTD-borrowings	Borrowing period is from September 2018 to September 2020; payable in full at maturity date	1.32%	None	\$ 300,000
Bank unsecured NTD-borrowings	Borrowing period is from June 2019 to June 2021; payable in full at maturity date	1.02%	None	200,000
Bank secured NTD-borrowings	Borrowing period is from June 2019 to June 2021; payable in full at maturity date	1.06%	Please refer to Note 8	95,000
Bank secured JPY-borrowings	Borrowing period is from July 2018 to July 2023; payable starting from July 2021	1.10%	Please refer to Note 8	8,008
Bank secured JPY-borrowings	Borrowing period is from December 2008 to December 2023; payable starting from June 2014	1.10%	Please refer to Note 8	10,507
Bank secured JPY-borrowings	Borrowing period is from January 2012 to January 2022; payable starting from June 2014	0.85%	Please refer to Note 8	4,766
				618,281
Less: Current portion of long-term borrowings (shown as other current liabilities)				(306,250)
				<u>\$ 312,031</u>

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	December 31, 2018
Bank unsecured NTD-borrowings	Borrowing period is from September 2018 to September 2020; payable in full at maturity date	1.31%	None	\$ 300,000
Bank secured NTD-borrowings	Borrowing period is from July 2018 to December 2023; payable in full at maturity date	1.05%	Please refer to Note 8	30,000
Bank secured NTD-borrowings	Borrowing period is from December 2018 to December 2023; payable in full at maturity date	1.05%	Please refer to Note 8	40,000
Bank secured JPY-borrowings	Borrowing period is from December 2008 to December 2023 payable starting from June 2014	1.10%	Please refer to Note 8	10,007
Bank secured JPY-borrowings	Borrowing period is from March 2010 to March 2025 payable starting from June 2014	1.10%	Please refer to Note 8	12,507
Bank secured JPY-borrowings	Borrowing period is from January 2012 to January 2022 payable starting from June 2014	0.85%	Please refer to Note 8	7,017
				<u>\$ 399,531</u>
Less: Current portion of long-term borrowings (shown as other current liabilities)				<u>(6,250)</u>
				<u>\$ 393,281</u>

(15) Pensions

A. (a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 5% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contributions for the deficit by next March.

3. (b) The amounts recognised in the balance sheet are determined as follows:

	December 31, 2019	December 31, 2018
Present value of funded obligations	\$ 440,393	\$ 466,830
Fair value of plan assets	(331,602)	(334,562)
4. Net defined benefit liability	<u>\$ 108,791</u>	<u>\$ 132,268</u>

5. (c) Movements in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<u>Year ended December 31, 2019</u>			
Balance at January 1	\$ 466,830	\$ 334,562	\$ 132,268
Current service cost	3,481	-	3,481
Interest expense	6,008	4,471	1,537
Settlement profit or loss	(15,725)	(15,725)	-
	<u>460,594</u>	<u>323,308</u>	<u>137,286</u>
Remeasurements:			
Return on plan assets	-	10,968	(10,968)
Change in financial assumptions	4,932	-	4,932
Experience adjustments	<u>3,679</u>	<u>-</u>	<u>3,679</u>
	<u>8,611</u>	<u>10,968</u>	<u>(2,357)</u>
Pension fund contribution	-	25,770	(25,770)
Paid pension	(28,812)	(28,444)	(368)
Balance at December 31	<u>\$ 440,393</u>	<u>\$ 331,602</u>	<u>\$ 108,791</u>

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<u>Year ended December 31, 2018</u>			
Balance at January 1	\$ 530,304	\$ 351,087	\$ 179,217
Current service cost	4,578	-	4,578
Interest expense	<u>7,334</u>	<u>5,019</u>	<u>2,315</u>
	<u>542,216</u>	<u>356,106</u>	<u>186,110</u>
Remeasurements:			
Return on plan assets	-	9,857	(9,857)
Change in financial assumptions	661	-	661
Experience adjustments	<u>2,338</u>	<u>-</u>	<u>2,338</u>
	<u>2,999</u>	<u>9,857</u>	<u>(6,858)</u>
Pension fund contribution	(4,161)	42,823	(46,984)
Paid pension	(74,224)	(74,224)	-
Balance at December 31	<u>\$ 466,830</u>	<u>\$ 334,562</u>	<u>\$ 132,268</u>

6. (d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company and domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2019 and 2018 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.
7. (e) The principal actuarial assumptions used were as follows:

	Years ended December 31,	
	2019	2018
Discount rate	1.00%~1.10%	1.10%~1.30%
Future salary increases	2.00%	2.00%~4.00%

Future mortality rate was estimated based on the 5th Taiwan Standard Ordinary Experience Mortality Table.

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

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 1%	Decrease 1%
December 31, 2019				
Effect on present value of defined benefit obligation	(\$ 10,867)	\$ 11,351	\$ 47,452	(\$ 40,824)
December 31, 2018				
Effect on present value of defined benefit obligation	(\$ 12,377)	\$ 12,941	\$ 55,135	(\$ 47,098)

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

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

8. (f) Expected contributions to the defined benefit pension plans of the Company's domestic subsidiaries for the year ending December 31, 2020 amounts to \$27,600.
- B. (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
9. (b) All of the Company's subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.
10. (c) The Company's subsidiaries in the United States of America (USA) have a defined contribution plan. Contributions to an independent fund administered by the government in accordance with the pension regulations in USA are based on a certain percentage of the employees' monthly salaries and wages. Other than the yearly contributions, the Group has no further obligations.
11. (d) In accordance with the regulations of Organization for Workers' Retirement Allowance Mutual Aid and the Smaller Enterprise Retirement Allowance Mutual Aid Office, the Company's subsidiaries in Japan established a defined contribution plan.
12. (e) The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2019 and 2018 were \$51,142 and \$48,022, respectively.
13. (f) The Company and some of its subsidiaries contribute monthly an amount equal to 1% of the managerial officers' monthly salaries and wages to the retirement fund. The pension costs under defined contribution pension plans of the Company for the years ended December 31, 2019 and 2018 were \$5,304 and \$5,024, respectively. The fund balance was \$43,953 and \$38,649 as of December 31, 2019 and 2018, respectively.

(16) Share capital

- A. As of December 31, 2019, the Company's authorised capital was \$3,100,000 and the paid-in capital was \$2,664,230 . All proceeds from shares issued have been collected.
- B. Treasury shares
14. (a) Changes in treasury stocks are summarized as follows:

Year ended December 31, 2019			
	Beginning balance	Increase	Decrease
Ending balance			
The Company's shares owned by the subsidiaries	58 thousand	-	-

Year ended December 31, 2018			
	Beginning balance	Increase	Decrease
Ending balance			
The Company's shares owned by the subsidiaries	58 thousand	-	-

15. (b) Angel Associates (Taiwan), Inc., the investee of the Company's subsidiary, Yung Shin Pharm. Ind. Co., Ltd., acquired 55 thousand shares of Yung Shin Pharm. Ind. Co., Ltd. on November 12, 2001 before the amendments to the Company Act. The purpose of holding shares is solely for investing.
16. (c) On January 3, 2011, Yung Shin Pharm. Ind. Co., Ltd. established the Company through share swap and Yung Shin Pharm. Ind. Co., Ltd. became a wholly-owned subsidiary of the Company. According to Tai-Cai-Zheng-3-Zi Letter No. 0920124301, the shares of Yung Shin Pharm. Ind. Co., Ltd. held by Angel Associates (Taiwan), Inc., turned into the shares of the Company through share swap.
17. (d) As of December 31, 2019 and 2018, indirect subsidiary, Angel Associates (Taiwan), Inc., both held 58 thousand shares of the Company. The average book value per share was both \$33.73 (in dollars). The fair value per share were \$42.85 and \$39.35 (in dollars), respectively.

(17) Capital surplus

- A. According to Article 30, Item 4 of the Business Mergers and Acquisitions Act, when a company becomes a wholly-owned subsidiary of another company through share swap between the two companies, although its unappropriated retained earnings are recognized as capital reserve of another company (i.e. holding company) due to the share swap, its earnings appropriation is not restricted by Article 241, Item 1 of the Company Act. Additionally, according to Jing-Shang-Zi Letter No. 09402428670, dated December 15, 2005, the capital reserve of a holding company can be appropriated as cash dividends if it was the unappropriated retained earnings of a subsidiary before share swap between a holding company and a subsidiary. Further, according to Tai-Cai-Rong-(1)-Zi Letter No. 0910016280, as such capital reserve does not come from the results of operation of a holding company, the above statement does not extend to employees' compensation and directors' and supervisors' remuneration.

- B. As of December 31, 2019 and 2018, the Company's capital reserve which belonged to the unappropriated retained earnings of Yung Shin Pharm. Ind. Co., Ltd. before share swap was both \$829,732 thousand.

	2019	2018
	Share premium	Share premium
At January 1	\$ 829,732	\$ 883,015
Cash dividends from capital surplus	-	(53,283)
At December 31	<u>\$ 829,732</u>	<u>\$ 829,732</u>

- C. Pursuant to the Company Law, capital reserve, including additional paid-in capital in excess of par and donation, shall be exclusively used to cover accumulated deficit or issuing new stock or cash to shareholders in proportion to their ownership when the Company has no accumulated deficit. However, pursuant to the R.O.C. Securities and Exchange Law, capital reserve arising from paid-in capital in excess of par value on issuance of common stock and donations can be capitalized once a year, provided that the Company has no accumulated deficit and the amount to be capitalized does not exceed 10% of the paid-in capital.

(18) Retained earnings

- A. In accordance with the Company's Articles of Incorporation, current year's earnings, shall be distributed in the following order:

18. (a) Pay all taxes under laws and decrees;
19. (b) Offset prior years' losses;
20. (c) Set aside 10% of remaining amount after deducting item (a) as legal reserve;
21. (d) Special reserve is set aside under relevant regulations;
22. (e) Dividend rate shall not be higher than 10% per annum; no dividend would be distributed if no earnings;
23. (f) Appropriation of the remainder plus the accumulated unappropriated retained earnings of prior year shall be proposed by the Board of Directors and resolved by the stockholders.

Dividends appropriation shall be proposed by the Board of Directors during its meeting, with the amount between 10%~90% of the accumulated unappropriated retained earnings. Of the total dividends, cash dividends shall account for 20% or greater of the total dividends distributed.

- B. Company's dividend policy is summarized below:

As the Company operates in a volatile business environment and is in the stable growth stage, dividends would be distributed in the form of capitalization of earnings, capitalization of capital reserve and cash. Low cash dividend policy would be adopted when any investment would be conducted and can increase the Company's profitability; in this case, dividends would be distributed in the form of capitalization of earnings or capital reserve. High cash dividend policy would be adopted when capital expansion has affected the Company's profitability.

C. The legal reserve shall be exclusively used to cover accumulated deficit, to issue new stocks or distribute cash to shareholders in proportion to their share ownership. The use of legal reserve for the issuance of stocks or cash dividends to shareholders in proportion to their share ownership is permitted provided that the balance of such reserve exceeds 25% of the Company's paid-in capital.

24. D. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

25. (b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.

E. On June 20, 2018, the stockholders resolved that total cash dividends for the distribution of earnings was \$479,561 at \$1.8 (in dollars) per share. On June 20, 2019, the stockholders resolved that total cash dividends for the distribution of earnings for the year of 2018 was \$586,131 at \$2.2 (in dollars) per share.

F. The following proposals were made in the meeting of the Board of Directors held on March 27, 2020:

26. (a) The appropriations of 2019 earnings will distribute cash dividends of \$2.2 per share. Total dividends will amount to \$586,131.

27. (b) The proposals above will be presented for approval in the Company's shareholders' meeting.

G. For the information relating to employees' compensation and directors' and supervisors' remuneration, please refer to Note 6(22).

(19) Operating revenue

	Year ended December 31,	
	2019	2018
Revenue from contracts with customers	\$ 8,191,531	\$ 7,513,686

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods at a point in time in the following major geographical regions:

Year ended December 31, 2019								
	Taiwan				America	Mainland China	Japan	Total
	Human	Animal	Others	Subtotal	Human	Human	Human	
	drugs	drugs			drugs	drugs	drugs	
Total segment revenue	\$ 3,515,457	\$ 1,319,336	\$ 941,412	\$ 5,776,205	\$ 632,098	\$ 1,561,861	\$ 711,633	\$ 8,681,797
Inter-segment revenue	(71,647)	(242,514)	(7,068)	(321,229)	(7,393)	(158,443)	(3,201)	(490,266)
Revenue from external customer	<u>\$ 3,443,810</u>	<u>\$ 1,076,822</u>	<u>\$ 934,344</u>	<u>\$ 5,454,976</u>	<u>\$ 624,705</u>	<u>\$ 1,403,418</u>	<u>\$ 708,432</u>	<u>\$ 8,191,531</u>
Year ended December 31, 2018								
	Taiwan				America	Mainland China	Japan	Total
	Human	Animal	Others	Subtotal	Human	Human	Human	
	drugs	drugs			drugs	drugs	drugs	
Total segment revenue	\$ 3,389,508	\$ 1,109,702	\$ 1,030,404	\$ 5,529,614	\$ 582,871	\$ 1,213,069	\$ 610,138	\$ 7,935,692
Inter-segment revenue	(70,744)	(236,041)	(7,711)	(314,496)	(10,605)	(91,233)	(5,672)	(422,006)
Revenue from external customer	<u>\$ 3,318,764</u>	<u>\$ 873,661</u>	<u>\$ 1,022,693</u>	<u>\$ 5,215,118</u>	<u>\$ 572,266</u>	<u>\$ 1,121,836</u>	<u>\$ 604,466</u>	<u>\$ 7,513,686</u>

B. Contract liabilities and refund liabilities

The Group has recognised the following revenue-related contract assets and liabilities:

	December 31, 2019	December 31, 2018	January 1, 2018
Contract liabilities:			
Contract liabilities – customer loyalty programmes	\$ 5,571	\$ 5,571	\$ 5,571
Contract liabilities – advance sales receipts	12,578	13,569	8,908
	<u>\$ 18,149</u>	<u>\$ 19,140</u>	<u>\$ 14,479</u>
Refund liabilities (note)	<u>\$ 128,524</u>	<u>\$ 140,019</u>	<u>\$ 141,653</u>

Note: Refund liabilities arose mainly from estimation of sales discounts and allowances.

(20) Other income

	Years ended December 31,	
	2019	2018
Interest income	\$ 3,935	\$ 3,450
Rental revenue	10,475	10,538
Development and testing revenue	13,935	11,899
Other revenue	49,382	54,780
	<u>\$ 77,727</u>	<u>\$ 80,667</u>

(21) Other gains and losses

	Years ended December 31,	
	2019	2018
Gains on disposal of non-current assets classified as held for sale (Gains arising from sale and leaseback transactions)	\$ 70,950	\$ -
Settlement profit	15,725	-
Impairment loss recognised in profit or loss, biological assets	- (	2,885)
Net currency exchange (losses) gains	(9,896)	9,611
Losses on cancellation of contracts	(12,095)	-
Losses on disposals of property, plant and equipment	(13,623) (	1,178)
Losses on disposals of investments - subsidiaries	(24,291)	-
Others	(12,520) (	3,677)
	<u>\$ 14,250</u>	<u>\$ 1,871</u>

(22) Expenses by nature

	Year ended December 31, 2019		
	Operating costs	Operating expenses	Total
Employee benefit expense			
Wages and salaries	\$ 656,275	\$ 1,130,975	\$ 1,787,250
Labour and health insurance fees	60,536	60,307	120,843
Pension expense	25,795	35,669	61,464
Other personnel expenses	19,996	38,849	58,845
	<u>\$ 762,602</u>	<u>\$ 1,265,800</u>	<u>\$ 2,028,402</u>
Depreciation	<u>\$ 299,435</u>	<u>\$ 57,597</u>	<u>\$ 357,032</u>
Depreciation charges on right-of-use assets	<u>\$ 520</u>	<u>\$ 18,868</u>	<u>\$ 19,388</u>
Amortisation	<u>\$ 4,820</u>	<u>\$ 13,332</u>	<u>\$ 18,152</u>

	Year ended December 31, 2018		
	Operating costs	Operating expenses	Total
Employee benefit expense			
Wages and salaries	\$ 623,544	\$ 1,113,219	\$ 1,736,763
Labour and health insurance fees	60,189	57,992	118,181
Pension expense	24,772	35,167	59,939
Other personnel expenses	19,015	45,717	64,732
	<u>\$ 727,520</u>	<u>\$ 1,252,095</u>	<u>\$ 1,979,615</u>
Depreciation	<u>\$ 270,221</u>	<u>\$ 67,418</u>	<u>\$ 337,639</u>
Amortisation	<u>\$ 2,556</u>	<u>\$ 14,653</u>	<u>\$ 17,209</u>

- A. Depreciation of investment property (shown as “Other gains and losses”) were \$1,769 and \$2,162 for the years ended December 31, 2019 and 2018, respectively.
- B. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall not be lower than 0.3% for employees' compensation and shall not be higher than 3% for directors' and supervisors' remuneration. The employees' compensation of the Company's subsidiary, Yung Shin Pharm, was estimated and accrued based on 4.0% of distributable profit of current year as of the end of reporting period
- C. The estimated amount of employees' compensation and directors' and supervisors' remuneration were as follows:

	Years ended December 31	
	2019	2018
Employees' compensation —		
YungShin Global Holding Corporation	\$ 2,369	\$ 2,243
Employees' compensation —		
Yung Shin Pharm. Ind. Co., Ltd.	41,870	42,681
Directors' and supervisors' remuneration	<u>15,793</u>	<u>14,277</u>
	<u>\$ 60,032</u>	<u>\$ 59,201</u>

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on no less than 0.3% and no more than 2.0% of distributable profit of current year as of the end of reporting period for the year ended December 31, 2019. The employees' compensation will be distributed in the form of cash. The employees' compensation of the Company's subsidiary, Yung Shin Pharm, was estimated and accrued based on 4.0% of distributable profit of current year as of the end of reporting period for the year ended December 31, 2019, and will be distributed in the form of cash.

For 2018, the employees' compensation and directors' and supervisors' remuneration resolved at the meeting of Board of Directors amounted to \$2,243 and \$14,277, respectively. The difference of \$724 between the amounts resolved at the Board meeting and the amounts recognised in the 2018 financial statements had been adjusted in the profit or loss of 2019. The employees' compensation and directors' and supervisors' remuneration for 2018 have been distributed.

Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(23) Income tax

A. Income tax expense

28. (a) Components of income tax expense:

	Years ended December 31,	
	2019	2018
Current tax:		
Current tax on profits for the year	\$ 250,061	\$ 236,113
Effect of amount not allowed to be recognized under regulations	(23,634)	(23,549)
Tax on undistributed surplus earnings	6,767	3,278
Prior year income tax under (over) estimation	499	(3,450)
Total current tax	<u>233,693</u>	<u>212,392</u>
Deferred tax:		
Origination and reversal of temporary differences	24,194	16,968
Impact of change in tax rate	-	18,555
Income tax expense	<u>\$ 257,887</u>	<u>\$ 247,915</u>

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

	Years ended December 31,	
	2019	2018
Currency translation differences	\$ 10,469	(\$ 3,949)
Remeasurement of defined benefit obligations	(471)	(1,373)
Impact of change in tax rate	-	9,238
Other comprehensive income	<u>\$ 9,998</u>	<u>\$ 3,916</u>

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31,	
	2019	2018
Tax calculated based on profit before tax and statutory tax rate (Note)	\$ 268,436	\$ 271,636
Effects from items disallowed by tax regulation	(23,634)	(23,549)
Taxable loss recognised as deferred tax assets	6,817	
Prior year income tax (over) under estimation	(499)	(3,450)
5% Tax on undistributed surplus earnings	6,767	3,278
Income tax expense	<u>\$ 257,887</u>	<u>\$ 247,915</u>

Note: The basis for computing the applicable tax rate are the rates applicable in the respective countries where the Group entities operate.

C. Amounts of deferred tax assets or liabilities as a result of temporary differences and loss carry forward are as follows:

	2019			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax assets:				
-Temporary differences:				
Currency translation differences	\$ 17,778	\$ -	\$ 10,469	\$ 28,247
Allowance for sales discounts	9,205	1,092	-	10,297
Allowance for obsolescence and decline in market value of inventory	7,255	(1,995)	-	5,260
Unused compensated absences	8,638	408	-	9,046
Actuarial pension gain	38,500	-	(332)	38,168
Others	1,785	749	-	2,534
	<u>\$ 83,161</u>	<u>\$ 254</u>	<u>\$ 10,137</u>	<u>\$ 93,552</u>
Deferred tax liabilities:				
-Temporary differences:				
Foreign investment income	(\$ 156,552)	(\$ 20,649)	\$ -	(\$ 177,201)
Land value incremental reserve	(100,359)	-	-	(100,359)
Pension expense payable	(4,061)	-	-	(4,061)
Others	(4,833)	(3,799)	(139)	(8,771)
	<u>(\$ 265,805)</u>	<u>(24,448)</u>	<u>(139)</u>	<u>(\$ 290,392)</u>
		<u>(\$ 24,194)</u>	<u>\$ 9,998</u>	

	2018			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax assets:				
-Temporary differences:				
Currency translation differences	\$ 18,468	\$ -	(\$ 690)	\$ 17,778
Allowance for sales discounts	7,793	1,412	-	9,205
Allowance for obsolescence and decline in market value of inventory	5,288	1,967	-	7,255
Unused compensated absences	7,287	1,351	-	8,638
Actuarial pension gain	33,675	-	4,825	38,500
Pension expense payable	2,300	(2,300)	-	-
Others	<u>5,625</u>	<u>(3,840)</u>	<u>-</u>	<u>1,785</u>
	<u>\$ 80,436</u>	<u>(\$ 1,410)</u>	<u>\$ 4,135</u>	<u>\$ 83,161</u>
Deferred tax liabilities:				
-Temporary differences:				
Foreign investment income	(\$ 129,363)	(\$ 27,189)	\$ -	(\$ 156,552)
Land value incremental reserve	(100,359)	-	-	(100,359)
Pension expense payable	-	(4,061)	(4,061)	(4,061)
Others	<u>(1,751)</u>	<u>(2,863)</u>	<u>(219)</u>	<u>(4,833)</u>
	<u>(\$ 231,473)</u>	<u>(34,113)</u>	<u>(219)</u>	<u>(\$ 265,805)</u>
		<u>(\$ 35,523)</u>	<u>\$ 3,916</u>	

D. The income tax assessments of the Company and its domestic subsidiaries are as follows:

Status of assessment:

	<u>Latest year assessed</u>
YungShin Global Holding Corporation	2016
YSP and YHA	2017

E. Under the amendments to the Income Tax Act which was promulgated by the President of the Republic of China on February 7, 2018, the Company's applicable income tax rate was raised from 17% to 20% effective from January 1, 2018. The Group has assessed the impact of the change in income tax rate.

(24) Earnings per share

Year ended December 31, 2019			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 748,601	266,365	\$ 2.81
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	748,601	266,365	
Assumed conversion of all dilutive potential ordinary shares - Employees' compensation	-	69	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 748,601	266,434	\$ 2.81

Year ended December 31, 2018			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 701,982	266,365	\$ 2.64
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	701,982	266,365	
Assumed conversion of all dilutive potential ordinary shares - Employees' compensation	-	64	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 701,982	266,429	\$ 2.63

As employees' compensation could be distributed in the form of stock, the diluted EPS computation shall include those estimated shares that would increase from employees' stock bonus issuance in the weighted-average number of common shares outstanding during the reporting period, taking into account the dilutive effects of stock bonus on potential common shares.

(25) Supplemental cash flow information

A. Investing activities with partial cash payments:

	Years ended December 31,	
	2019	2018
Purchase of property, plant, and equipment	\$ 708,347	\$ 475,714
Add: Opening balance of payable on equipment	6,116	3,597
Ending balance of prepayments for business facilities	66,256	159,827
Less: Ending balance of payable on equipment	(11,193)	(6,116)
Opening balance of prepayments for business facilities	(159,827)	(171,808)
Cash paid during the year	<u>\$ 609,699</u>	<u>\$ 461,214</u>

B. Proceeds from disposal of a subsidiary in 2019

- (a) The Group sold 100% of shares in the subsidiary - isRed Pharma & Biotech Research Co., Ltd. on September 1, 2019 and therefore lost control over the subsidiary (please refer to Note 4(3)B. Note 3 for details).
- (b) The details of the consideration received from the transaction (including cash and cash equivalents) and assets and liabilities relating to the subsidiary are as follows:

	September 1, 2019
Consideration received	
Cash	<u>\$ 10,000</u>
Carrying amount of the assets and liabilities of isRed Pharma & Biotech Research Co., Ltd.	
Cash and cash equivalents	\$ 39,978
Accounts receivable	1,353
Accounts receivable - related parties	1,170
Prepayments	472
Property, plant and equipment	14,158
Deferred income tax assets	407
Intangible assets	39
Other non-current assets	567
Other payables	(2,118)
Other current liabilities	(34,462)
Total net assets	<u>\$ 21,564</u>

(c) Gains on disposal of the subsidiary

	<u>September 1, 2019</u>
Consideration received in cash and cash equivalents	\$ 10,000
Decrease in capital surplus	(12,727)
Fair value of equity investments held by the Group	(21,564)
Losses on disposal	<u>(\$ 24,291)</u>

(d) Net cash flows from disposal of the subsidiary

	<u>September 1, 2019</u>
Consideration received in cash and cash equivalents	\$ 10,000
Less: Decrease in cash and cash equivalents from disposal of the subsidiary	(39,978)
Decrease in cash of the consolidated entity	<u>(\$ 29,978)</u>

(26) Changes in liabilities from financing activities

	<u>Short-term borrowings</u>	<u>Long-term borrowings</u>	<u>Lease liability</u>	<u>Cash dividends payable</u>	<u>Liabilities from financing activities - gross</u>
At January 1, 2019	\$ 2,918,934	\$ 399,531	\$ -	\$ -	\$ 3,318,465
Effect of initial application of IFRS	-	-	50,917	-	50,917
Changes in cash flow from financing activities	32,308	218,750	(17,012)	(586,131)	(352,085)
Additions for the year	-	-	-	586,131	586,131
Impact of changes in foreign exchange rate	(23,808)	-	-	-	(23,808)
Changes in other non-cash items	-	-	41,152	-	41,152
At December 31, 2019	<u>\$ 2,927,434</u>	<u>\$ 618,281</u>	<u>\$ 75,057</u>	<u>\$ -</u>	<u>\$ 3,620,772</u>

	<u>Short-term borrowings</u>	<u>Long-term borrowings</u>	<u>Cash dividends payable</u>	<u>Liabilities from financing activities - gross</u>
At January 1, 2018	\$ 2,739,656	\$ 382,624	\$ -	\$ 3,122,280
Changes in cash flow from financing activities	154,791	10,550	(479,561)	(314,220)
Additions for the year	-	-	479,561	-
Impact of changes in foreign exchange rate	24,487	6,357	-	30,844
At December 31, 2018	<u>\$ 2,918,934</u>	<u>\$ 399,531</u>	<u>\$ -</u>	<u>\$ 2,838,904</u>

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Yung Zip Chemical Ind. Co., Ltd.	The Company's investment accounted for using equity method
Y.S.P. SOUTHEAST ASIA HOLDING BHD.	Subsidiary's investment accounted for using equity method
Y.S.P. INDUSTRIES (M) SDN. BHD.	Subsidiary's investment accounted for using equity method
Fang chan Lee and Fang Yu Lee etc.	The Company's Chairman and his relatives within second degree
Yung Shin Amusement Co., Ltd.	Substantial related party
Yung Shin Social Welfare Foundation	Substantial related party
Tiente Lee Biomedical Foundation	Substantial related party
Bio-X Lab Co., Ltd.	Substantial related party
E & A HEALTH DEVELOP CO., LTD.	Substantial related party
Yung Shin (Meishan) Forest Trading Co., Ltd.	Substantial related party
isRed Pharma & Biotech Research Co., Ltd.	Substantial related party (Note)

Note: In the third quarter of 2019, the Board of Directors of the Company resolved to sell 100% equity interest in isRed Pharma & Biotech Research Co., Ltd. to the related parties, director Fang Yu Lee and others. The transaction was completed in the third quarter of 2019 and the investee becomes a substantial related party rather than a subsidiary of the Company from then on.

(2) Significant related party transactions and balances

A. Operating revenue:

	Years ended December 31,	
	2019	2018
Sales of goods:		
Associates	\$ 173,399	\$ 154,191
Other related parties	11,068	4,171
	<u>\$ 184,467</u>	<u>\$ 158,362</u>

Except for the transaction with Y.S.P. INDUSTRIES (M) SDN. BHD. that has no similar type of transactions to be compared with, the prices of other sales above are the same as the general sales. The collection terms to related parties are the same as those to third parties, which is 135 days after sales of goods.

B. Purchases:

	Years ended December 31,	
	2019	2018
Purchases of goods:		
Associates	\$ 67,241	\$ 73,093
Other related parties	1,447	5,552
	<u>\$ 68,688</u>	<u>\$ 78,645</u>

The aforementioned purchasing price of goods from related parties is based on regular commercial terms and conditions. The payment term is the same with regular suppliers which become due in 180 days.

C. Operating expenses:

	Years ended December 31,	
	2019	2018
Associates	\$ 524	\$ 14
Other related parties	7,998	8,148
	<u>\$ 8,522</u>	<u>\$ 8,162</u>

Contracts with other related parties are provided in Note 9(2).

D. Accounts receivable:

	December 31, 2019	December 31, 2018
Accounts receivable:		
Associates	\$ 58,572	\$ 56,192
Other related parties	1,081	1,057
	<u>\$ 59,653</u>	<u>\$ 57,249</u>
Other receivables:		
Other related parties	11,333	11,333
	<u>\$ 70,986</u>	<u>\$ 68,582</u>

E. Payables to related parties:

	December 31, 2019	December 31, 2018
Accounts payable:		
Associates	\$ 30,073	\$ 32,055
Other related parties	36	-
	<u>\$ 30,109</u>	<u>\$ 32,055</u>

F. Contribution expenses (shown as “selling expenses” and “administrative expenses”)

	Years ended December 31,			
	2019		2018	
	Amount	Other payables	Amount	Other payables
Other related parties	<u>\$ 8,870</u>	<u>\$ -</u>	<u>\$ 9,000</u>	<u>\$ -</u>

G. Proceeds from disposal of subsidiaries:

In the third quarter of 2019, the Board of Directors of the Company resolved to sell 100% equity interest in isRed Pharma & Biotech Research Co., Ltd. to the related parties, director Fang Yu Lee and others. The transaction was completed in the third quarter of 2019 and the investee is no longer a subsidiary of the Company from then on. Please refer to Note 6 (25) for the related information.

H. Loans from related parties (shown as other payables):

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Other related parties	<u>\$ 240</u>	<u>\$ 30,966</u>

According to the terms of the loan agreement, loans from other related parties have to be repaid within one year. The loans carry interest at 3.73% per annum.

I. Endorsements and guarantees provided to related parties:

Please refer to Note 13(1) for details.

(3) Key management compensation

	<u>Years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Short-term employee benefits	\$ 41,025	\$ 36,537
Post-employment benefits	35	-
	<u>\$ 41,060</u>	<u>\$ 36,537</u>

8. PLEDGED ASSETS

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

<u>Pledged asset</u>	<u>Book value</u>		<u>Purpose</u>
	<u>December 31, 2019</u>	<u>December 31, 2018</u>	
Other non-current assets			
Guarantee deposits paid	\$ 125,143	\$ 71,845	Performance guarantee for hospital
Property, plant and equipment			
Land	694,355	608,243	Endorsements and guarantees, short-term and long-term borrowings
Buildings	205,153	181,121	Endorsements and guarantees, short-term and long-term borrowings
Restricted assets (shown as other non-current assets)	4,000	-	Guarantee for natural gas
	<u>\$ 1,028,651</u>	<u>\$ 861,209</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Property, plant and equipment	<u>\$ 135,421</u>	<u>\$ 350,021</u>

(2) The subsidiary, Yung Shin Pharm. Ind. Co., Ltd., has appointed other biotechnology companies to authorize and transfer technology and research and development. Expenses that have not been incurred from signed contracts are as follows:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Authorization and transfer of technology and research and development	<u>\$ 76,596</u>	<u>\$ 87,917</u>

Except for aforementioned expenses, royalty to be paid in the future is based on an agreed upon percentage of product sales.

- (3) The Group preventively pull active pharmaceutical ingredients from the shelves since July 2018 to coordinate with Food and Drug Administration as the active pharmaceutical ingredients provided by Zhejiang Huahai Pharmaceutical Co., Ltd, which were used by the Group, suspiciously contains genotoxicity ingredients. As of March 27, 2020, there was no lawsuit related to this event.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are based on the industrial scale, considering industrial future growth and product development, and setting appropriate market share, as well as plan on corresponding capital expenditure, calculation of operating capital needed for financial operations, and considering operating profit and cash inflows arising from product competitiveness, to determine appropriate capital structure. Please refer to the balance sheets of each period for information on liability and capitalization ratios.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
<u>Financial assets</u>		
Non-current financial assets at fair value through other comprehensive income	\$ 70,246	\$ 51,832
Financial assets at amortised cost/Loans and receivables		
Cash and cash equivalents	1,311,760	1,174,242
Financial assets at amortised cost	24,755	26,542
Notes receivable	302,418	411,076
Accounts receivable	1,586,047	1,488,960
Accounts receivable due from related parties	59,653	57,249
Other receivables	54,334	11,678
Guarantee deposits paid	125,143	71,845
	<u>\$ 3,534,356</u>	<u>\$ 3,293,424</u>

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 2,927,434	\$ 2,918,934
Notes payable	1,986	6,518
Accounts payable	431,657	436,590
Accounts payable to related parties	30,109	32,055
Other accounts payable	975,895	911,844
Long-term borrowings (including current portion)	618,281	399,531
	<u>\$ 4,985,362</u>	<u>\$ 4,705,472</u>

B. Financial risk management policies

The Group's activities may expose it to financial risks including market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme holds an attitude of steady management and does not seek to minimise potential adverse effects on the Group's financial position and financial performance. The Group does not use derivative financial instruments to hedge certain risk exposures.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities.
- ii. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.
- iii. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: RMB and USD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2019			
(Foreign currency: functional currency)	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD: NTD	\$ 13,852	29.98	\$ 415,283
RMB: NTD	20,755	4.31	89,454
HKD: NTD	8,325	3.85	32,051
<u>Non-monetary items</u>			
Investments accounted for using equity method			
MYR: NTD	\$ 123,121	7.33	\$ 902,477
USD: NTD	5,311	29.98	159,224
December 31, 2018			
(Foreign currency: functional currency)	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD: NTD	\$ 12,846	30.72	\$ 394,629
USD: RMB	1,352	6.84	41,337
RMB: NTD	27,816	4.47	124,338
<u>Non-monetary items</u>			
MYR: NTD	\$ 119,682	7.40	\$ 885,645
USD: NTD	3,172	30.72	97,444

- iv. The total exchange gain (loss), including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2019 and 2018, amounted to gain of \$9,896 and loss of \$9,611, respectively.
- v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Year ended December 31, 2019			
Sensitivity analysis			
(Foreign currency: functional currency)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	10%	\$ 41,528	\$ -
RMB:NTD	10%	8,945	-
HKD:NTD	10%	3,205	-
<u>Non-monetary items</u>			
Investments accounted for using equity method			
MYR:NTD	10%	\$ -	\$ 90,248
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	10%	\$ 15,922	\$ -

Year ended December 31, 2018			
Sensitivity analysis			
(Foreign currency: functional currency)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	10%	\$ 39,463	\$ -
USD:RMB	10%	4,134	-
RMB:NTD	10%	12,434	-
<u>Non-monetary items</u>			
MYR:NTD	10%	\$ -	\$ 88,565
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	10%	\$ 9,744	\$ -

Price risk

- The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- The Group's investments in equity securities comprise shares issued by the domestic and foreign companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had

increased/decreased by 1% with all other variables held constant, gains or losses arose from other comprehensive income classified to financial assets at fair value through other comprehensive income as of December 31, 2019 and 2018, both increased/decreased by \$702 and \$518, respectively.

Cash flow and fair value interest rate risk

- i. The Group's interest rate risk arises from short-term borrowings and long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group's borrowings are mainly with variable rates. During the years ended December 31, 2019 and 2018, the Group's borrowings at variable rate were denominated in the NTD, USD and RMB.
- ii. When interest rates on borrowings had been 10 basis points higher/lower with all other variables held constant, pre-tax profit for the years ended December 31, 2019 and 2018 would have been \$3,546 and \$3,318 lower/higher, respectively.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms and at fair value through other comprehensive income.
- ii. The Group manages their credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
If the contract payments were past due over 60 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- iv. If the credit rating grade of an investment target degrades two scales, there has been a significant increase in credit risk on that instrument since initial recognition.
- v. The Group adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.
- vi. The Group classifies customers' accounts receivable and contract assets in accordance with product types and credit rating of customer. The Group applies the simplified approach using provision matrix to estimate expected credit loss.

vii. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable and contract assets. As of December 31, 2019 and 2018, the loss rate methodology is as follows:

	December 31, 2019		
	Individual	Group	Total
Expected loss rate	0%	0.95%	
Total book value	\$ -	\$ 1,601,259	\$ 1,601,259
Loss allowance	-	15,212	15,212

	December 31, 2018		
	Individual	Group	Total
Expected loss rate	100%	1%	
Total book value	\$ 1,024	\$ 1,510,116	\$ 1,511,140
Loss allowance	1,024	21,156	22,180

viii. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable, contract assets and lease payments receivable are as follows:

	2019
	Account receivable
At January 1	\$ 22,180
Reversal of impairment loss	(5,369)
Write-offs	(1,156)
Effect of foreign exchange	(443)
At December 31	<u>\$ 15,212</u>

	2018
	Account receivable
At January 1_IFRS 9	\$ 16,834
Provision for impairment loss	5,626
Write-offs	(125)
Effect of foreign exchange	(155)
At December 31	<u>\$ 22,180</u>

(c) Liquidity risk

- Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets.
- The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the

contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

December 31, 2019

	Within 1 year	Between 1 and 2 years	Over 2 years	Total
Short-term borrowings	\$ 2,955,388	\$ -	\$ -	\$ 2,955,388
Notes payable	1,986	-	-	1,986
Accounts payable (including related parties)	461,766	-	-	461,766
Other payables	975,895	-	-	975,895
Lease liability	29,120	24,783	23,789	77,692
Long-term borrowings (including current portion)	313,461	208,312	107,481	629,254
	<u>\$ 4,737,616</u>	<u>\$ 233,095</u>	<u>\$ 131,270</u>	<u>\$ 5,101,981</u>

Non-derivative financial liabilities:

December 31, 2018

	Within 1 year	Between 1 and 2 years	Over 2 years	Total
Short-term borrowings	\$ 2,954,049	\$ -	\$ -	\$ 2,954,049
Notes payable	6,518	-	-	6,518
Accounts payable (including related parties)	468,645	-	-	468,645
Other payables	911,844	-	-	911,844
Long-term borrowings (including current portion)	11,193	309,859	89,941	410,993
	<u>\$ 4,352,249</u>	<u>\$ 309,859</u>	<u>\$ 89,941</u>	<u>\$ 4,752,049</u>

iii .The Group has the following undrawn borrowing facilities:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Floating rate:		
Expiring within one year	\$ 1,376,869	\$ 1,067,661
Expiring beyond one year	253,000	150,000
Fixed rate:		
Expiring within one year	650,000	781,362
Expiring beyond one year	55,119	48,870
	<u>\$ 2,334,988</u>	<u>\$ 2,047,893</u>

iv. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

- A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in derivative instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability.

- B. Fair value information of investment property at cost is provided in Note 6(9).

- C. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, short-term borrowings, notes payable, accounts payable and other payables are approximate to their fair values.

- D. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2019 and 2018 is as follows:

The related information of natures of the assets and liabilities is as follows:

December 31, 2019	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income				
Equity securities	\$ 10,586	\$ -	\$ 59,660	\$ 70,246
December 31, 2018	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income				
Equity securities	\$ 8,118	\$ -	\$ 43,714	\$ 51,832

- E. The methods and assumptions the Group used to measure fair value are as follows:

(a) The instruments the Group used market quoted prices as their fair values (that is, Level 1)

are listed below by characteristics:

- | | |
|---------------------|---------------|
| | Listed shares |
| Market quoted price | Closing price |
- (b) The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.
- (c) The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.
- F. For the years ended December 31, 2019 and 2018, there was no transfer between Level 1 and Level 2.
- G. For the years ended December 31, 2019 and 2018, there was no any transfer into or out from Level 3.
- H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

		Fair value at December 31, 2019	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:						
Unlisted shares	\$	59,660	Market comparable companies	Price-Book Ratio multiple	0.06~2.38	The higher the multiple and control premium, the higher the fair value

		Fair value at December 31, 2018	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative						
Unlisted shares	\$	43,714	Market comparable companies	Price-Book Ratio multiple	0.06~1.65	The higher the multiple and control premium, the higher the fair value

- (4) Yung Shin Pharmaceutical Industrial Co. (YSP) jointly owned seven tracts of land in Sianren Sec. numbered 311, 314, 315, 316, 316-1, 317 and 325 in Dajia Dist. Taichung city with several people. One of the co-owners requested for partition and filed a lawsuit with Taiwan Taichung District Court. On May 24, 2018, the Court rendered a judgement in the first instance that YSP has sole ownership of land but YSP has to compensate the rest of the co-owners. Subsequently, YSP filed an appeal with Taiwan High Court during the legal period, which rendered a judgement on May 15, 2019 declaring that YSP has sole ownership of land but has to compensate the rest of co-owners. The judgement was affirmed on June 24, 2019 as no appeal was filed during the legal period. The transfer of ownership was registered and the consideration of land was paid.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 4.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 5.

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 7.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to tables 4 and 5.

14. SEGMENT INFORMATION

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the Chief Operating Decision-Maker that are used to make strategic decisions.

The Chief Operating Decision-Maker considers the business from a geographic perspective, and divides reportable operating segments into four areas of business in Taiwan, US, Mainland China and Japan. The Group derives its revenue primarily from the manufacture and sale of pharmaceuticals and cosmetics.

(2) Measurement of segment information

The measurement of profit is based on the income from continuing operations. The Chief Operating Decision-Maker assesses the performance of the operating segments based on the net income of operating segments. The accounting policy of operating segments is referred to in Note 2 to the consolidated financial statements.

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

A. The segment information provided to the Chief Operating Decision-Maker for the reportable segments and reconciliations are as follows:

Year ended December 31, 2019					
	Taiwan	US	China	Japan	Total
Revenues from external customers	\$ 5,454,976	\$ 624,705	\$ 1,403,418	\$ 708,432	\$ 8,191,531
Inter-segment revenues	321,229	7,393	158,443	3,201	490,266
Total revenues	\$ 5,776,205	\$ 632,098	\$ 1,561,861	\$ 711,633	\$ 8,681,797
Segment profit or loss after tax	\$ 617,367	\$ 46,209	(\$ 5,619)	\$ 21,309	\$ 679,266
Depreciation and amortisation	\$ 288,955	\$ 37,182	\$ 64,737	\$ 5,467	\$ 396,341
Interest income	\$ 2,650	\$ -	\$ 1,282	\$ 3	\$ 3,935
Interest expense	\$ 23,103	\$ 35,363	\$ 11,537	\$ 673	\$ 70,676

Year ended December 31, 2018					
	Taiwan	US	China	Japan	Total
Revenues from external customers	\$ 5,215,118	\$ 572,266	\$ 1,121,836	\$ 604,466	\$ 7,513,686
Inter-segment revenues	314,496	10,605	91,233	5,672	422,006
Total revenues	\$ 5,529,614	\$ 582,871	\$ 1,213,069	\$ 610,138	\$ 7,935,692
Segment profit or loss after tax	\$ 642,878	(\$ 23,369)	(\$ 26,726)	\$ 9,929	\$ 602,712
Depreciation and amortisation	\$ 250,075	\$ 41,900	\$ 60,160	\$ 4,875	\$ 357,010
Interest income	\$ 2,114	\$ 100	\$ 1,231	\$ 5	\$ 3,450
Interest expense	\$ 21,466	\$ 30,854	\$ 9,071	\$ 614	\$ 62,005

The adoption of IFRS 16, 'Leases', had the following impact on the segment information in 2019.

	Taiwan	US	China	Japan	Total
Depreciation expense increased	\$ 16,345	\$ -	\$ 2,011	\$ 1,032	\$ 19,388

B. For the years ended December 31, 2019 and 2018, information on local currency for the aforementioned segments which are required to report is as follows:

Year ended December 31, 2019					
	Taiwan	US	China	Japan	
Revenues from external customers	TWD 5,454,976	USD 20,837	CNY 325,619	JPY 2,530,114	
Inter-segment revenues	321,229	247	36,762	11,432	
Total revenues	TWD 5,776,205	USD 21,084	CNY 362,381	JPY 2,541,546	
Segment profit or loss after tax	TWD 617,367	USD 1,541	(CNY 1,304)	JPY 76,104	
Depreciation and amortisation	TWD 288,955	USD 1,205	CNY 14,482	JPY 19,521	
Interest income	TWD 2,650	USD -	CNY 287	JPY 11	
Interest expense	TWD 23,103	USD 1,143	CNY 2,581	JPY 2,402	

Year ended December 31, 2018					
	Taiwan	US	China	Japan	
Revenues from external customers	TWD 5,215,118	USD 18,981	CNY 246,557	JPY 2,238,763	
Inter-segment revenues	314,496	352	20,051	21,007	
Total revenues	TWD 5,529,614	USD 19,333	CNY 266,608	JPY 2,259,770	
Segment profit or loss after tax	TWD 642,878	(USD 775)	(CNY 5,874)	JPY 36,774	
Depreciation and amortisation	TWD 250,075	USD 1,390	CNY 13,193	JPY 18,054	
Interest income	TWD 2,114	USD 3	CNY 270	(JPY 18)	
Interest expense	TWD 21,466	USD 1,023	CNY 1,989	JPY 2,274	

(4) Reconciliation for segment revenues and profit (loss):

A. Reconciliation for adjusted income and continued operating segments' revenues are as follows:

	Years ended December 31,	
	2019	2018
Adjusted income from the reportable segments	\$ 8,681,797	\$ 7,935,692
Elimination of inter-segment revenues	(490,266)	(422,006)
Net operating revenues	<u>\$ 8,191,531</u>	<u>\$ 7,513,686</u>

B. Reconciliation for income after tax and continued operating segments' income after tax are as follows:

	Years ended December 31,	
	2019	2018
Adjusted income from the reportable segments	\$ 679,266	\$ 602,712
Others	92,270	117,940
Elimination of inter-segment income (loss)	(17,525)	(35,400)
Consolidated net income after tax	<u>\$ 754,011</u>	<u>\$ 685,252</u>

(5) Information on products and services:

The Group is primarily engaged in the manufacture and sale of medicals and cosmetics. The Group operates business only in a single industry; disclosure of revenue information by industry is not applicable.

	December 31, 2019	December 31, 2018
Human drugs	\$ 6,180,365	\$ 5,617,332
Animal drugs	1,076,822	873,661
Others	<u>934,344</u>	<u>1,022,693</u>
	<u>\$ 8,191,531</u>	<u>\$ 7,513,686</u>

(6) Information on geographic area:

As of and for the years ended December 31, 2019 and 2018, the information on geographic area is as follows:

Years ended December 31,				
		2019		
				2018
	Non-current		Non-current	
	Revenue	Assets	Revenue	Assets
Taiwan	\$ 5,454,976	\$ 3,925,907	\$ 5,215,118	\$ 3,545,547
China	1,403,418	530,594	1,121,836	592,118
US	624,705	342,700	572,266	523,515
Japan	708,432	138,777	604,466	140,393
	<u>\$ 8,191,531</u>	<u>\$ 4,937,978</u>	<u>\$ 7,513,686</u>	<u>\$ 4,801,573</u>

(7) Information on significant customers:

In 2019 and 2018, no customers accounted for more than 10% of the Group's total revenue.

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YUNGSHIN GLOBAL HOLDING CORPORATION AND SUBSIDIARIES

Loans to others
Year ended December 31, 2019

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	outstanding balance during the year ended December 31, 2019	Balance at December 31, 2019 (Note 2)	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 3)	Ceiling on total loans granted (Note 3)	Footnote
													Item	Value			
0	YungShin Global Holding Corporation	ANTEC BIOTECHNOLOGY CORPORATION, LTD.	Accounts receivable - related parties	Y	\$ 25,000	\$ -	\$ -	1.30%	Short-term financing	\$ -	Operating capital	\$ -	-	-	\$ 1,250,023	\$ 2,500,046	-
0	YungShin Global Holding Corporation	Vetnostrum Animal Health Co., Ltd.	Accounts receivable - related parties	Y	20,000	-	-	1.30%	Short-term financing	-	Operating capital	-	-	-	1,250,023	2,500,046	-
1	Shanghai Yung Zip Pharmaceutical Trading Co., Ltd.	Chung Shin (JiangSu) Clinical Research Co., Ltd	Other receivables	Y	30,800	21,550	11,206	6.00%	Short-term financing	-	Operating capital	-	-	-	34,700	34,700	-

Note 1 : The number filled in for the loans provided by the Company or subsidiaries are as follows:

(1)The Company is '0'.

(2)The subsidiaries are numbered in order starting from '1'.

Note 2 : Outstanding loans amount is translated at the spot exchange rates prevailing at the balance sheet date.

Note 3 : (a) The ceiling on total loans is 40% of the Company's net assets and the limit on loans granted to a single party is 20% of the Company's net assets.

(b) The limit on and the total of loans granted to a single party to Shanghai Yung Zip Pharmaceutical Trading Co., Ltd. were both 40% of the Company's net assets.

YUNGSHIN GLOBAL HOLDING CORPORATION AND SUBSIDIARIES
Provision of endorsements and guarantees to others
Year ended December 31, 2019

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Company name	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31 2019	Outstanding endorsement/ guarantee amount at December 31, 2019 (Note 4)	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
			Relationship with the endorser/ guarantor (Note 2)												
0	YungShin Global Holding Corporation	CHEMIX INC.	Note 2 (2)		1,250,023	171,100	165,200	84,000	-	2.64	3,125,058	Y	N	N	-
0	YungShin Global Holding Corporation	isRed Pharma & Biotech Research Co., Ltd.	Note 2 (2)		1,250,023	10,000	-	-	-	0.00	3,125,058	Y	N	N	-
0	YungShin Global Holding Corporation	Yung Shin Pharmaceutical Ind. (Kunshan) Co., Ltd.	Note 2 (2)		1,250,023	498,195	449,700	-	-	7.20	3,125,058	Y	N	Y	-
0	YungShin Global Holding Corporation	CARLSBAD TECHNOLOGY INC.	Note 2 (2)		1,250,023	954,320	905,396	728,184	-	14.49	3,125,058	Y	N	N	-

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1)The Company is '0'.

(2)The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:

(1)Having business relationship.

(2)The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(3)The endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/guaranteed company.

Note 3: The upper limits for endorsement and guarantee can not exceed 50% of the Company's net assets value for total outside party being endorsed / guaranteed, and the upper limits for endorsement and guarantee can not exceed 20% of the Company's net value for single business being endorsed / guaranteed.

Note 4: Outstanding endorsement/guarantee amount is translated at the spot exchange rates prevailing at the balance sheet date.

YUNGSHIN GLOBAL HOLDING CORPORATION AND SUBSIDIARIES
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
Year ended December 31, 2019

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

		<u>As of December 31, 2019</u>						
<u>Securities held by</u>	<u>Marketable securities</u>	<u>Relationship with the securities issuer</u>	<u>General ledger account</u>	<u>Number of shares</u>	<u>Book value</u>	<u>Ownership (%)</u>	<u>Fair value</u>	<u>Footnote</u>
Chemix Inc.	Stock-Sawai Pharmaceutical Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	4,936	\$ 9,566	-	\$ 9,566	
Chemix Inc.	Stock-All Nippon Airways Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	1,000	1,020	-	1,020	
					<u>\$ 10,586</u>		<u>\$ 10,586</u>	
Yung Shin Pharm. Ind. Co., Ltd.	Stock-Missioncare Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	3,161,052	\$ 40,960	2.17%	\$ 40,960	
Yung Shin Pharm. Ind. Co., Ltd.	Stock-Missioncare Asset Management Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	1,338,947	13,040	2.11%	13,040	
Yung Shin Pharm. Ind. Co., Ltd.	Stock-U-Liang Pharmaceutical Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	477,428	5,634	0.86%	5,634	
Yung Shin Pharm. Ind. Co., Ltd.	Stock-Limited Liability Fengyuan Medical Waste Disposal Equipment Used Cooperatives	None	Financial assets at fair value through other comprehensive income - non-current	1,000	9	0.07%	9	
Yung Shin Pharm Ind. Co., Ltd.	Stock-International Green Handle Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	1,567	17	0.07%	17	
					<u>\$ 59,660</u>		<u>\$ 59,660</u>	
Angel Associates (Taiwan), Inc.	Stock-YungShin Global Holding Corporation	The parent company	Financial assets at fair value through other comprehensive income - non-current	58,059	\$ 1,958	0.02%	\$ 2,438	(Note)

Note : The book value of this security was transferred to treasury stock.

YUNGSHIN GLOBAL HOLDING CORPORATION AND SUBSIDIARIES

Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more

Year ended December 31, 2019

Table 4

Table 4											Expressed in thousands of NTD	
											(Except as otherwise indicated)	
											Differences in transaction terms compared to third party transactions	
											<u>Notes/accounts receivable (payable)</u>	
											<u>Transaction</u>	
											Percentage of total purchases (sales)	
											Relationship with the counterparty	
											Purchases (sales)	
											Amount	
											Credit term	
											Unit price	
											Credit term	
											Balance	
											Percentage of total notes/accounts receivable (payable)	
											Footnote	
<u>Purchaser/seller</u>											<u>Counterparty</u>	
Yung Shin Pharm. Ind. Co., Ltd.	VETNOSTRUM ANIMAL HEALTH CO., LTD.	Subsidiary	Sales	\$ 242,514	5.18%	60~120 days after delivery	By bargaining	60~120 days after delivery	\$ 96,411	8.44%		
Yung Shin Pharm. Ind. Co., Ltd.	Y. S. P. INDUSTRIES(M) SDN. BHD.	Associates	Sales	103,768	2.22%	135 days after delivery	By bargaining	135 days after delivery	42,977	3.76%		

YUNGSHIN GLOBAL HOLDING CORPORATION AND SUBSIDIARIES
Significant inter-company transactions during the reporting periods
Year ended December 31, 2019

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

						<u>Transaction</u>	Percentage of consolidated total operating revenues or total assets
Number	Company name	Counterparty	Relationship	General ledger account	Amount	Transaction terms	(Note 3)
(Note 1)							
1	Yung Shin Pharm. Ind. Co., Ltd.	Vetnostrum Animal Health Co., Ltd.	3	Sales	\$ 242,514	60~120 days after	2.96%
1	Yung Shin Pharm. Ind. Co., Ltd.	Is Red Pharma & Biotech Research Co., Ltd.	3	Accounts receivable	96,411	60~120 days after	0.78%
1	Yung Shin Pharm. Ind. Co., Ltd.	YUNG SHIN COMPANY LIMITED	3	Sales	13,967	By bargaining	0.17%
1	Yung Shin Pharm. Ind. Co., Ltd.	Chemix Inc.	3	Sales	41,242	60 days after	0.50%
1	Yung Shin Pharm. Ind. Co., Ltd.	Chemix Inc.	3	Accounts receivable	12,631	60 days after	0.10%
1	Yung Shin Pharm. Ind. Co., Ltd.	CARLSBAD TECHNOLOGY, INC.	3	Sales	8,496	By bargaining	0.10%
1	Yung Shin Pharm. Ind. Co., Ltd.	CARLSBAD TECHNOLOGY, INC.	3	Accounts receivable	16,191	By bargaining	0.13%
1	Yung Shin Pharm. Ind. Co., Ltd.	CARLSBAD TECHNOLOGY, INC.	3	Other receivables	10,384	By bargaining	0.08%
1	Yung Shin Pharm. Ind. Co., Ltd.	Shanghai Yung Zip Pharmaceutical Trading Co., Ltd.	3	Purchases	84,318	By bargaining	1.03%
2	Shanghai Yung Zip Pharmaceutical Trading Co., Ltd.	Chung Shin (JiangSu) Clinical Research Co., Ltd	3	Other receivables	11,206	By bargaining	0.09%
3	Yung Shin Pharmaceutical Ind. (Kunshan) Co., Ltd.	CARLSBAD TECHNOLOGY, INC.	3	Sales	67,989	By bargaining	0.83%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1)Parent company is '0'.

(2)The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between

subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction;

for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(1)Parent company to subsidiary.

(2)Subsidiary to parent company.

(3)Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on

accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: Transaction amounts exceed NT\$10 million.

YUNGSHIN GLOBAL HOLDING CORPORATION AND SUBSIDIARIES

Information on investees
Year ended December 31, 2019

Table 6

										Expressed in thousands of NTD (Except as otherwise indicated)	
										Investment income(loss) recognised by the Company	
										for the year ended December 31, 2019	
										(Note 2(3))	Footnote
Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment amount Balance as at December 31 2019	Balance as at December 31 2018	Shares held as at December 31, 2019		Book value	Net profit (loss) of the investee for the year ended December 31, 2019 (Note 2(2))		
						Number of shares	Ownership (%)				
YungShin Global Holding Corporation	Yung Shin Pharm. Ind. Co., Ltd.	Taiwan	Manufacturing and sales of medicines and cosmetics	\$ 5,405,799	\$ 5,405,799	169,109,793	100.00	\$ 4,355,328	\$ 818,705	\$ 813,308	Subsidiary (Note 1)
YungShin Global Holding Corporation	Antec Biotechnology Co., Ltd.	Taiwan	Extraction, manufacturing and sales of trees	170,095	170,095	17,200,000	100.00	52,666	17,479	17,479	Subsidiary (Note 1)
YungShin Global Holding Corporation	isRed Pharma & Biotech Research Co., Ltd.	Taiwan	Test and sales of medicines and cosmetics	-	50,000	-	-	-	(36,198)	36,198	Subsidiary
YungShin Global Holding Corporation	Chemix Inc.	Japan	Sales of medicines	270,248	270,248	192	100.00	381,545	21,337	20,892	Subsidiary (Note 1)
YungShin Global Holding Corporation	YSP INTERNATIONAL COMPANY LIMITED	British Virgin Islands	Sales, investments and other relevant businesses	1,208,096	1,208,096	10,000	100.00	1,854,405	94,066	82,383	Subsidiary (Note 1)
YungShin Global Holding Corporation	Yung Zip Chemical Ind. Co., Ltd.	Taiwan	Manufacturing and sale of active pharmaceutical ingredient manufacturer	152,968	152,480	8,817,302	20.81	153,475	31,319	8,928	(Note 2)
YungShin Global Holding Corporation	ASHIN Company Limited	Japan	Manufacturing and sales of medicines	18,729	18,729	1,000	100.00	8,517	(28)	(28)	Subsidiary
Yung Shin Pharm. Ind. Co., Ltd.	Biotrust International Corporation Ltd.	Taiwan	Biopharmaceutical research and technical services	66,500	66,500	8,750,000	35.00	197,547	80,857	28,300	(Note 2)
Yung Shin Pharm. Ind. Co., Ltd.	Angel Associates (Taiwan), Inc.	Taiwan	Import and export trading	3,675	3,675	3,675	73.50	11,076	1,726	1,269	Sub-subsiidiary
Yung Shin Pharm. Ind. Co., Ltd.	VETNOSTRUM ANIMAL HEALTH CO., LTD.	Taiwan	Manufacturing and sales of medicines	805,555	805,555	55,000,000	100.00	1,199,656	112,437	113,527	Sub-subsiidiary
YSP INTERNATIONAL COMPANY LIMITED	Y.S.P. SOUTHEAST ASIA HOLDING BHD.	Malaysia	Biopharmaceutical research and technical services	500,615	500,615	52,365,605	37.52	902,477	163,327	-	(Note 2 + 3)
YSP INTERNATIONAL COMPANY LIMITED	CARLSBAD TECHNOLOGY, INC.	U.S.A.	Manufacturing and sales of medicines	621,193	621,193	20,515,740	82.60	78,408	47,241	-	Sub-subsiidiary (Note 3 + 4)
YSP INTERNATIONAL COMPANY LIMITED	YUNG SHIN CHINA HOLDING CO.,LTD.	Cayman Islands	Sales, investments and other relevant businesses	894,016	856,558	28,341,265	89.81	743,838	(3,520)	-	Sub-subsiidiary (Note 3 + 5)
YUNG SHIN CHINA HOLDING CO.,LTD.	YUNG SHIN COMPANY LIMITED	Hong Kong	Sales of medicines	30,087	30,087	7,720	96.50	48,420	2,239	-	Sub-subsiidiary (Note 3)

Note 1: Including investment income (loss) used to offset against sidestream and upstream transactions.

Note 2: Long-term equity investments accounted for under the equity method.

Note 3: Investment income (loss) is recognised through subsidiaries.

Note 4: The Company and Yung Zip Chemical Ind. Co., Ltd. hold 82.60% and 2.82% of Carlsbad Technology, Inc.'s shares, respectively. The Group's consolidated ownership in Carlsbad Technology, Inc. is 83.18%.

Note 5: The Company and Yung Zip Chemical Ind. Co., Ltd. hold 89.81% and 10.19% of YUNG SHIN CHINA HOLDING CO., LTD.'s shares, respectively. The Group's consolidated ownership in YUNG SHIN CHINA HOLDING CO., LTD. is 91.93%.

Table 7

Year ended December 31, 2019

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2019	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2019	Remitted back to Taiwan	Accumulated Amount of remittance from Taiwan to Mainland China as of December 31, 2019	Net income of investee as of December 31, 2019	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended period ended December 31, 2019 (Note 2)	Book value of investments in Mainland China as of December 31, 2019	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2019	Footnote
Yung Shin Pharmaceutical Ind. (Kunshan) Co., Ltd.	Major products and sales of chemical raw material drugs and preparations	\$ 453,865	2	\$ 409,904	\$ -	\$ -	\$ 409,904	\$ 42,891	84.67	\$ 36,316	\$ 607,865	\$ -	Note 2 and Note 4
Shanghai Yung Zip Pharmaceutical Trading Co., Ltd.	International trade, inter-enterprise trade and bonded within the agency, local storage and simple processing	121,120	2	121,120	-	-	121,120	4,770	91.93	4,385	86,749	-	Note 2
Farmtec Research Co., Ltd.	Pharmaceutical research, transfer, authorization, and outsourcing of services regarding formulas, as well as synthesis of biological and chemical medicines	75,700	2	-	-	-	-	(2,842)	91.93	(2,613)	9,389	-	Note 2
Globecare Trading (Shanghai) Co., Ltd.	Sales of health and beauty products, cosmetics, medicines, raw material drugs and trade of production equipment	78,844	2	-	-	-	-	(10,560)	70.17	(7,410)	14,837	-	Note 3
Chung Shin (JiangSu) Clinical Research Co., Ltd	Technology research and development, transfer, consultation, and technology import/export of medicinal chemistry, biotechnology and health industry	128,358	2	90,900	37,458	-	128,358	(42,117)	91.93	(38,718)	25,846	-	Note 2

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

(1) Directly invest in a company in Mainland China..

(2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.

(3) Others

Note 2: The Company and Yung Zip Chemical Ind. Co., Ltd. hold 89.81% and 10.19% equity interest of Yung Shin China Holding Co., Ltd. respectively. The Group's consolidated ownership in Yung Shin China Holding Co., Ltd. is 90.71%. 91.93%. Yung Shin China Holding Co., Ltd. hold 92.10% equity interest of Yung Shin Pharmaceutical Ind. (KunShan) Co., Ltd. The Group's consolidated ownership in Yung Shin Pharmaceutical Ind. (KunShan) Co., Ltd. is 84.67%.

Note 3: The Company and Yung Zip Chemical Ind. Co., Ltd. hold 89.81% and 10.19% equity interest of Yung Shin China Holding Co., Ltd. respectively. Yung Shin China Holding Co., Ltd. And Y.S.P. SOUTHEAST ASIA HOLDING 70.12%. BHD. (company of investments accounted for using equity method) hold 60.00% and 40.00% of Globecare Trading Co., Ltd. respectively. The Group's consolidated ownership in Globecare Trading Co., Ltd. is 70.17%.

Company name	Accumulated amount of Remittance from Taiwan to Mainland China as of December 31, 2019	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
YUNGSHIN GLOBAL HOLDING CORPORATION	\$ 659,382	\$ 878,114	\$ 3,750,070

Note 1: The amount remitted from Taiwan was USD 22,160 thousand.1

Note 2: Approved investment amount by Ministry of Economic Affairs R.O.C. amounting to USD 29,290 thousand were translated at the spot exchange rate of USD 1: NTD 29.98 prevailing on December 31, 2019. 1

Note 3: Calculated in accordance with the "Rules on Review of Investment and Technology Cooperation in Mainland China" of Ministry of Economic Affairs (60% of net assets).

V. Parent Company Only Financial Statements and Auditors' Report

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of YungShin Global Holding Corporation

Opinion

We have audited the accompanying parent company only balance sheets of YungShin Global Holding Corporation (the “Company”) as at December 31, 2019 and 2018, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the audit reports of other auditors (please refer to Other Matter section of our report), the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2019 and 2018, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audits in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and generally accepted auditing standards in the Republic of China (ROC GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Parent company only Financial Statements section of our report. We are independent of the Company in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the parent company only financial statements of the current period. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

As of December 31, 2019, the Company recognised Yung Shin Pharm. Ind. Co., Ltd and YSP INTERNATIONAL COMPANY LIMITED, of \$6,209,733 thousand as investments accounted for using the equity method. The aforementioned investments accounted for using equity method constitute 90% of the Company’s total assets. Thus, we consider the following key audit matters of

the Company's investees (Allowance for inventory valuation losses) as key audit matters of the Company.

Investment accounted for using the equity method-Allowance for inventory valuation losses

Description

The Company was engaged in manufacturing and selling human drugs and health food. The Company's inventories were measured at the lower of cost and net realisable value, and provided the allowance for inventory valuation losses based on individually identified reasonable net realisable value of inventories. Considering that the Company's inventories and the allowance for inventory valuation losses were material to its financial statements, and the determination of net realisable value in balance sheet date involved judgements and estimates, we identified the allowance for inventory valuation losses a key audit matter.

How our audit addressed the matter

As this key audit matter had covered different entities based on our audit and the reports of other auditors, we performed the following audit procedures on the above key audit matter:

1. Assessed the reasonableness of provision policies on allowance for inventory valuation losses and procedures based on our understanding of the Company's operation and industry.
2. Obtained an understanding of the Company's warehousing control procedures. Reviewed annual physical inventory count plan and participated in the annual inventory count event in order to assess the classification of obsolete inventory and effectiveness of obsolete inventory internal control.
3. Obtained the net realisable value of each kind of inventory and checked whether the applied calculation logic was in agreement with all inventory, and tested the reasonableness of supporting document in relation to net realisable value.
4. Verified whether the inventory aging reports that the Company applied to value inventories were accurate. Recalculated and evaluated the reasonableness of allowance for inventory valuation losses in order to confirm the report information were in line with its policies.

Other matter –Audits by other auditors

We did not audit the financial statements of a wholly-owned subsidiary and investments recognized under the equity method that are included in the financial statements and Note 13. Total assets of the subsidiary and the investees (including investments accounted for using equity method) of \$1,560,435 thousand and \$1,532,857 thousand as at December 31, 2019 and 2018, constituting 23% and 22% of parent company only total assets; operating income of the subsidiary and the investees of \$0 thousand and 12,238 thousand, for the years ended December 31, 2019 and 2018, constituted 0% and 2% of parent company only total operating income; and comprehensive income of aforementioned investments accounted for using equity method of \$128,455 thousand and \$92,980 thousand, constituted 18% and 13% of parent company only total comprehensive income,

respectively. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on the audit reports of the other auditors.

Responsibilities of management and those charged with governance for the parent company only financial statements.

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor’s responsibilities for the audit of the parent company only financial statements

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

As part of an audit in accordance with ROC GAAS, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

7. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions,

misrepresentations, or the override of internal control.

8. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
9. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
10. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
11. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
12. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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


[Wang, Yu-Juan]


[Hsu, Chien-Yeh]

For and on behalf of PricewaterhouseCoopers, Taiwan

March 30, 2020

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

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

YUNGSHIN GLOBAL HOLDING CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

Assets			December 31, 2019		December 31, 2018	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 69,997	1	\$ 137,839	2
1210	Other receivables - related parties	7	12,202	-	55,773	1
1410	Prepayments		1,340	-	2,681	-
11XX	Current Assets		83,539	1	196,293	3
Non-current assets						
1550	Investments accounted for under equity method	6(2)	6,805,936	98	6,649,280	97
1600	Property, plant and equipment	6(3)	2,037	-	6,996	-
1755	Right-of-use assets	6(4)	3,767	-	-	-
1780	Intangible assets		4,119	-	4,498	-
1840	Deferred income tax assets	6(16)	28,740	1	17,849	-
1900	Other non-current assets		3	-	1,241	-
15XX	Non-current assets		6,844,602	99	6,679,864	97
1XXX	Total assets		\$ 6,928,141	100	\$ 6,876,157	100

(Continued)

YUNGSHIN GLOBAL HOLDING CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity			Notes	December 31, 2019		December 31, 2018				
				AMOUNT	%	AMOUNT	%			
Current liabilities										
2100	Short-term borrowings	6(5)	\$	160,000	2	\$	280,000	4		
2200	Other payables			20,360	-		40,949	1		
2230	Current income tax liabilities	6(16)		3,687	-		1,161	-		
2280	Current lease liabilities	6(4)		2,244	-		-	-		
2300	Other current liabilities	6(6)		312,529	5		1,391	-		
21XX	Current Liabilities			498,820	7		323,501	5		
Non-current liabilities										
2540	Long-term borrowings	6(6)		-	-		300,000	5		
2570	Deferred income tax liabilities	6(16)		177,203	3		156,557	2		
2580	Non-current lease liabilities	6(4)		1,883	-		-	-		
2640	Accrued pension liabilities	6(7)		119	-		119	-		
2650	Credit balance of investments	6(2)								
	accounted for using equity method			-	-		12,238	-		
25XX	Non-current liabilities			179,205	3		468,914	7		
2XXX	Total Liabilities			678,025	10		792,415	12		
Equity										
Share capital		6(8)								
3110	Share capital - common stock			2,664,230	38		2,664,230	39		
Capital surplus		6(9)								
3200	Capital surplus			2,143,919	31		2,118,665	31		
Retained earnings		6(10)								
3310	Legal reserve			573,689	8		503,491	7		
3320	Special reserve			243,197	4		261,289	4		
3350	Unappropriated retained earnings			892,485	13		780,703	11		
Other equity interest										
3400	Other equity interest		(265,965)	(4)	(243,197)	(4)
3500	Treasury stocks		(1,439)	-	(1,439)	-		
3XXX	Total equity			6,250,116	90		6,083,742	88		
3X2X	Total liabilities and equity		\$	6,928,141	100	\$	6,876,157	100		

The accompanying notes are an integral part of these parent company only financial statements.

YUNGSHIN GLOBAL HOLDING CORPORATION
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars, except earnings per share)

			Year ended December 31			
	Items	Notes	2019		2018	
			AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(11) and 7	\$ 917,231	100	\$ 848,480	100
	Operating expenses					
6200	General and administrative expenses	6(14) and 7	(87,199)	(10)	(111,919)	(13)
6900	Operating profit		<u>830,032</u>	<u>90</u>	<u>736,561</u>	<u>87</u>
	Non-operating income and expenses					
7010	Other income	6(12)	3,286	1	3,070	-
7020	Other gains and losses	6(13)	(55,108)	(6)	(742)	-
7050	Finance costs		(6,702)	(1)	(8,259)	(1)
7000	Total non-operating income and expenses		<u>(58,524)</u>	<u>(6)</u>	<u>(5,931)</u>	<u>(1)</u>
7900	Profit before income tax		<u>771,508</u>	<u>84</u>	<u>730,630</u>	<u>86</u>
7950	Income tax expense	6(16)	(22,907)	(3)	(28,648)	(3)
8200	Profit for the year		<u>\$ 748,601</u>	<u>81</u>	<u>\$ 701,982</u>	<u>83</u>
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8330	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		<u>\$ 20,528</u>	<u>2</u>	<u>\$ 2,059</u>	<u>-</u>
8310	Components of other comprehensive income that will not be reclassified to profit or loss		<u>20,528</u>	<u>2</u>	<u>2,059</u>	<u>-</u>
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Other comprehensive income, before tax, exchange differences on translation		(30,902)	(3)	12,487	1
8380	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss		(21,445)	(2)	7,262	1
8399	Income tax relating to the components of other comprehensive income	6(16)	<u>10,469</u>	<u>1</u>	<u>(690)</u>	<u>-</u>
8360	Components of other comprehensive (loss) income that will be reclassified to profit or loss		<u>(41,878)</u>	<u>(4)</u>	<u>19,059</u>	<u>2</u>
8300	Other comprehensive (loss) income for the year		<u>(\$ 21,350)</u>	<u>(2)</u>	<u>\$ 21,118</u>	<u>2</u>
8500	Total comprehensive income for the year		<u>\$ 727,251</u>	<u>79</u>	<u>\$ 723,100</u>	<u>85</u>
	Basic earnings per share	6(17)				
9750	Total basic earnings per share		<u>\$ 2.81</u>		<u>\$ 2.64</u>	
	Diluted earnings per share					
9850	Total diluted earnings per share		<u>\$ 2.81</u>		<u>\$ 2.63</u>	

The accompanying notes are an integral part of these parent company only financial statements.

YUNGSHIN GLOBAL HOLDING CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

		Capital surplus				Retained earnings			Other equity interest					
	Notes	Share capital - common stock	Additional paid-in capital	Changes in ownership interests in subsidiaries	Donated assets received	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Unrealized gain or loss on available-for-sale financial assets	Treasury stocks	Amount	
<u>Year 2018</u>														
Balance at January 1, 2018		\$ 2,664,230	\$ 2,165,650	\$ 3,225	\$ 530	\$ 452,085	\$ 234,090	\$ 625,428	(\$ 264,621)	\$ -	\$ 3,332	(\$ 1,439)	\$ 5,882,510	
Effects of retrospective application and retrospective restatement		-	-	-	-	-	-	-	-	11,765	(3,332)	-	8,433	
Balance at 1 January after adjustments		2,664,230	2,165,650	3,225	530	452,085	234,090	625,428	(264,621)	11,765	-	(1,439)	5,890,943	
Profit		-	-	-	-	-	-	701,982	-	-	-	-	701,982	
Other comprehensive income (loss)		-	-	-	-	-	-	11,459	19,059	(9,400)	-	-	21,118	
Total comprehensive income (loss)		-	-	-	-	-	-	713,441	19,059	(9,400)	-	-	723,100	
Appropriations of 2017 earnings:	6(10)													
Special reserve		-	-	-	-	-	27,199	(27,199)	-	-	-	-	-	
Legal reserve		-	-	-	-	51,406	-	(51,406)	-	-	-	-	-	
Cash dividends		-	-	-	-	-	-	(479,561)	-	-	-	-	(479,561)	
Cash dividends paid from capital surplus		-	(53,283)	-	-	-	-	-	-	-	-	-	(53,283)	
Adjustments arising from changes in percentage of ownership in subsidiaries		-	-	2,543	-	-	-	-	-	-	-	-	2,543	
Balance at December 31, 2018		\$ 2,664,230	\$ 2,112,367	\$ 5,768	\$ 530	\$ 503,491	\$ 261,289	\$ 780,703	(\$ 245,562)	\$ 2,365	\$ -	(\$ 1,439)	\$ 6,083,742	
<u>Year 2019</u>														
Balance at January 1, 2019		\$ 2,664,230	\$ 2,112,367	\$ 5,768	\$ 530	\$ 503,491	\$ 261,289	\$ 780,703	(\$ 245,562)	\$ 2,365	\$ -	(\$ 1,439)	\$ 6,083,742	
Profit		-	-	-	-	-	-	748,601	-	-	-	-	748,601	
Other comprehensive income (loss)		-	-	-	-	-	-	1,418	(41,878)	19,110	-	-	(21,350)	
Total comprehensive income (loss)		-	-	-	-	-	-	750,019	(41,878)	19,110	-	-	727,251	
Appropriations of 2018 earnings:	6(10)													
Reversal of special reserve		-	-	-	-	-	(18,092)	18,092	-	-	-	-	-	
Legal reserve		-	-	-	-	70,198	-	(70,198)	-	-	-	-	-	
Cash dividends		-	-	-	-	-	-	(586,131)	-	-	-	-	(586,131)	
Adjustments arising from changes in percentage of ownership in subsidiaries		-	-	25,254	-	-	-	-	-	-	-	-	25,254	
Balance at December 31, 2019		\$ 2,664,230	\$ 2,112,367	\$ 31,022	\$ 530	\$ 573,689	\$ 243,197	\$ 892,485	(\$ 287,440)	\$ 21,475	\$ -	(\$ 1,439)	\$ 6,250,116	

The accompanying notes are an integral part of these parent company only financial statements.

YUNGSHIN GLOBAL HOLDING CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2019	2018
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 771,508	\$ 730,630
Adjustments			
Adjustments to reconcile profit (loss)			
Amortisation	6(14)	2,471	2,529
Depreciation	6(14)	2,138	2,711
Depreciation expense-right-of-use assets	6(14)	5,527	-
Interest expense		6,606	8,259
Interest expense-lease liabilities	6(4)	96	-
Interest income		(719)	(1,021)
Loss on disposal of property, plant and equipment	6(13)	3,694	-
Loss on disposal of subsidiaries	6(13)	24,291	-
Adjustment due to change of investees' equity under the equity mehtod	6(2)(11)	(906,764)	(837,810)
Changes in operating assets and liabilities			
Changes in operating assets			
Other receivables - related parties		(1,429)	(1,361)
Prepayments		1,337	654
Changes in operating liabilities			
Other payables		(20,678)	7,750
Other current liabilities		11,347	380
Cash outflow generated from operations		(100,575)	(88,587)
Interest received		719	1,021
Cash dividends received from investments accounted for under the equity method		766,806	744,083
Interest paid		(6,712)	(8,074)
Income tax paid		(153)	(7,394)
Net cash flows from operating activities		<u>660,085</u>	<u>641,049</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Increase (decrease) in other receivables - related parties		45,000	(6,000)
Increase in investments accounted for under equity method		(70,000)	(488)
Payment of shares return		-	3,048
Proceeds from disposal of subsidiaries		10,000	-
Acquisition of property, plant and equipment		(860)	-
Acquisition of intangible assets		(2,092)	(827)
Decrease in refundable deposits		1,238	-
Net cash flows used in investing activities		<u>(16,714)</u>	<u>(4,267)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings		310,000	850,000
Decrease in short-term borrowings		(430,000)	(1,015,000)
Increase in long-term borrowings		-	300,000
Decrease in long-term borrowings		-	(300,000)
Payments of lease liabilities	6(4)	(5,082)	-
Cash dividends paid	6(10)	(586,131)	(479,561)
Cash dividends paid from capital surplus		-	(53,283)
Net cash flows used in financing activities		<u>(711,213)</u>	<u>(697,844)</u>
Net decrease in cash and cash equivalents		(67,842)	(61,062)
Cash and cash equivalents at beginning of year		137,839	198,901
Cash and cash equivalents at end of year	6(1)	\$ 69,997	\$ 137,839

The accompanying notes are an integral part of these parent company only financial statements.

YUNGSHIN GLOBAL HOLDING CORPORATION
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

15. HISTORY AND ORGANISATION

- A. YungShin Global Holding Corporation (the “Company”) was established in January 2011. The Company and its subsidiaries (collectively referred herein as the “Company”) are mainly engaged in investing.
- B. The Company was incorporated on January 3, 2011, through a share swap from YungShin Pharmaceutical Industrial Company Limited, and the Company’s shares have been traded on the Taiwan Stock Exchange in the Republic of China since January 3, 2011. YungShin Pharmaceutical Industrial Company Limited is now a wholly-owned subsidiary of the Company.

16. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These parent company only financial statements were authorised for issuance by the Board of Directors on March 27, 2020.

17. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

- (4) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by FSC effective from 2019 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9, ‘Prepayment features with negative compensation’	January 1, 2019
IFRS 16, ‘Leases’	January 1, 2019
Amendments to IAS 19, ‘Plan amendment, curtailment or settlement’	January 1, 2019
Amendments to IAS 28, ‘Long-term interests in associates and joint ventures’	January 1, 2019
IFRIC 23, ‘Uncertainty over income tax treatments’	January 1, 2019
Annual improvements to IFRSs 2015-2017 cycle	January 1, 2019

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

- (5) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC effective from 2020 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1 and IAS 8, 'Disclosure Initiative-Definition of Material'	January 1, 2020
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7, 'Interest rate benchmark reform'	January 1, 2019

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2021
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2022

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

18. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(7) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

(8) Basis of preparation

- A. The parent company only financial statements have been prepared under the historical cost convention:
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of

judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(9) Foreign currency translation

Items included in the parent company only financial statements are measured using the currency of the primary economic environment in which the Company operates (the “functional currency”). The parent company only financial statements are presented in New Taiwan dollars, which is the Company’s functional currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within ‘other gains and losses’.

B. Translation of foreign operations

The operating results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet.
- (b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
- (c) All resulting exchange differences are recognised in other comprehensive income.

(10) Classification of current and non-current items

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

classified as non-current assets:

- (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realised within 12 months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than 12 months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
- (a) Liabilities that are expected to be settled within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;
 - (c) Liabilities that are to be settled within 12 months from the balance sheet date;
 - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than 12 months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(11) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(12) Impairment of financial assets

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

(13) Derecognition of financial assets

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

(14) Investments accounted for using equity method / Subsidiaries and associates

- A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- B. Unrealised gains or losses on transactions between the company and subsidiaries have been

eliminated. The accounting policies of the subsidiaries are consist with the policies adopted by the Company.

- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise losses proportionate to its ownership.
- D. If changes in the Company's shares in subsidiaries do not result in loss in control (transactions with non-controlling interest), transactions shall be considered as equity transactions, which are transactions between owners. Difference of adjustment of non-controlling interest and fair value of consideration paid or received is recognized in equity.
- E. When the Company loses control of a subsidiary, the Company remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Company loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.
- F. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- G. The Company's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income.
- H. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognises the Company's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.
- I. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- J. In the case that an associate issues new shares and the Company does not subscribe or acquire

new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

- K. Upon loss of significant influence over an associate, the Company remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.
- L. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- M. Pursuant to the "Rules Governing the Preparation of Financial Statements by Securities Issuers," profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the financial statements prepared with basis for consolidation. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the financial statements.

(15) Impairment of non-financial assets

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

(16) Leasing arrangements (lessee) — right-of-use assets/ lease liabilities

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

commencement date, discounted using the incremental borrowing interest rate.

Lease payments are comprised of fixed payments, less any lease incentives receivable. The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

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

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

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

31. (c) Any initial direct costs incurred by the lessee.

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

(17) Borrowings

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

(18) Employee benefits

A. Short-term employee benefits

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

B. Pensions

32. Defined contribution plans

33. For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

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

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(19) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(20) Share capital

- A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.
- B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is

deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

C. The cost of treasury stock is accounted for on a weighted-average basis.

D. The Company's shares held by its subsidiaries are accounted for as treasury stocks.

(21) Dividends

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

(22) Revenue recognition

1. Revenue is recognized when most of the profit-making process has been completed and is realized or achievable. Related costs are also recognized when income is incurred. Expenses are recognized as current expenses according to the accrual basis when incurred.
2. The main business of the company is the management of the invested company, the main income is investment income and labor income.

19. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. The related information is addressed below.

(1) Critical judgements in applying the Company's accounting policies

None.

(2) Critical accounting estimates and assumptions

None.

20. Details of Significant Accounts

(3) Cash and cash equivalents

	December 31, 2019	December 31, 2018
Cash on hand and revolving funds	\$ 30	\$ -
Checking accounts and demand deposits	13,299	92,483
Foreign currency deposits	2,888	2,054
Time deposits	53,780	43,302
	<u>\$ 69,997</u>	<u>\$ 137,839</u>
Interest rate range of time deposit	<u>2.1%~2.5%</u>	<u>2.3%~2.9%</u>

A. The Company transacts with a variety of financial institutions all with high credit quality to

disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Company has no cash and cash equivalents pledged to others.

(4) Investments accounted for using equity method

(1) Details of investments accounted for under the equity method are set forth below:

Investee	December 31, 2019	December 31, 2018
Yung Shin Pharm. Ind. Co., Ltd.	\$ 4,355,328	\$ 4,285,182
YSP INTERNATIONAL COMPANY LIMITED	1,854,405	1,812,126
Chemix Inc.	381,545	364,654
ANTEC BIOTECHNOLOGY CORPORATION, LTD.	52,666	35,188
ASHIN CO., LTD.	8,517	8,490
YUNG ZIP CHEMICAL IND. CO., LTD.	153,475	143,640
	<u>\$ 6,805,936</u>	<u>\$ 6,649,280</u>

Investee	
IsRed Pharma & Biotech Research Co., Ltd.	\$ - (\$ 12,238)

(2) Share of profit/(loss) of subsidiaries and associates accounted for under equity method is shown as follows:

	2019	2018
Yung Shin Pharm. Ind. Co., Ltd.	\$ 813,308	\$ 850,813
YSP INTERNATIONAL COMPANY LIMITED	82,383	11,875
Chemix Inc.	20,892	10,249
ANTEC BIOTECHNOLOGY CORPORATION, LTD.	17,479 (	2,471)
YSP JAPAN INVESTMENT COMPANY LIMITED.	- (	191)
ASHIN CO., LTD.	(28) (	130)
Is Red Pharma & Biotech Research Co., Ltd.	(36,198) (	29,168)
YUNG ZIP CHEMICAL IND. CO., LTD.	8,928 (	3,167)
	<u>\$ 906,764</u>	<u>\$ 837,810</u>

- (3) Information about subsidiaries of the Company is provided in Note 4(3).
- (4) The Company has prepared consolidated financial statements for investee companies that it directly or indirectly hold more than 50% of the voting rights.
- (5) The above-mentioned investments using the equity method in 2019 and 2018 of the Republic of China were audited by auditors, and the profit and loss were recognized in accordance with the financial reports certified by the accountant.
- (6) Antec Biotechnology Co., Ltd. was dissolved on December 31, 2016, and was approved by the Taichung City Government to receive the Shangshangzi No. 10607018000. Currently, it is still in the liquidation process.
- (7) The company dissolved and liquidated YSP JAPAN INVESTMENT COMPANY LIMITED in September, 2018, and directly held ASHIN CO., LTD
- (8) In the third quarter of 2019, the Board of Directors approved the sale of 100% equity of IsRed Pharma & Biotech Research Co., Ltd to related party director Li Fangyu and others, and completed the transaction in the third quarter of 2019. IsRed Pharma & Biotech Research Co., Ltd is not a subsidiary of the Company.

(5) Property, plant and equipment

December 31, 2019	<u>At January 1</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclassifications</u>	<u>December 31</u>
<u>Cost</u>					
Office equipment	\$ 5,544	\$ -	\$ -	\$ -	\$ 5,544
Leasehold improvements	4,257	-	(4,257)	-	-
Other equipment	1,390	-	(1,390)	-	-
Construction in progress	-	873	-	-	873
	<u>\$ 11,191</u>	<u>\$ 873</u>	<u>(\$ 5,647)</u>	<u>\$ -</u>	<u>\$ 6,417</u>
<u>Accumulated depreciation</u>					
Office equipment	(\$ 2,995)	(\$ 1,385)	\$ -	\$ -	(\$ 4,380)
Leasehold improvements	(922)	(568)	1,490	-	-
Other equipment	(278)	(185)	463	-	-
	<u>(4,195)</u>	<u>(2,138)</u>	<u>1,953</u>	<u>-</u>	<u>(4,380)</u>
	<u>\$ 6,996</u>	<u>(\$ 1,265)</u>	<u>(\$ 3,694)</u>	<u>\$ -</u>	<u>\$ 2,037</u>

December 31, 2018	<u>At January 1</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclassifications</u>	<u>December 31</u>
<u>Cost</u>					
Office equipment	\$ 5,544	\$ -	\$ -	\$ -	\$ 5,544
Leasehold improvements	4,257	-	-	-	4,257
Other equipment	-	-	-	1,390	1,390
Construction in progress	1,390	-	-	(1,390)	-
	<u>\$ 11,191</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,191</u>

Accumulated depreciation

Office equipment	(\$ 1,413)	(\$ 1,582)	\$ -	\$ -	(\$ 2,995)
Leasehold improvements	(71)	(851)	-	-	(922)
Other equipment	-	(278)	-	-	(278)
	<u>(1,484)</u>	<u>(2,711)</u>	<u>-</u>	<u>-</u>	<u>(4,195)</u>
	<u>\$ 9,707</u>	<u>(\$ 2,711)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,996</u>

(6) Leasing arrangements — lessee

A. The Company leases various assets including land, buildings, business vehicles. Rental contracts are typically made for periods of 1 to 2 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2019</u>	<u>Year ended December 31,</u>
	<u>Carrying amount</u>	<u>Depreciation charge</u>
Land	\$ 228	\$ 32
Buildings	2,834	3,577
Transportation equipment	705	1,918
	<u>\$ 3,767</u>	<u>\$ 5,527</u>

	<u>Year ended December</u>
	<u>31, 2019</u>
<u>Items affecting profit or loss</u>	
Interest expense on lease liabilities	<u>\$ 96</u>
Gain or loss on sale and leaseback transactions	<u>\$ 626</u>

C. For the year ended December 31, 2019, the Company's total cash outflow for leases was \$5,804.

(7) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2019</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	<u>\$ 160,000</u>	1.03%	None

<u>Type of borrowings</u>	<u>December 31, 2018</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	<u>\$ 280,000</u>	0.96% ~ 1.03%	None

(8) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2019</u>
Long-term bank borrowings				
Unsecured borrowings	Borrowing period is from May 16, 2019 to May 16, 2020; interest is repayable monthly.	1.32%	None	\$ 300,000
Less: Current portion of long-term borrowings				(300,000)
				<u>\$ -</u>

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2018</u>
Long-term bank borrowings				
Unsecured borrowings	Borrowing period is from September 3, 2018 to September 3, 2020; interest is repayable monthly.	1.31%	None	\$ 300,000
Less: Current portion of long-term borrowings				-
				<u>\$ 300,000</u>

(9) Pensions

Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2019 and 2018 were \$894 and \$1,228, respectively.

(10) Share capital

A. As of December 31, 2019, the Company’s authorised capital was \$3,100,000, consisting of 310,000 thousand shares of ordinary stock including 100,000 thousand shares reserved for employee stock options and the paid-in capital was \$2,664,230 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

B. Treasury shares

34. (a) Changes in treasury stocks are summarized as follows:

Name of company holding the shares	Year ended December 31, 2019			Ending balance
	Beginning balance	Increase	Decrease	
The Company's shares owned by the subsidiaries	<u>58 thousand</u>	<u>-</u>	<u>-</u>	<u>58 thousand</u>

Name of company holding the shares	Year ended December 31, 2018			Ending balance
	Beginning balance	Increase	Decrease	
The Company's shares owned by the subsidiaries	<u>58 thousand</u>	<u>-</u>	<u>-</u>	<u>58 thousand</u>

35. (b) Angel Associates (Taiwan), Inc., the investee of the Company's subsidiary, Yung Shin Pharm. Ind. Co., Ltd., acquired 55 thousand shares of Yung Shin Pharm. Ind. Co., Ltd. on November 12, 2001 before the amendments to the Company Act. The purpose of holding shares is solely for investing.

36. (c) On January 3, 2011, Yung Shin Pharm. Ind. Co., Ltd. established the Company through share swap and Yung Shin Pharm. Ind. Co., Ltd. became a wholly-owned subsidiary of the Company. According to Tai-Cai-Zheng-3-Zi Letter No. 0920124301, the shares of Yung Shin Pharm. Ind. Co., Ltd. held by Angel Associates (Taiwan), Inc., turned into the shares of the Company through share swap.

37. (d) As of December 31, 2019 and 2018, indirect subsidiary, Angel Associates (Taiwan), Inc., both held 58 thousand shares of the Company. The average book value per share was both \$33.73 (in dollars). The fair value per share were \$42.85 and \$39.95 (in dollars), respectively.

(11) Capital surplus

A. According to Article 30, Item 4 of the Business Mergers and Acquisitions Act, when a company becomes a wholly-owned subsidiary of another company through share swap between the two companies, although its unappropriated retained earnings are recognized as capital reserve of another company (i.e. holding company) due to the share swap, its earnings appropriation is not restricted by Article 241, Item 1 of the Company Act. Additionally, according to Jing-Shang-Zi Letter No. 09402428670, dated December 15, 2005, the capital reserve of a holding company can be appropriated as cash dividends if it was the unappropriated retained earnings of a subsidiary before share swap between a holding company and a subsidiary. Further, according to Tai-Cai-Rong-(1)-Zi Letter No. 0910016280, as such capital reserve does

not come from the results of operation of a holding company, the above statement does not extend to employees' compensation and directors' and supervisors' remuneration.

B. As of December 31, 2019 and 2018, the Company's capital reserve which belonged to the unappropriated retained earnings of Yung Shin Pharm. Ind. Co., Ltd. before share swap was both \$829,732 thousand.

	2019	2018
	Share premium	Share premium
At January 1	\$ 829,732	\$ 883,015
Cash dividends from capital surplus	-	(53,283)
At December 31	<u>\$ 829,732</u>	<u>\$ 829,732</u>

C. Pursuant to the Company Law, capital reserve, including additional paid-in capital in excess of par and donation, shall be exclusively used to cover accumulated deficit or issuing new stock or cash to shareholders in proportion to their ownership when the Company has no accumulated deficit. However, pursuant to the R.O.C. Securities and Exchange Law, capital reserve arising from paid-in capital in excess of par value on issuance of common stock and donations can be capitalized once a year, provided that the Company has no accumulated deficit and the amount to be capitalized does not exceed 10% of the paid-in capital.

(12) Retained earnings

A. In accordance with the Company's Articles of Incorporation, current year's earnings, shall be distributed in the following order:

38. (a) Pay all taxes under laws and decrees;
39. (b) Offset prior years' losses;
40. (c) Set aside 10% of remaining amount after deducting item (a) as legal reserve;
41. (d) Special reserve is set aside under relevant regulations;
42. (e) Dividend rate shall not be higher than 10% per annum; no dividend would be distributed if no earnings;
43. (f) Appropriation of the remainder plus the accumulated unappropriated retained earnings of prior year shall be proposed by the Board of Directors and resolved by the stockholders.

Dividends appropriation shall be proposed by the Board of Directors during its meeting, with the amount between 10%~90% of the accumulated unappropriated retained earnings. Of the total dividends, cash dividends shall account for 20% or greater of the total dividends distributed.

B. Company's dividend policy is summarized below:

As the Company operates in a volatile business environment and is in the stable growth stage, dividends would be distributed in the form of capitalization of earnings, capitalization of capital reserve and cash. Low cash dividend policy would be adopted when any investment would be conducted and can increase the Company's profitability; in this case, dividends would be

distributed in the form of capitalization of earnings or capital reserve. High cash dividend policy would be adopted when capital expansion has affected the Company's profitability.

- C. The legal reserve shall be exclusively used to cover accumulated deficit, to issue new stocks or distribute cash to shareholders in proportion to their share ownership. The use of legal reserve for the issuance of stocks or cash dividends to shareholders in proportion to their share ownership is permitted provided that the balance of such reserve exceeds 25% of the Company's paid-in capital.
- D. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- (b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.
- E. The appropriations of 2019 and 2018 earnings had been approved by the shareholders during their meeting on June 20, 2019 and June 20, 2018, respectively. Details are summarized below:

	2019		2018	
	Price	Dividend per share	Price	Dividend per share
Legal reserve	\$ 70,198		\$ 51,406	
Cash dividends	586,131	2.20	479,561	1.80
At December 31	<u>\$ 656,329</u>		<u>\$ 530,967</u>	

- F. On March 27, 2020, the Board of Directors proposed that total dividends for the distribution of earnings for the year of 2019 was \$586,131 at \$2.2 (in dollars) per share.
- G. For the information relating to employees' compensation and directors' and supervisors' remuneration, please refer to Note 6(15).

(13) Operating revenue

	Year ended December 31, 2019	Year ended December 31, 2018
Revenue from investment	\$ 906,764	\$ 837,810
Revenue from providing services	10,467	10,670
	<u>\$ 917,231</u>	<u>\$ 848,480</u>

(14) Other income

	Year ended December 31, 2019	Year ended December 31, 2018
Interest income	\$ 719	\$ 1,021
Rent income	1,864	-
Other revenue	703	2,049
	<u>\$ 3,286</u>	<u>\$ 3,070</u>

(15) Other gains and losses

	Year ended December 31, 2019	Year ended December 31, 2018
Waiver of claims	(\$ 25,000)	\$ -
Gains (losses) on disposals of investments	(24,291)	-
Gains (losses) on disposals of property, plant and equipment	(3,694)	-
Net currency exchange losses	(2,123)	(742)
	<u>(\$ 55,108)</u>	<u>(\$ 742)</u>

(16) Expenses by nature

	Year ended December 31, 2019		
	Operation costs	Operating expenses	Total
Employee benefit expense	\$ -	\$ 60,045	\$ 60,045
Amortisation	\$ -	\$ 2,471	\$ 2,471
Depreciation	\$ -	\$ 2,138	\$ 2,138
Depreciation charges on right-of-use assets	\$ -	\$ 5,527	\$ 5,527

	Year ended December 31, 2018		
	Operation costs	Operating expenses	Total
Employee benefit expense	\$ -	\$ 81,378	\$ 81,378
Amortisation	\$ -	\$ 2,529	\$ 2,529
Depreciation	\$ -	\$ 2,711	\$ 2,711

(17) Employee benefit expense

	Year ended December 31, 2019		
	Operation costs	Operating expenses	Total
Wages and salaries	\$ -	\$ 40,121	\$ 40,121
Directors' remuneration	-	15,793	15,793
Labour and health insurance fees	-	2,635	2,635
Pension costs	-	894	894
Other personnel expenses	-	602	602
	<u>\$ -</u>	<u>\$ 60,045</u>	<u>\$ 60,045</u>

	Year ended December 31, 2018		
	Operation costs	Operating expenses	Total
Wages and salaries	\$ -	\$ 61,372	\$ 61,372
Directors' remuneration	-	14,957	14,957
Labour and health insurance fees	-	3,086	3,086
Pension costs	-	1,228	1,228
Other personnel expenses	-	735	735
	<u>\$ -</u>	<u>\$ 81,378</u>	<u>\$ 81,378</u>

A. Note: As of December 31, 2019 and 2018, the Company had 28 and 41 employees, respectively, of which 8 and 9 directors were not the Company's employees.

44. (a) For the years ended December 31, 2019 and 2018, employees' compensation was accrued by an average of \$2,213 thousand and \$2,076 thousand, respectively.

45. (b) For the years ended December 31, 2019 and 2018, employees' salaries was accrued by an average of \$2,006 thousand and \$2,918 thousand, respectively.

46. (c) The average of the employees' salaries adjusts for 4.59% variance.

B. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall not be lower than 0.3% for employees' compensation and shall not be higher than 3% for directors' and supervisors' remuneration.

The estimated amount of employees' compensation and directors' and supervisors' remuneration were as follows:

	Years ended December 31, 2019	Years ended December 31, 2018
Employees' compensation	\$ 2,369	\$ 2,243
Directors' remuneration	15,793	14,277
	<u>\$ 18,162</u>	<u>\$ 16,520</u>

C. The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on no less than 0.3% and no more than 2.0% of distributable profit of current year as of the end of reporting period for the year ended December 31, 2019. The employees' compensation will be distributed in the form of cash. The amount of directors' and supervisors' remuneration of 2018 determined by the Board is in accordance with the amount recognized in the 2018 financial statements and had been paid.

D. Information about employees' compensations and directors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(18) Income tax

A. Income tax expense

(1) Component of income tax expense

	Years ended December 31,	
	2019	2018
Current tax:		
Current tax on profits for the year	\$ 140,894	\$ 142,096
Effect of amount not allowed to be recognized under regulations	(140,893)	(140,618)
Tax on undistributed surplus earnings	3,760	-
Prior year income tax (over) underestimation	(1,078)	134
Total current tax	<u>2,683</u>	<u>1,612</u>
Deferred tax:		
Origination and reversal of temporary differences	20,224	4,192
Impact of change in tax rate	-	22,844
Income tax expense	<u>\$ 22,907</u>	<u>\$ 28,648</u>

(2) The income tax relating to component of other comprehensive income is as follow:

	Years ended December 31,	
	2019	2018
Currency translation differences	\$ 10,469	(\$ 3,949)
Impact of change in tax rate	-	3,259
	<u>\$ 10,469</u>	<u>(\$ 690)</u>

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31,	
	2019	2018
Tax calculated based on profit before tax and statutory tax rate	\$ 154,301	\$ 146,288
Effect from items disallowed by tax regulation	(140,893)	(140,618)
Taxable loss recognised as deferred tax assets	6,817	-
Prior year income tax (over) underestimation	(1,078)	134
Impact of change in the tax rate	-	22,844
5% Tax on undistributed surplus earnings	<u>3,760</u>	<u>-</u>
Income tax expense	<u>\$ 22,907</u>	<u>\$ 28,648</u>

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

2019				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
— Deferred tax assets:				
Long-term equity investment cumulative adjustment	\$ 17,778	\$ -	\$ 10,469	\$ 28,247
Other	71	422	-	493
	<u>\$ 17,849</u>	<u>\$ 422</u>	<u>\$ 10,469</u>	<u>\$ 28,740</u>
Temporary differences:				
— Deferred tax liabilities:				
Foreign investment income	(\$ 156,553)	(\$ 20,649)	\$ -	(\$ 177,202)
Other	(4)	3	-	(1)
	<u>(156,557)</u>	<u>(20,646)</u>	<u>-</u>	<u>(177,203)</u>
	<u>(\$ 138,708)</u>	<u>(\$ 20,224)</u>	<u>\$ 10,469</u>	<u>(\$ 148,463)</u>
2018				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
— Deferred tax assets:				
Long-term equity investment cumulative adjustment	\$ 18,468	\$ -	(\$ 690)	\$ 17,778
Other	25	46	-	71
	<u>\$ 18,493</u>	<u>\$ 46</u>	<u>(\$ 690)</u>	<u>\$ 17,849</u>
Temporary differences:				
— Deferred tax liabilities:				
Foreign investment income	(\$ 129,363)	(\$ 27,190)	\$ -	(\$ 156,553)
Other	(112)	108	-	(4)
	<u>(129,475)</u>	<u>(27,082)</u>	<u>-</u>	<u>(156,557)</u>
	<u>(\$ 110,982)</u>	<u>(\$ 27,036)</u>	<u>(\$ 690)</u>	<u>(\$ 138,708)</u>

D. The Company's income tax returns through 2016 have been assessed and approved by the Tax Authority.

E. Under the amendments to the Income Tax Act which was promulgated by the President of the Republic of China on February 7, 2018, the Company's applicable income tax rate was raised from 17% to 20% effective from January 1, 2018. The Company has assessed the impact of the change in income tax rate.

(19) Earnings per share

Year ended December 31, 2019			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to the parent	\$ 748,601	266,365	\$ 2.81
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	748,601	266,365	
Assumed conversion of all dilutive potential ordinary shares	-	69	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 748,601	266,434	\$ 2.81
Year ended December 31, 2018			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to the parent	\$ 701,982	266,365	\$ 2.64
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	701,982	266,365	
Assumed conversion of all dilutive potential ordinary shares	-	64	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 701,982	266,429	\$ 2.63

As employees' compensation could be distributed in the form of stock, the diluted EPS computation shall include those estimated shares that would increase from employees' stock bonus issuance in the weighted-average number of common shares outstanding during the reporting

period, taking into account the dilutive effects of stock bonus on potential common shares.

(20) Changes in liabilities from financing activities

	2019			
	Short-term borrowings	Long-term borrowings	Cash dividends payable	Liabilities from financing activities-gross
At January 1	\$ 280,000	\$ 300,000	\$ -	\$ 580,000
Changes in cash flow from financing activities	(120,000)	-	(586,131)	(120,000)
Addition for the year	-	-	586,131	-
At December 31	<u>\$ 160,000</u>	<u>\$ 300,000</u>	<u>\$ -</u>	<u>\$ 460,000</u>

	2018			
	Short-term borrowings	Long-term borrowings	Cash dividends payable	Liabilities from financing activities-gross
At January 1	\$ 445,000	\$ 300,000	\$ -	\$ 745,000
Changes in cash flow from financing activities	(165,000)	-	(479,651)	(165,000)
Addition for the year	-	-	479,651	-
At December 31	<u>\$ 280,000</u>	<u>\$ 300,000</u>	<u>\$ -</u>	<u>\$ 580,000</u>

21. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Yung Shin Pharm. Ind. Co., Ltd.	Subsidiary
Chemix Inc.	Subsidiary
ANTEC BIOTECHNOLOGY CORPORATION, LTD.	Subsidiary
YSP JAPAN INVESTMENT COMPANY LIMITED	Subsidiary (Note 1)
YSP INTERNATIONAL COMPANY LIMITED	Subsidiary
ASHIN CO., LTD.	Subsidiary (Note 1)
ANGEL ASSOCIATES (TAIWAN) INC.	Sub-subsidiary
Vetnostrum Animal Health Co., Ltd.	Sub-subsidiary
CARLSBAD TECHNOLOGY, INC.	Sub-subsidiary
YUNG SHIN CHINA HOLDING COMPANY LIMITED	Sub-subsidiary
YUNG ZIP CHEMICAL IND. CO., LTD.	The Company's investment accounted for using equity method
BIOTRUST INTERNATIONAL CORPORATION.	Investee company accounted for under equity method of accounting of Subsidiary
Y.S.P. SOUTHEAST ASIA HOLDING BHD.	Investee company accounted for under equity method of accounting of Subsidiary
Y.S.P. INDUSTRIES(M) SDN. BHD.	Investee company accounted for under equity method of accounting of Subsidiary
Yung Shin Pharmaceutical Ind. (Kunshan) Co., Ltd.	Investee company accounted for under equity method of accounting of Sub-subsidiary
SHANGHAI YUNG ZIP PHARMACEUTICAL TRADING CO., LTD.	Investee company accounted for under equity method of accounting of Sub-subsidiary
YUNG SHIN COMPANY LIMITED	Investee company accounted for under equity method of accounting of Sub-subsidiary
GLOBECARE TRADING (SHANGHAI) CO., LTD.	Investee company accounted for under equity method of accounting of Sub-subsidiary
FARMTEC RESEARCH CO., LTD.	Investee company accounted for under equity method of accounting of Sub-subsidiary
CHUNG SHIN (JIANGSU) CLINICAL RESEARCH CO., LTD.	Investee company accounted for under equity method of accounting of Sub-subsidiary
Fang chan Lee and Fang Yu Lee etc.	The Company's Chairman and his relatives within second degree
Yung Shin Amusement Co.,Ltd	Substantial related party
isRed Pharma & Biotech Researched Co., Ltd.	Substantial related party

Note 1: The company had been dissolved and liquidated the YSP JAPAN INVESTMENT COMPANY and directly hold the ASHIN CO., LTD on September 2018.

Note 2: In the third quarter of 2019, the Board of Directors of the Company resolved to sell 100% equity interest in isRed Pharma & Biotech Research Co., Ltd. to the related parties, director Fang Yu Lee and others. The transaction was completed in the third quarter of 2019 and the investee becomes a substantial related party rather than a subsidiary of the Company from then on.

(2) Significant related party transactions

A. General & administrative expense

	Year ended December 31, 2019	Year ended December 31, 2018
Subsidiary	\$ 647	\$ 745
Other related parties	471	656
	<u>\$ 1,118</u>	<u>\$ 1,401</u>

Mainly consisting of the agent fee, rent expense and other operating expenses.

B. Director's remuneration revenue and other receivables (shown in other receivables-related parties)

	Year ended December 31, 2019		Year ended December 31, 2018	
	Amount	Receivables	Amount	Receivables
Subsidiary	<u>\$ 10,467</u>	<u>\$ 10,467</u>	<u>\$ 10,670</u>	<u>\$ 10,670</u>

C. Temporary credits (listed on other current liability)

	December 31,2019	December 31,2018
Subsidiary	<u>\$ 12,325</u>	<u>\$ -</u>

D. Financing receivables (shown in other receivables-related parties)

Year ended December 31, 2019						
	Date of occurrence	Maximum amount		Rate	Interest income	Interest receivable
		Amount	Balance			
ANTEC BIOTECHNOLOGY CORPORATION, LTD.(Note)	May, 2018	\$ 25,000	\$ -	1.3%	\$ 127	\$ -
isRed Pharma & Biotech Research Co., Ltd.	March, 2018	<u>20,000</u>	<u>-</u>	1.3%	<u>109</u>	<u>-</u>
		<u>\$ 45,000</u>	<u>\$ -</u>		<u>\$ 236</u>	<u>\$ -</u>

Year ended December 31, 2018						
	Maximum amount		Balance	Rate	Interest income	Interest receivable
	Date of occurrence	Amount				
Yung Shin Pharmaceutical Ind. (Kunshan) Co., Ltd.	January, 2018	\$ 42,210	\$ -	3.5%	\$ -	\$ -
ANTEC BIOTECHNOLOGY CORPORATION, LTD.(Note)	May, 2018	<u>30,000</u>	<u>25,000</u>	1.3%	<u>325</u>	<u>25</u>
isRed Pharma & Biotech Research Co., Ltd.	March, 2018	<u>20,000</u>	<u>20,000</u>	1.3%	<u>254</u>	<u>20</u>
		<u>92,210</u>	<u>45,000</u>		<u>579</u>	<u>45</u>

E. Endorsements and guarantees provided to related parties:

	December 31, 2019		December 31, 2018	
	Guarantee amount	Used amount	Guarantee amount	Used amount
CTI	\$ 905,386	\$ 728,184	\$ 927,744	\$ 852,480
Yung Shin Pharmaceutical Ind. (Kunshan) Co., Ltd.	449,700	-	495,180	112,128
Chemix	165,200	84,000	165,200	56,000
isRed Pharma & Biotech Research Co., Ltd.	-	-	10,000	10,000
	<u>\$ 1,520,286</u>	<u>\$ 812,184</u>	<u>\$ 1,598,124</u>	<u>\$ 1,030,608</u>

(3) Key management compensation

	Year ended December 31, 2019	Year ended December 31, 2018
Salaries and other short-term employee benefits	\$ 20,246	\$ 21,297
Post-employment benefits	<u>35</u>	<u>-</u>
	<u>\$ 20,281</u>	<u>\$ 21,297</u>

22. Pledged Assets

None.

23. Significant Contingent Liabilities and Unrecognized Contract Commitments

None.

24. Significant Disaster Loss

None.

25. Significant Events after the Balance Sheet Date

None.

26. Others

(4) Capital management

The Company's objectives when managing capital are based on the industrial scale, considering industrial future growth and product development, and setting appropriate market share, as well as plan on corresponding capital expenditure, calculation of operating capital needed for financial operations, and considering operating profit and cash inflows arising from product competitiveness, to determine appropriate capital structure. Please refer to the balance sheets of each period for information on liability and capitalization ratios.

(5) Financial instruments

A. Information of financial assets fair value.

The carried amount of Company's cash and cash equivalents, financial instruments at amortised cost (including other receivables, short-term borrowings, other payables and long-term borrowings) is the reasonable approximation of their fair value.

B. Financial risk management policies

The Company's activities may expose it to financial risks including market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme holds an attitude of steady management and does not seek to minimise potential adverse effects on the Company's financial position and financial performance. The Company does not use derivative financial instruments to hedge certain risk exposures.

C. Significant financial risks and degrees of financial risks

47. (a) Market risk

Foreign exchange risk

- i. The Company operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currencies, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.
- ii. The Company has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.
- iii. The Company's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: RMB and USD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2019			
(Foreign currency: functional currency)	Foreign currency		Book value
	amount		
	(In thousands)	Exchange rate	(NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 536	29.98	16,081
RMB:NTD	9,407	4.31	40,543
<u>Non-monetary items</u>			
Investments account for using equity method			
USD:NTD	\$ 61,855	29.98	\$ 1,854,405
JPY:NTD	1,393,079	0.28	390,062

December 31, 2018			
(Foreign currency: functional currency)	Foreign currency		Book value
	amount		
	(In thousands)	Exchange rate	(NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 146	30.72	4,485
RMB:NTD	9,130	4.47	40,811
<u>Non-monetary items</u>			
Investments account for using equity method			
USD:NTD	\$ 58,988	30.72	\$ 1,812,126
JPY:NTD	1,332,657	0.28	373,144

- iv. The total exchange gain (loss), including realised and unrealized, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2019 and 2018 amounted to \$2,123 and \$742, respectively.
- v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Year ended December 31, 2019			
	Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	10%	\$ 1,608	\$	-
RMB:NTD	10%	4,054		-
<u>Non-monetary items</u>				
Investments account for using equity method				
USD:NTD	10%	-	\$	185,441
JPY:NTD	10%	-		39,006

	Year ended December 31, 2018			
	Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	10%	\$ 449	\$	-
RMB:NTD	10%	4,081		-
<u>Non-monetary items</u>				
Investments account for using equity method				
USD:NTD	10%	\$ -	\$	181,213
JPY:NTD	10%	-		37,314

48. Interest risk

- i. The Company's main interest rate risk arises from long-term and short-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During the years ended December 31, 2019 and 2018, the Company's borrowings at variable rate were denominated in the TWD.
- ii. At December 31, 2019 and 2018, if interest rates on TWD denominated borrowings at that date had been 0.1% higher/lower with all other variables held constant, post-tax profit for the years ended December 31, 2019 and 2018 would have been \$460 thousand and \$580 thousand

higher/lower, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

49. Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets.
- ii. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

December 31, 2019	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
<u>Non-derivative financial liabilities</u>				
Short-term borrowings	\$ 160,785	\$ -	\$ -	\$ 160,785
Other payables	20,360	-	-	\$ 20,360
Long-term borrowings (including current portion)	302,645	-	-	\$ 302,645
	<u>\$ 483,790</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 483,790</u>

December 31, 2018	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
<u>Non-derivative financial liabilities</u>				
Short-term borrowings	\$ 280,631	\$ -	\$ -	\$ 280,631
Other payables	40,949	-	-	\$ 40,949
Long-term borrowings (including current portion)	3,924	302,655	-	\$ 306,579
	<u>\$ 325,504</u>	<u>\$ 302,655</u>	<u>\$ -</u>	<u>\$ 628,159</u>

- iii The Company has the following undrawn borrowing facilities:

	December 31, 2019	December 31, 2018
Floating rate:		
Expiring within one year	\$ 600,000	\$ 140,000
Fixed rate:		
Expiring within one year	440,000	615,000
	<u>\$ 1,040,000</u>	<u>\$ 755,000</u>

- iv The Company does not expect the timing of occurrence of the cash flows estimated

through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(6) Fair value information

None.

27. Supplementary Disclosures

(7) Significant transactions information

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

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

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

D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.

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

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

G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 4.

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

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

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

(8) Information on investees

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

(9) Information on investments in Mainland China

A. Basic information: Please refer to table 7.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to tables 2 and 5.

28. Segment Information

None.

YUNGSHIN GLOBAL HOLDING CORPORATION
STATEMENT OF CASH AND CASH EQUIVALENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount
Cash		\$ 30
Demand deposits		13,299
Foreign currency survival	RMB 407 thousand ; exchange rate 4.31	1,753
	USD 36 thousand ; exchange rate 29.98	1,091
	HKD 12 thousand ; exchange rate 3.85	44
Foreign currency deposit	RMB 9,000 thousand ; exchange rate 4.31	38,790
	USD 500 thousand ; exchange rate 29.98	14,990
		<u>\$ 69,997</u>

YUNGSHIN GLOBAL HOLDING CORPORATION
MOVEMENT SUMMARY OF INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2019
(Expressed in thousands of New Taiwan dollars)

Name	Opening balance		Additions		Reduction		Ending balance			Evaluation basis	Market or value per share		Pledged to other as collateral
	Number of shares	Amounts	Number of shares	Amounts	Number of shares	Amounts (Note)	Number of shares	Ownership %	Amounts		Price	Total price	
Yung Shin Pharm. Ind. Co., Ltd.	169,109,793	\$ 4,285,182	-	\$ 831,140	-	\$ 760,994	169,109,793	100%	\$ 4,355,328	Equity method	26.43	\$ 4,469,252	None
Chemix Inc.	192	364,654	-	22,703	-	5,812	192	100%	381,545	Equity method	1,989.83	382,047	None
ANTEC BIOTECHNOLOGY CORPORATION, LTD.	17,200,000	35,188	-	17,478	-	-	17,200,000	100%	52,666	Equity method	3.06	52,667	None
Is Red Pharma & Biotech Research Co., Ltd.	5,000,000	(12,238)	800,000	82,727	5,800,000	70,489	-	-	-	Equity method	-	-	None
YSP INTERNATIONAL COMPANY LIMITED	10,000	1,812,126	-	92,924	-	50,645	10,000	20.81%	1,854,405	Equity method	190,182.38	1,901,824	None
YUNG ZIP CHEMICAL IND. CO., LTD.	8,817,302	143,640	-	10,448	-	613	8,817,302	100%	153,475	Equity method	16.40	144,604	None
ASHIN CO., LTD.	1,000	<u>8,490</u>	-	<u>55</u>	-	<u>28</u>	1,000	100%	<u>8,517</u>	Equity method	-	8,517	None
		<u>\$ 6,637,042</u>		<u>\$ 1,057,475</u>		<u>\$ 888,581</u>			<u>\$ 6,805,936</u>				

Note: The cash dividends distributed is 760,994 thousand.

YUNGSHIN GLOBAL HOLDING CORPORATION
STATEMENT OF SHORT-TERM BORROWINGS
FOR THE YEAR ENDED DECEMBER 31, 2019

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Nature	Ending Balance	Contract Period	Range of Interest	Credit Line	Collateral
			Rate		
Unsecured loan	\$ <u>160,000</u>	2019/5/16~2020/5/16	1.03%	\$ <u>300,000</u>	None

YUNGSHIN GLOBAL HOLDING CORPORATION
STATEMENT OF LONG-TERM BORROWINGS
FOR THE YEAR ENDED DECEMBER 31, 2019

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Creditor	Description	Amount	Contract Period	Interest Rate	Credit Line	Collateral
Taipei Fubon Bank(Zhonggang Branch)	Unsecured loan	\$ 300,000	2018/9/3~2020/9/3	1.32%	\$ -	None
Less: Current portion of long-term borrowings		(300,000)				
		<u>\$ -</u>				

YUNGSHIN GLOBAL HOLDING CORPORATION
STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2019
(Expressed in thousands of New Taiwan dollars)

Item	Volume	Amount	Note
The information of "Revenue "please refer to Note 6(11).			

YUNGSHIN GLOBAL HOLDING CORPORATION
STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Payroll expense		\$ 40,121	
Directors' remuneration		15,793	
Depreciation expense		7,665	Each sporadic accounts is not exceed the 5% of other expense.
Other expenses		23,620	
		<u>\$ 87,199</u>	

YUNGSHIN GLOBAL HOLDING CORPORATION
STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019
(Expressed in thousands of New Taiwan dollars)

For the information of "Employees' benefit expense, depreciation, amortization and list of expenses by nature "
please refer to Note 6(14).

YUNGSHIN GLOBAL HOLDING CORPORATION

Loans to others
Year ended December 31, 2019

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum Outstanding balance during the year ended December 31 2019	Balance at December 31 2019 (Note 2)	Actual amount drawn down	Inter est rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 3)	Ceiling on total loans granted (Note 3)	Footnote
													Item	Value			
0	YungShin Global Holding Corporation	ANTEC BIOTECHNOLOGY CORPORATION, LTD.	Accounts receivable - related parties	Y	\$ 25,000	\$ -	\$ -	1.30 %	Short-te rm financi ng	\$ -	Operating capital	\$ -	-	\$ -	\$ 1,250,023	\$ 2,500,046	-
0	YungShin Global Holding Corporation	Vetnostrum Animal Health Co., Ltd.	Accounts receivable - related parties	Y	20,000	-	-	1.30 %	Short-te rm financi ng	-	Operating capital	-	-	-	1,250,023	2,500,046	-
1	Shanghai Yung Zip Pharmaceutic al Trading Co., Ltd.	Chung Shin (JiangSu) Clinical Research Co., Ltd	Other receivables	Y	30,800	21,550	11,206	6.00 %	Short-te rm financi ng	-	Operating capital	-	-	-	34,700	34,700	-

Note 1 : The number filled in for the loans provided by the Company or subsidiaries are as follows:

(1)The Company is '0'.

(2)The subsidiaries are numbered in order starting from '1'.

Note 2 : Outstanding loans amount is translated at the spot exchange rates prevailing at the balance sheet date.

Note 3 : (a) The ceiling on total loans is 40% of the Company's net assets and the limit on loans granted to a single party is 20% of the Company's net assets.

(b) The limit on and the total of loans granted to a single party to Shanghai Yung Zip Pharmaceutical Trading Co., Ltd. were both 40% of the Company's net assets.

YUNGSHIN GLOBAL HOLDING CORPORATION
Provision of endorsements and guarantees to others
Year ended December 31, 2019

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Company name	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31 2019	Outstanding endorsement/ guarantee amount at December 31,2019 (Note 4)	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsement/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
			Relationship with the endorser/ guarantor (Note 2)	Relationship with the endorser/ guarantor (Note 2)											
0	YungShin Global Holding Corporation	CHEMIX INC.	Note 2 (2)		1,250,023	171,100	165,200	84,000	-	2.64	3,125,058	Y	N	N	-
0	YungShin Global Holding Corporation	isRed Pharma & Biotech Research Co., Ltd.	Note 2 (2)		1,250,023	10,000	-	-	-	-	3,125,058	Y	N	N	-
0	YungShin Global Holding Corporation	Yung Shin Pharmaceutical Ind. (Kunshan) Co., Ltd.	Note 2 (2)		1,250,023	498,195	449,700	-	-	7.20	3,125,058	Y	N	Y	-
0	YungShin Global Holding Corporation	CARLSBAD TECHNOLOGY INC.	Note 2 (2)		1,250,023	954,320	905,396	728,184	-	14.49	3,125,058	Y	N	N	-

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1)The Company is '0'.

(2)The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:

(1)Having business relationship.

(2)The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(3)The endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/guaranteed company.

Note 3: The upper limits for endorsement and guarantee can not exceed 50% of the Company's net assets value for total outside party being endorsed / guaranteed, and the upper limits for endorsement and guarantee can not exceed 20% of the Company's net value for single business being endorsed / guaranteed.

Note 4: Outstanding endorsement/guarantee amount is translated at the spot exchange rates prevailing at the balance sheet date.

YUNGSHIN GLOBAL HOLDING CORPORATION
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
Year ended December 31, 2019

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

				As of December 31, 2019				Footnote
<u>Securities held by</u>	<u>Marketable securities</u>	<u>Relationship with the securities issuer</u>	<u>General ledger account</u>	<u>Number of shares</u>	<u>Book value</u>	<u>Ownership (%)</u>	<u>Fair value</u>	
Chemix Inc.	Stock-Sawai Pharmaceutical Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	4,936	\$ 9,566	-	\$ 9,566	
Chemix Inc.	Stock-All Nippon Airways Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	1,000	<u>1,020</u>	-	<u>1,020</u>	
					<u>\$ 10,586</u>		<u>\$ 10,586</u>	
Yung Shin Pharm. Ind. Co., Ltd.	Stock-Missioncare Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	3,161,052	\$ 40,960	2.17%	\$ 40,960	
Yung Shin Pharm. Ind. Co., Ltd.	Stock-Missioncare Asset Management Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	1,338,947	13,040	2.11%	13,040	
Yung Shin Pharm. Ind. Co., Ltd.	Stock-U-Liang Pharmaceutical Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	477,428	5,634	0.86%	5,634	
Yung Shin Pharm. Ind. Co., Ltd.	Stock-Limited Liability Fengyuan Medical Waste Disposal Equipment Used Cooperatives	None	Financial assets at fair value through other comprehensive income - non-current	1,000	9	0.07%	9	
Yung Shin Pharm Ind. Co., Ltd.	Stock-International Green Handle Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	1,567	<u>17</u>	0.07%	<u>17</u>	
					<u>\$ 59,660</u>		<u>\$ 59,660</u>	
Angel Associates (Taiwan), Inc.	Stock-YungShin Global Holding Corporation	The parent company	Financial assets at fair value through other comprehensive income - non-current	58,059	\$ 1,958	0.02%	\$ 2,438	(Note)

Note : The book value of this security was transferred to treasury stock.

YUNGSHIN GLOBAL HOLDING CORPORATION

Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more

Year ended December 31, 2019

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

		Relationship with the counterparty	Purchases (sales)	Transaction		Credit term	Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
Purchaser/seller	Counterparty			Amount	Percentage of total purchases (sales)		Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Yung Shin Pharm. Ind. Co., Ltd.	VETNOSTRUM ANIMAL HEALTH CO., LTD.	Subsidiary	Sales	\$ 242,514	5.18%	60~120 days after delivery	By bargaining	60~120 days after delivery	\$ 96,411	8.44%	
Yung Shin Pharm. Ind. Co., Ltd.	Y. S. P. INDUSTRIES(M) SDN. BHD.	Associates	Sales	103,768	2.22%	135 days after delivery	By bargaining	135 days after delivery	42,977	3.76%	

YUNGSHIN GLOBAL HOLDING CORPORATION
Significant inter-company transactions during the reporting periods
Year ended December 31, 2019

Table 5							Expressed in thousands of NTD (Except as otherwise indicated)	
							<u>Transaction</u>	Percentage of consolidated total operating revenues or total assets
Number	<u>Company name</u>	<u>Counterparty</u>	<u>Relationship</u>	<u>General ledger account</u>		<u>Amount</u>	<u>Transaction terms</u>	<u>(Note 3)</u>
(Note 1)								
1	Yung Shin Pharm. Ind. Co., Ltd.	Vetnostrum Animal Health Co., Ltd.	3	Sales	\$	242,514	60~120 days after	2.96%
1	Yung Shin Pharm. Ind. Co., Ltd.	Is Red Pharma & Biotech Research Co., Ltd.	3	Accounts receivable		96,411	60~120 days after	0.78%
1	Yung Shin Pharm. Ind. Co., Ltd.	YUNG SHIN COMPANY LIMITED	3	Sales		13,967	By bargaining	0.17%
1	Yung Shin Pharm. Ind. Co., Ltd.	Chemix Inc.	3	Sales		41,242	60 days after	0.50%
1	Yung Shin Pharm. Ind. Co., Ltd.	Chemix Inc.	3	Accounts receivable		12,631	60 days after	0.10%
1	Yung Shin Pharm. Ind. Co., Ltd	CARLSBAD TECHNOLOGY, INC.	3	Sales		8,496	By bargaining	0.10%
1	Yung Shin Pharm. Ind. Co., Ltd	CARLSBAD TECHNOLOGY, INC.	3	Accounts receivable		16,191	By bargaining	0.13%
1	Yung Shin Pharm. Ind. Co., Ltd	CARLSBAD TECHNOLOGY, INC.	3	Other receivables		10,384	By bargaining	0.08%
1	Yung Shin Pharm. Ind. Co., Ltd	Shanghai Yung Zip Pharmaceutical Trading Co., Ltd.	3	Purchases		84,318	By bargaining	1.03%
2	Shanghai Yung Zip Pharmaceutical Trading Co., Ltd.	Chung Shin (JiangSu) Clinical Research Co., Ltd	3	Other receivables		11,206	By bargaining	0.09%
3	Yung Shin Pharmaceutical Ind. (Kunshan) Co., Ltd.	CARLSBAD TECHNOLOGY, INC.	3	Sales		67,989	By bargaining	0.83%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1)Parent company is '0'.

(2)The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between

subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction;

for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(1)Parent company to subsidiary.

(2)Subsidiary to parent company.

(3)Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on

accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: Transaction amounts exceed NT\$10 million.

YUNGSHIN GLOBAL HOLDING CORPORATION
Information on investees
Year ended December 31, 2019

Table 6

Expressed in thousands of NTD (Except as otherwise indicated)											
				<u>Initial investment amount</u>			Net profit (loss) of the investee for the year ended December 31, 2019 (Note 2(2))		Investment income(loss) recognised by the Company for the year ended December 31, 2019 (Note 2(3))		Footnote
				Balance as at December 31 2019	Balance as at December 31 2018	<u>Shares held as at December 31, 2019</u>					
<u>Investor</u>	<u>Investee (Notes 1 and 2)</u>	<u>Location</u>	<u>Main business activities</u>			<u>Number of shares</u>	<u>Ownership (%)</u>	<u>Book value</u>			
YungShin Global Holding Corporation	Yung Shin Pharm. Ind. Co., Ltd.	Taiwan	Manufacturing and sales of medicines and cosmetics	\$ 5,405,799	\$ 5,405,799	169,109,793	100.00	\$ 4,355,328	\$ 818,705	\$ 813,308	Subsidiary (Note 1)
YungShin Global Holding Corporation	Antec Biotechnology Co., Ltd.	Taiwan	Extraction, manufacturing and sales of trees	170,095	170,095	17,200,000	100.00	52,666	17,479	17,479	Subsidiary (Note 1)
YungShin Global Holding Corporation	isRed Pharma & Biotech Research Co., Ltd.	Taiwan	Test and sales of medicines and cosmetics	-	50,000	-	0.00	-	(36,198)	(36,198)	Subsidiary
YungShin Global Holding Corporation	Chemix Inc.	Japan	Sales of medicines	270,248	270,248	192	100.00	381,545	21,337	20,892	Subsidiary (Note 1)
YungShin Global Holding Corporation	YSP INTERNATIONAL COMPANY LIMITED	British Virgin Islands	Sales, investments and other relevant businesses	1,208,096	1,208,096	10,000	100.00	1,854,405	94,066	82,383	Subsidiary (Note 1)
YungShin Global Holding Corporation	Yung Zip Chemical Ind. Co., Ltd.	Taiwan	Manufacturing and sale of active pharmaceutical ingredient manufacturer	152,968	152,480	8,817,302	20.81	153,475	31,319	8,928	(Note 2)
YungShin Global Holding Corporation	ASHIN Company Limited	Japan	Manufacturing and sales of medicines	18,729	18,729	1,000	100.00	8,517	(28)	(28)	Subsidiary (Note 2)
Yung Shin Pharm. Ind. Co., Ltd.	Biotrust International Corporation Ltd.	Taiwan	Biopharmaceutical research and technical services	66,500	66,500	8,750,000	35.00	197,547	80857	28,300	
Yung Shin Pharm. Ind. Co., Ltd.	Angel Associates (Taiwan), Inc.	Taiwan	Import and export trading	3,675	3,675	3,675	73.50	11,076	1,726	1,269	Sub-subsidiary
Yung Shin Pharm. Ind. Co., Ltd.	VETNOSTRUM ANIMAL HEALTH CO., LTD.	Taiwan	Manufacturing and sales of medicines	805,555	805,555	55,000,000	100.00	1,199,656	112,437	113,527	Sub-subsidiary (Note 2、3)
YSP INTERNATIONAL COMPANY LIMITED	Y.S.P. SOUTHEAST ASIA HOLDING BHD.	Malaysia	Biopharmaceutical research and technical services	500,615	500,615	52,365,605	37.52	902,477	163,327	-	
YSP INTERNATIONAL COMPANY LIMITED	CARLSBAD TECHNOLOGY, INC.	U.S.A.	Manufacturing and sales of medicines	621,193	621,193	20,515,740	82.60	78,408	47,241	-	Sub-subsidiary (Note 3、4)
YSP INTERNATIONAL COMPANY LIMITED	YUNG SHIN CHINA HOLDING CO.,LTD.	Cayman Islands	Sales, investments and other relevant businesses	894,016	856,558	28,341,265	89.81	743,838	(3,520)	-	Sub-subsidiary (Note 3、5)
YUNG SHIN CHINA HOLDING CO.,LTD.	YUNG SHIN COMPANY LIMITED	Hong Kong	Sales of medicines	30,087	30,087	7,720	96.50	48,420	2,239	-	Sub-subsidiary (Note 3)

Note 1: Including investment income (loss) used to offset against sidestream and upstream transactions.

Note 2: Long-term equity investments accounted for under the equity method.

Note 3: Investment income (loss) is recognised through subsidiaries.

Note 4: The Company and Yung Zip Chemical Ind. Co., Ltd. hold 82.60% and 2.82% of Carlsbad Technology, Inc.'s shares, respectively. The Group's consolidated ownership in Carlsbad Technology, Inc. is 83.18%. CO., LTD. is 91.93%.

YUNGSHIN GLOBAL HOLDING CORPORATION
Information on investments in Mainland China
Year ended December 31, 2019

Table 7

													Expressed in thousands of NTD (Except as otherwise indicated)
Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2019	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2019		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2019	Net income of investee as of December 31, 2019	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year end edperiod ended December 31, 2019 (Note 2)	Book value of investments in Mainland China as of December 31, 2019	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2019	Footnote
Yung Shin Pharmaceutical Ind. (Kunshan) Co., Ltd.	Major products and sales of chemical raw material drugs and preparations	\$ 453,865	2	\$ 409,904	\$ -	\$ -	\$ 409,904	42,891	84.67	\$ 36,316	\$ 607,865		\$ Note 2
Shanghai Yung Zip Pharmaceutical Trading Co., Ltd.	International trade, inter-enterprise trade and bonded within the agency, local storage and simple processing	121,120	2	121,120	-	-	121,120	4,770	91.93	4,385	86,749		- Note 2
Farmtec Research Co., Ltd.	Pharmaceutical research, transfer, authorization, and outsourcing of services regarding formulas, as well as synthesis of biological and chemical medicines	75,700	2	-	-	-	-	(2,842)	91.93	(2,613)	9,389		- Note 2
Globecare Trading (Shanghai) Co., Ltd.	Sales of health and beauty products, cosmetics, medicines, raw material drugs and trade of production equipment	78,844	2	-	-	-	-	10,560	70.17	(7,410)	14,837		- Note 3
Chung Shin (JiangSu) Clinical Research Co., Ltd	Technology research and development, transfer, consultation, and technology import/export of medicinal chemistry, biotechnology and health industry	128,358	2	90,900	37,458	-	128,358	(42,117)	91.93	(38,718)	25,846		- Note 2

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

- (1) Directly invest in a company in Mainland China..
- (2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
- (3) Others

Note 2: The Company and Yung Zip Chemical Ind. Co., Ltd. hold 89.81% and 10.19% equity interest of Yung Shin China Holding Co., Ltd. respectively. The Group's consolidated ownership in Yung Shin China Holding Co., Ltd. is 90.71%. 91.93%. Yung Shin China Holding Co., Ltd. hold 92.10% equity interest of Yung Shin Pharmaceutical Ind. (KunShan) Co., Ltd. The Group's consolidated ownership in Yung Shin Pharmaceutical Ind. (KunShan) Co., Ltd. is 84.67%.

Note 3: The Company and Yung Zip Chemical Ind. Co., Ltd. hold 89.81% and 10.19% equity interest of Yung Shin China Holding Co., Ltd. respectively. Yung Shin China Holding Co., Ltd. And Y.S.P. SOUTHEAST ASIA HOLDING 70.12%. BHD. (company of investments accounted for using equity method) hold 60.00% and 40.00% of Globecare Trading Co., Ltd. respectively. The Group's consolidated ownership in Globecare Trading Co., Ltd. is 70.17%.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2019	Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
YUNGSHIN GLOBAL HOLDING CORPORATION	\$ 659,382	\$ 878,114	\$ 3,750,070

Note 1: The amount remitted from Taiwan was USD 22,160 thousand.

Note 2: Approved investment amount by Ministry of Economic Affairs R.O.C. amounting to USD 29,290 thousand were translated at the spot exchange rate of USD 1: NTD 29.98 prevailing on December 31, 2019.

Note 3: Calculated in accordance with the "Rules on Review of Investment and Technology Cooperation in Mainland China" of Ministry of Economic Affairs (60% of net assets).

- VI. Impact on the Corporation's financial status due to financial difficulties experienced by the Corporation and its affiliates during the last fiscal year up to the publication date of this report: None.

Chapter 7. Review, Analysis, and Risks of Financial Conditions and Performance

I. Financial Status:

Comparative Analysis of Financial Position

Unit: NT\$1,000

Item \ Year	2019	2018	Difference	
			Amount	%
Current assets	6,083,821	5,687,775	396,046	6.96
Property, plant, and equipment	4,537,304	4,441,706	95,598	2.15
Intangible assets	41,252	45,977	(4,725)	(10.28)
Other assets	1,697,077	1,590,191	106,886	6.72
Total asset value	12,359,454	11,765,649	593,805	5.05
Total liabilities	5,940,629	5,566,220	374,409	6.73
Share capital	2,664,230	2,664,230	0	0.00
Capital surplus	2,143,919	2,118,665	25,254	1.19
Retained earnings	1,709,371	1,545,483	163,888	10.60
Other adjustments	(98,695)	(128,949)	30,254	(23.46)
Total stockholder equity	6,418,825	6,199,429	219,396	3.54

Explanation/analysis:

1. The increase in current assets was mainly due to the increase in raw materials.
2. The increase in total liabilities was mainly due to the increase in bank loans for operational requirements and capital expenditure.
3. The retained earnings were mainly due to the increase in net profit after tax.

II. Financial Performance:

Comparative Analysis of Financial Performance

Unit: NT\$1,000

Item \ Year	2019	2018	Increase/decrease	Proportion of change (%)
Operating revenue	8,191,531	7,513,686	677,845	9.02
Operating expenses	(2,915,868)	(2,632,801)	(283,067)	10.75
Operating net profit	891,904	802,162	89,742	11.19
Non-operating income and expenses	119,994	131,005	(11,011)	(8.41)
Net profit from continuing operations before tax	1,011,898	933,167	78,731	8.44
Income tax expenses	(257,887)	(247,915)	(9,972)	4.02
Net profit for this period	754,011	685,252	68,759	10.03

Analysis of the proportion of change:

1. Revenue for the period increased by 9.02% to NT\$677,845 thousand and operating expenses increased by NT\$283,067 thousand. As a result, net operating profit for this period increased by 11.19% to NT\$89,742 thousand.
2. The total non-operating income and expenses in this period decreased by NT\$11,011 thousand compared to the same period last year due to the sales of the shares in isRed Pharma & Biotech Research Co., Ltd. which increased the losses from the disposal of investments.
3. In conclusion, the net profit for the period increased by 10.03% to NT\$68,759 thousand compared to the same period last year.

III. Cash Flow

- (I) Analysis of cash flow changes over the most recent fiscal year: The Corporation's cash flow consists mainly of general funding required for daily operations.
- (II) Corrective measures to be taken in response to lack of liquidity: The Corporation does not have liquidity inadequacy issues.
- (III) Cash liquidity analysis for the coming fiscal year:

Unit: NT\$1,000

Initial cash balance (1)	Projected net cash flow from operating activities during the year (2)	Projected cash outflow during the year (3)	Expected cash (shortage) balance (1)+(2)-(3)	Remedial measures for cash inadequacy	
				Investment plan	Financial plan
1,311,760	1,278,156	1,797,711	792,205	-	-

Note: 1. Cash flow from operating activities are primarily attributable to the cash received from sales and payment of operating expenses.

2. The expected cash outflow from investment and financing activities for the year consist mainly of dividend allocation and capital expenditures.

IV. Major Capital Expenditures in the Most Recent Year and Their Impacts on the Corporation's Finance and Operations: None.

V. Reinvestment Policies of the Most Recent Year, Main Reasons for Investment Gains or Losses, Improvement Plans, and Investment Plans of the Upcoming Year:

(I) Reinvestment Policy:

YungShin Group continues to expand its global presence and set up its investee businesses to consolidate resources from different regions and integrate resources investee businesses. It is committed to expansion in the international market. The Group uses the R&D with raw materials and production and sales of preparations to achieve vertical integration of the upstream, midstream, and downstream industry chain of its core products.

(II) Reasons for profit or loss:

The Corporation's principal business is investment-related and its principal revenue is the recognition of operating profit or loss of each investee enterprise. Investment income recognized in 2019 amounted to \$906,764 thousand. The Corporation's investee businesses have achieved stable growth. In 2017, related animal product businesses of the subsidiary company YSP were merged into Vetnostrum Animal Health Co., Ltd. to consolidate the animal protection businesses and resources in Taiwan and use the synergy to continue to create great results. The newly-established Chung Shin (Jiangsu) Clinical Research Co, Ltd. remains in the development stage of business operations and suffered losses. Carlsbad Technology, Inc. adjusted its business policies and gradually improved business conditions.

(III) Improvement plans:

The Group has adjusted the business strategies of Investee businesses with operating results below expectations by increasing or decreasing investments based on changes in the environment and the Group's development goals. They are also integrated with the support and shared resources of the Group. The Group implements flexible adjustments of its investments to curate investments in each sector and maximize gains from investee businesses of the Group.

(IV) Other future investment plans:

APIs with "stable supply, reliable quality, and competitive costs" are the key to winning the competition in the main generic drug market. The effective control of the end-user market is the key to the Corporation's sustainable development. YungShin Group focuses on the integration and development of the pharmaceutical and health industry value chain. The Group shall venture upstream to integrate API research, development, production, and supply and expand downstream into sales channels of major markets as part of its strategies for the Group's future investments.

VI. Risk Analysis and Assessment:

(I) The impact of interest rate, exchange rate fluctuations and inflation on corporate profits and losses and future countermeasures:

The Corporation's current capital is not high, and changes in interest rates, exchange rates and inflation have no material impact on the Corporation's profit or loss. If it is necessary to obtain loans in the financial market, the Corporation shall strive to obtain preferential interest rates to reduce costs. In response to changes in foreign exchange rates, other investee companies adopt natural hedging to control the level of foreign currency funds or enter into forward foreign exchange contracts with banks to respond to the risk of exchange rate fluctuations. Inflation has no significant impact on the Corporation and the Group.

(II) Policies of engaging in high-risk, high-leverage investments, loans to others, providing endorsements/guarantees and derivatives transactions, main reasons for the profits and losses generated thereby and future response measures:

1. The Corporation focuses on stable business development and does not engage in any high-risk or high-leverage investments.
2. The Corporation established the "Procedures for Loaning of Funds and Making of Endorsements/Guarantees" in accordance with regulations of the competent authority and conducts risk assessments on the recipients of endorsement or guarantee whenever necessary. The Corporation also processes endorsements and guarantees in accordance with related operating procedures to protect shareholder equity and reduce operating risks.
3. The Corporation's transactions of derivative products are processed in accordance with the "Procedures for Acquisition and Disposal of Assets".

- (III) Future R&D programs and expected R&D investment: None. The Corporation's principal business activity is general investment and does not require research and development.
- (IV) The impact of changes in important domestic and foreign policies adopted and legal environment on the Corporation's financial operations and countermeasures:
1. Taiwan: Measures taken by the National Health Insurance Administration to reduce the prices of drugs may cause negative impact on the sales of domestic NHI drugs. However, the impact remains difficult to determine. The Group has actively expanded the domestic non-NHI market and overseas sales to reduce the impact of the price cut of domestic NHI drugs.
 2. Mainland China: The National Development and Reform Commission has reduced the prices of drugs in the Catalogue of Drugs for Basic National Medical Insurance. However, the overall market in China continues to grow and investee businesses still maintain stable growth.
 3. United States: The United States government changed its supply model in 2018 to allow American manufacturers to use raw materials from non-TAA countries for government tenders to provide local manufacturing companies with more business opportunities.
- (V) The impacts of technology changes and industry changes on the Corporation's finance and business, and the countermeasures: The Group regularly holds meetings of the Strategy Committee and functional communication meetings between different companies to implement crisis management, share opportunities, and maximize resources. The communication platform between companies is used to organize regular meetings and follow up on implementation.
- (VI) The impacts of change of corporate image on the enterprise crisis management and the countermeasures:
- When Yung Shin was founded, the Founder adopted the principle of "Providing the best medicine to enhance people's health" as the corporate motto. Yung Shin has established a corporate image for promoting health of citizens through the establishment of the YungShin Sports Park to provide the public with a place for exercise, the establishment of the YungShin Social Welfare Foundation to actively participate in charity and relief, and the organization of the annual YungShin Cup Volleyball Championships, the largest volleyball championship in Taiwan.
- The Corporation founded the YungShin Elderly Nursing Home in response to the social issues of elderly care in recent years to provide the elderly with a professional, refined, and comfortable care environment. The Corporation seeks to help citizens' knowledge of health matters and used related biomedical academic activities to promote and encourage biomedical research by professionals. We established the TienTe Lee Biomedical Foundation to organize related subsidies and education programs.

YungShin Group shall continue to live up to its corporate image of "protecting citizens' health and caring for the society" and fulfill human health and corporate sustainable development goals in Taiwan and across the world.

- (VII) Expected benefits, possible risks, and response measures for mergers and acquisitions:

The Corporation established regulations and standard operating procedures for the evaluation of internal controls, investments, management to assess the expected benefits of mergers and acquisitions and control possible risks and response measures.

- (VIII) Expected benefits and potential risks of plant expansion and response measures: None.

- (IX) Risks associated with over-concentration in procurement and sales and response measures: None.

- (X) Impact of mass transfer of equity by or change of directors, supervisors, or shareholders holding more than 10% of the shares of the Corporation, associated risks and response measures: There were no major equity transfers or changes.

- (XI) The effect upon and risk to the Corporation associated with any change in governance personnel or top management and response measures being or to be taken: None.

- (XII) Litigation or non-litigation events: For a total of seven parcels of land on Lots 311, 314, 315, 316, 316-1, 317 and 325 of Hsien-Jen Section, Daija District, Taichung City jointly owned by Yung Shin Pharmaceutical and other owners, one co-owner requested the separation of the thing held in common and filed a suit to Taichung District Court for the separation of the thing held in common. According to the judgment rendered by the court of first instance on May 24, 2018, the land belongs solely to Yung Shin Pharmaceutical which is responsible for paying compensation to other co-owners. Yung Shin Pharmaceutical later filed an appeal to the court of second instance within the statutory period and the case was reviewed in Taiwan High Court Taichung Branch Court where a judgment was rendered on May 15, 2019. No party filed an appeal within the statutory appeal period for the judgment of the court of second instance and the judgment was finalized on June 24, 2019. Yung Shin Pharmaceutical gains sole ownership of the seven lots of disputed land and is required to pay compensation to other co-owners.

- (XIII) Other significant risks and response measures:

The Corporation seeks to continuously strengthen the management of information security and planned and strengthened management measures for various information security risks such as device management, hardware protection, terminal protection, application system security monitoring, and Internet and mobile security to protect the best interests of customers and stakeholders.

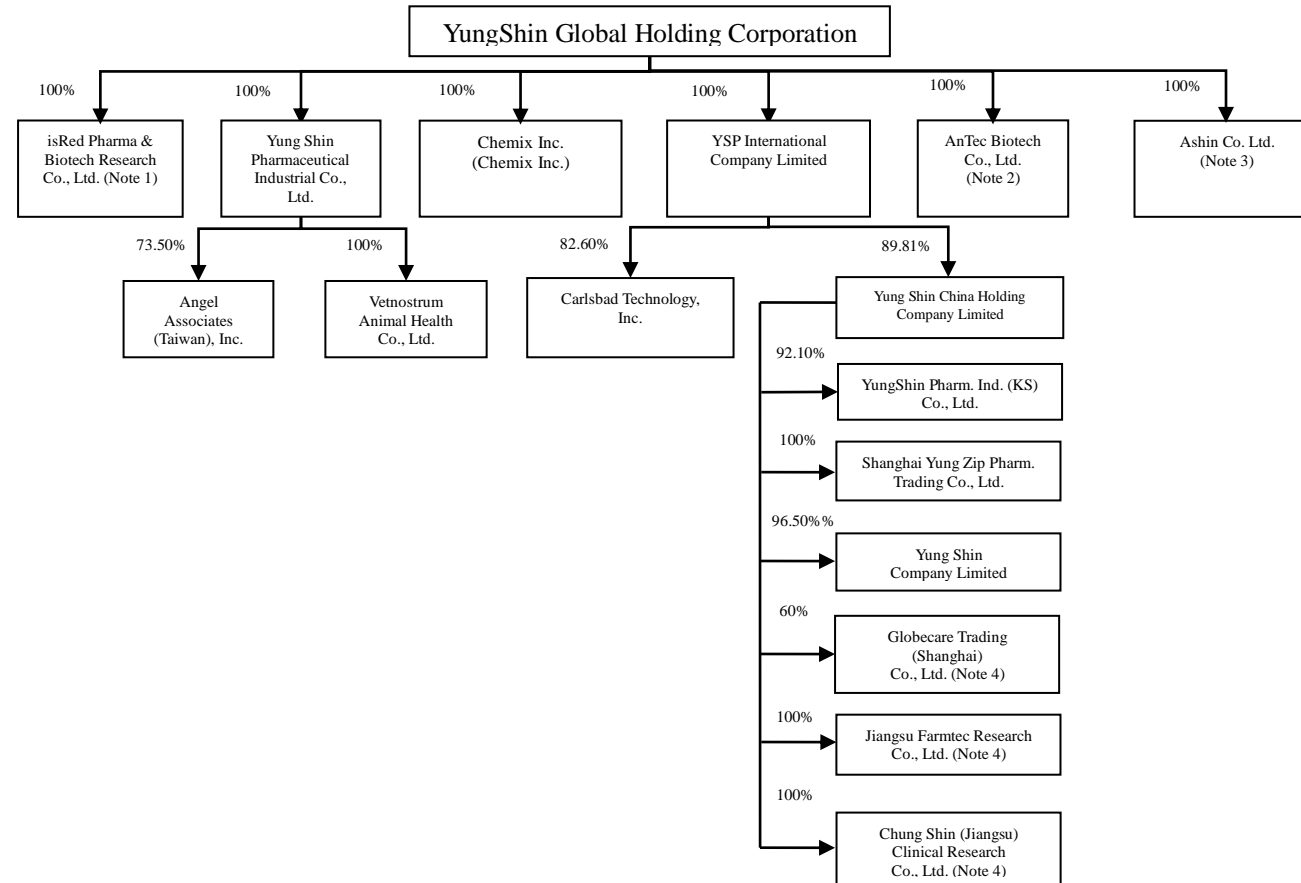
- VII. Other Important Matters: None.

Chapter 8. Special Notes

I. Information about the Corporation's Affiliated Companies

(I) Consolidated Report of Affiliated Companies:

1. Organization chart of affiliated companies



Note 1. isRed Pharma & Biotech Research Co., Ltd. was sold in 2019 Q3.

Note 2. AnTec Biotech Co., Ltd. was dissolved on December 31, 2016 and the dissolution was registered in Fu-Shou-Jing-Shang No. 10607018000 approval letter from Taichung City Government. However, the liquidation procedures are still being implemented.

Note 3. Liquidation of Ashin Co. Ltd. was completed in 2020 Q1.

Note 4. Liquidation of Globecare Trading (Shanghai) Co., Ltd., Jiangsu Farmtec Research Co, Ltd., and Chung Shin (Jiangsu) Clinical Research Co, Ltd. is currently in progress.

2. Basic Information of Affiliates

Name	Date of incorporation	Address	Actual paid-in capital	Main business or products
Yung Shin Pharmaceutical Industrial Co., Ltd.	1965.08.26	No. 1191, Sec. 1, Zhongshan Road, Dajia District, Taichung City	NTD 1,691,097,930	Manufacturing and trading of medicine and cosmetics
YSP International Company Limited	2001.06.28	Portcullis TrustNet Chambers, 4th Floor Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, British Virgin Islands VG1110(P.O. Box 3444)	USD 39,933,647	Trade, investment, and other related businesses
Carlsbad Technology, Inc.	1990.12.07	5922 Farnsworth Court Suite 101, Carlsbad, CA 92008 U.S.A.	USD 24,836,510	Manufacturing and trading of medicine
Yung Shin China Holding Company Limited	2000.06.20	The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman, KY1-1208, Cayman Islands	USD 32,893,745	Trade, investment, and other related businesses
Ashin Co. Ltd. (Note 2)	2012.03.05	2-15-10, Shinyokohama Kohoku-ku, Yokohama, Japan	JPY 50,000,000	Manufacturing and trading of medicine
Shanghai Yung Zip Pharm. Trading Co., Ltd.	1994.12.01	Room 1528, 1524, Tomson International Trade Building, No. 1 Jilong Road, Waigaoqiao Free Trade Zone, Shanghai, China	USD 4,000,000	International trade, trade between companies in the bonded zone, and trade representation within the bonded zone: Warehousing and simple commercial processing within the bonded zone
YungShin Pharm. Ind. (KS) Co., Ltd.	1994.12.12	No 191, Jinyang West Road, Lujia Town, Kunshan City, Jiangsu Province, China	RMB 122,922,311	Production and sale of Western medicine, finished pharmaceuticals, APIs, and chemical intermediates
Yung Shin Company Limited	1985.06.07	Unit 3, 5, 6, 11/F Tower One, Ever Gain Plaza No. 88 Container Port Road, Kwai Chung N.T. Hong Kong	HKD 8,000,000	Sales of drugs
Globecare Trading (Shanghai) Co., Ltd. (Note 3)	2006.12.19	Room 708, No. 710 Dongfang Road, Waigaoqiao Free Trade Zone, Shanghai, China	USD 2,500,000	Trade, wholesale, and retail of health food products, cosmetics, Western medicine, human examination reagents, and related raw materials, semi-finished products, and production equipment
Jiangsu Farmtec Research Co, Ltd. (Note 3)	2008.07.23	No 191, Jinyang West Road, Lujia Town, Kunshan City, Jiangsu Province, China	USD 2,500,000	Trading based on contracts for technology and pharmaceutical related technology development, patent rights, verification registration, and clinical regulatory appointments
Chung Shin (Jiangsu) Clinical Research Co, Ltd. (Note 3)	2017.03.29	4F, R&D Building, microRNA Research Institute, Room 3, No.168 Yuanfeng Road, Yushan Town, Kunshan City, Jiangsu Province, China	USD 4,200,000	Technology research and development, transfer, consulting, import and export of goods and technologies related to the pharmaceutical, biotechnology and healthcare industries
Angel Associates (Taiwan), Inc.	1974.02.08	12F, No. 181, Section 3, Minsheng East Road, Taipei City	NTD 5,000,000	Import/export trade
isRed Pharma & Biotech Research Co., Ltd. (Note 1)	2006.04.19	5F, No. 32, Keya Road, Daya District, Taichung City	NTD 50,000,000	Inspection and trading of medicine and cosmetics
AnTec Biotech Co., Ltd. (Note 3)	2008.07.31	No. 1191, Sec. 1, Zhongshan Road, Dajia District, Taichung City	NTD 172,000,000	Extraction, manufacturing, and sales of wood products
Chemix Inc.	1987.11.13	2-15-10, Shinyokohama Kohoku-ku, Yokohama, Japan	JPY 10,000,000	Trading of drugs
Vetnostrum Animal Health Co., Ltd.	2012.05.09	12F, No. 181, Section 3, Minsheng East Road, Taipei City	NTD 550,000,000	Manufacturing and trading of medicine

Note 1. isRed Pharma & Biotech Research Co., Ltd. was sold in 2019 Q3.

Note 2. Liquidation of Ashin Co. Ltd. was completed in 2020 Q1.

Note 3. Liquidation of AnTec Biotech Co., Ltd., Globecare Trading (Shanghai) Co., Ltd., Jiangsu Farmtec Research Co, Ltd., and Chung Shin (Jiangsu) Clinical Research Co, Ltd. is currently in progress.

3. Profiles on shareholders deemed to have dominant-subordinate relations: None.

4. Businesses covered by the affiliated companies' overall operations:

The businesses operated by the Corporation and its affiliated companies include: Pharmaceutical manufacturing and sales, import and export, cosmetics, food, medical equipment, and biotechnology services.

5. Directors, supervisors, and general managers of affiliated companies

December 31, 2019

Name	Title	Name or representative	Shareholding	
			Number of shares	Shareholding ratio
Yung Shin Pharmaceutical Industrial Co., Ltd.	Chairman/Director	YungShin Global Holding Corporation representative: Lee, Fang-Yu	169,109,793	100%
	Director	YungShin Global Holding Corporation representative: Lee, Ling-Chin		
	Director	YungShin Global Holding Corporation representative: Lee, Fang-Shin		
	Director	YungShin Global Holding Corporation representative: Lee, Fang-Chuan		
	Director	YungShin Global Holding Corporation representative: Lin, Meng-Pi		
	Director	YungShin Global Holding Corporation representative: Lee, Chi-Li		
	Independent Director	YungShin Global Holding Corporation representative: Tsai, Shih-Kuang		
	Independent Director	YungShin Global Holding Corporation representative: Lin, Kun-Hsien		
	Independent Director	YungShin Global Holding Corporation representative: Chen, Hung-I		
YSP International Company Limited	President	Lee, Ling-Chin	10,000	100%
	Chairman/Director	YungShin Global Holding Corporation representative: Lee, Fang-Shin		
	Director	YungShin Global Holding Corporation representative: Lee, Fang-Yu		
	Director	YungShin Global Holding Corporation representative: Lee, Ling-Chin		
	Director	YungShin Global Holding Corporation representative: Lee, Fang-Chuan		
Carlsbad Technology, Inc.	Director	YungShin Global Holding Corporation representative: Lin, Meng-Pi	24,836,510	82.60%
	Chairman/Director	YSP International Company Limited representative: Lee, Fang-Chuan		
	Director	YSP International Company Limited representative: Lee, Fang-Shin		
	Director	YSP International Company Limited representative: Wu, Miao		
	Director	YSP International Company Limited representative: Lee, Yung-Chung		
	Director	Lee, Chi-Li		
	Supervisor	YSP International Company Limited representative: Lin, Meng-Pi		
Yung Shin China Holding Company Limited	President	Yin, Kuo-Hun	-	89.81%
	Chairman/Director	YSP International Company Limited representative: Lee, Fang-Chuan		
	Director	YSP International Company Limited representative: Lee, Ling-Chin		
	Director	YSP International Company Limited representative: Lee, Fang-Yu		
	Director	YSP International Company Limited representative: Lee, Fang-Shin		
Shanghai Yung Zip Pharm. Trading Co., Ltd.	Director	YSP International Company Limited representative: Cho, Chia-Ho	-	100%
	Chairman/Director	Yung Shin China Holding Company Limited representative: Lee, Fang-Chuan		
	Director	Yung Shin China Holding Company Limited representative: Lee, Fang-Shin		
	Director	Yung Shin China Holding Company Limited representative: Yin, Kuo-Hun		
	Director	Yung Shin China Holding Company Limited representative: Cho, Chia-Ho		
	Director	Lee, Chi-Li		
	Supervisor	Yung Shin China Holding Company Limited representative: Lee, Fang-Yu		
YungShin Pharm. Ind. (KS) Co., Ltd.	President	Liu, Chih-Chien	122,922,311	92.10%
	Chairman/Director	Yung Shin China Holding Company Limited representative: Lee, Fang-Chuan		
	Director	Yung Shin China Holding Company Limited representative: Lee, Fang-Shin		
	Director	Yung Shin China Holding Company Limited representative: Cho, Chia-Ho		

Name	Title	Name or representative	Shareholding	
			Number of shares	Shareholding ratio
	Director	Yung Shin China Holding Company Limited representative: Yin, Kuo-Hun		
	Director	Lee, Chi-Li		
	Supervisor	Yung Shin China Holding Company Limited representative: Lee, Fang-Yu		
	Supervisor	Deng, Jen-Ching		
	Supervisor	Shen, Yen		
	President	Wu, Miao		
Yung Shin Company Limited (Hong Kong)	Chairman/Director	Yung Shin China Holding Company Limited representative: Lee, Fang-Chuan	8,000	96.50%
	Director	Yung Shin China Holding Company Limited representative: Lee, Fang-Shin		
	Director	Yung Shin China Holding Company Limited representative: Yin, Kuo-Hun		
	Director	Yung Shin China Holding Company Limited representative: Cho, Chia-Ho		
	Director	Lee, Chi-Li		
	Supervisor	Yung Shin China Holding Company Limited representative: Lee, Fang-Yu		
Globecare Trading (Shanghai) Co., Ltd.	Chairman/Director	Lee, Fang-Shin	-	60.00%
	Director	Yung Shin China Holding Company Limited representative: Lee, Ling-Chin		
	Director	Yung Shin China Holding Company Limited representative: Lee, Fang-Chuan		
	Director	Yung Shin China Holding Company Limited representative: Lee, Chi-Li		
	Director	Anis Bin Ahmad		
	Supervisor	Yung Shin China Holding Company Limited representative: Lee, Fang-Yu		
Jiangsu Farmtec Research Co, Ltd.	President	Lee, Fang-Shin	-	100%
	Chairman/Director	Yung Shin China Holding Company Limited representative: Lee, Fang-Chuan		
	Director	Yung Shin China Holding Company Limited representative: Lee, Fang-Shin		
	Director	Yung Shin China Holding Company Limited representative: Yin, Kuo-Hun		
	Director	Yung Shin China Holding Company Limited representative: Cho, Chia-Ho		
	Director	Lee, Chi-Li		
Chung Shin (Jiangsu) Clinical Research Co, Ltd.	Supervisor	Yung Shin China Holding Company Limited representative: Lee, Fang-Yu	-	100%
	President	Hsiao, Che-Yen		
	Chairman/Director	Yung Shin China Holding Company Limited representative: Lee, Fang-Chuan		
	Director	Yung Shin China Holding Company Limited representative: Lee, Fang-Shin		
	Director	Yung Shin China Holding Company Limited representative: Yin, Kuo-Hun		
	Director	Yung Shin China Holding Company Limited representative: Cho, Chia-Ho		
Angel Associates (Taiwan), Inc.	Director	Lee, Chi-Li	3,675	73.5%
	Supervisor	Yung Shin China Holding Company Limited representative: Lee, Fang-Yu		
	President	Liu, Cheng-Pin		
	Chairman/Director	Yung Shin Pharmaceutical Industrial Co., Ltd. representative: Lee, Ling-Chin		
	Director	Yung Shin Pharmaceutical Industrial Co., Ltd. representative: Tang, Wei-Chen		
Ashin Co. Ltd.	Director	Yung Shin Pharmaceutical Industrial Co., Ltd. representative: Wu, Hsiu-Li	1,000	100%
	Director	Yung Shin Pharmaceutical Industrial Co., Ltd. representative: Lee, Fang-Yu		
	Supervisor	Lee, Fang-Chuan		
	Chairman/Director	YungShin Global Holding Corporation representative: Lee, Fang-Yu	1,000	100%
	Director	YungShin Global Holding Corporation representative: Lee, Fang-Chuan		
	Director	YungShin Global Holding Corporation representative: Lee, Fang-Shin		

Name	Title	Name or representative	Shareholding	
			Number of shares	Shareholding ratio
	Director	YungShin Global Holding Corporation representative: Chung, Wei-Kai		
	Director	YungShin Global Holding Corporation representative: Chou, Shao-Wei		
	Supervisor	YungShin Global Holding Corporation representative: Chien, Chih-Wei		
	President	Lee, Fang-Yu		
Chemix Inc.	Chairman/Director	YungShin Global Holding Corporation representative: Lee, Fang-Yu	192	100%
	Director	YungShin Global Holding Corporation representative: Lee, Fang-Chuan		
	Director	YungShin Global Holding Corporation representative: Lee, Chi-Li		
	Director	YungShin Global Holding Corporation representative: Chung, Wei-Kai		
	Director	YungShin Global Holding Corporation representative: Chou, Shao-Wei		
	Supervisor	YungShin Global Holding Corporation representative: Lee, Fang-Shin		
	President	Lee, Fang-Yu		
Vetnostrum Animal Health Co., Ltd.	Chairman/Director	Yung Shin Pharmaceutical Industrial Co., Ltd. representative: Lee, Fang-Yu	55,000,000	100%
	Director	Yung Shin Pharmaceutical Industrial Co., Ltd. representative: Lee, Ling-Chin		
	Director	Yung Shin Pharmaceutical Industrial Co., Ltd. representative: Lee, Fang-Shin		
	Director	Yung Shin Pharmaceutical Industrial Co., Ltd. representative: Lee, Fang-Chuan		
	Director	Yung Shin Pharmaceutical Industrial Co., Ltd. representative: Chung, Wei-Kai		
	Supervisor	Yung Shin Pharmaceutical Industrial Co., Ltd. representative: Lin, Ing-Tsung		
	President	Chung, Wei-Kai		

(II) Status of operations of affiliated companies (2019)

Unit: NT\$1,000

Name	Capital	Total assets	Total liabilities	Net value	Operating revenue	Operating profit	Gain (loss) during this period (after tax)	Earnings per share (NT\$) (after tax)
Yung Shin Pharmaceutical Industrial Co., Ltd.	1,691,098	8,087,581	3,614,336	4,473,245	5,509,794	955,928	819,162	4.84
YSP International Company Limited	1,208,096	1,893,316	0	1,893,316	0	(42)	94,066	9,406.63
Carlsbad Technology, Inc.	752,021	1,078,245	983,324	94,921	636,969	8,866	47,241	1.90
Yung Shin China Holding Company Limited	995,141	828,394	142	828,252	0	(166)	(3,520)	(0.11)
Shanghai Yung Zip Pharm. Trading Co., Ltd.	121,120	96,735	9,987	86,748	132,149	1,504	4,770	0
Globecare Trading (Shanghai) Co., Ltd. (Note 1)	78,844	45,388	20,660	24,728	5,695	(10,429)	(10,560)	0
YungShin Pharm. Ind. (KS) Co., Ltd.	453,865	1,210,265	550,259	660,006	1,374,559	57,620	42,891	0.35
Jiangsu Farmtec Research Co. Ltd.	75,700	10,226	837	9,389	1,208	(4,107)	(2,842)	0

Name	Capital	Total assets	Total liabilities	Net value	Operating revenue	Operating profit	Gain (loss) during this period (after tax)	Earnings per share (NT\$) (after tax)
(Note 1)								
Chung Shin (Jiangsu) Clinical Research Co, Ltd. (Note 1)	128,358	33,515	7,669	25,846	12,159	(38,990)	(42,117)	0
Yung Shin Company Limited	31,178	64,891	14,715	50,176	36,092	2,160	2,239	279.93
Angel Associates (Taiwan), Inc.	5,000	18,656	3,587	15,069	7,242	1,905	1,726	345.25
AnTec Biotech Co., Ltd. (Note 2)	172,000	52,666	0	52,666	0	(1,997)	17,479	1.02
Ashin Co. Ltd. (Note 3)	18,729	8,517	0	8,517	0	(28)	(28)	0.00
Chemix Inc.	3,071	564,451	182,404	382,047	711,633	34,508	21,337	111.13
Vetnostrum Animal Health Co., Ltd.	550,000	1,380,675	475,152	905,523	1,080,427	133,020	112,437	2.04

Note 1. Liquidation of Globecare Trading (Shanghai) Co., Ltd., Jiangsu Farmtec Research Co, Ltd., and Chung Shin (Jiangsu) Clinical Research Co, Ltd. is currently in progress.

Note 2. AnTec Biotech Co., Ltd. was dissolved on December 31, 2016 and the dissolution was registered in Fu-Shou-Jing-Shang No. 10607018000 approval letter from Taichung City Government. However, the liquidation procedures are still being implemented.

Note 3. Liquidation of Ashin Co. Ltd. was completed in 2020 Q1.

(III) Consolidated financial statement of affiliated companies:

YungShin Global Holding Corporation

Declaration for Consolidated Financial Statements of Affiliated Companies

In 2019 (from January 1 to December 31, 2019), pursuant to the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises", the Corporation's entities that shall be included in preparing the Consolidated Financial Statements for Affiliates and the Parent-Subsidiary Consolidated Financial Statements for International Financial Reporting Standards (IFRS) 10 are the same. In addition, the disclosure information required for the Consolidated Financial Statements for Affiliates has been fully disclosed in the aforementioned Parent-Subsidiary Consolidated Financial Statements; hence, a separate Consolidated Financial Statements for Affiliates will not be prepared.

Hereby declare by

Company name: YungShin Global Holding Corporation

Person in Charge: Lee, Fang-Shin

March 27, 2020

(IV) Affiliation Report: N/A.

- II. Private placement securities in the most recent fiscal year up to the publication date of this annual report: None.
- III. Holding or disposition of company shares of the most recent fiscal year up to the publication date of this report:

Unit: NT\$1,000; shares; %

Subsidiary Name	Actual paid-in capital	Sources of capital	Shareholding ratio of the Corporation	Date of acquisition or disposal	Shares and amount acquired	Shares and amount disposed	Investment Profit or loss	Shareholdings and amount as of the publication of the annual report	Conditions of pledged shares	Endorsement amount made for the subsidiary	Amount loaned to the subsidiary
Angel Associates (Taiwan), Inc.	NT\$5,000 thousand	Company capital	73.5%	2011.1.3	58,059 shares NT\$1,958 thousand	-	-	58,059 shares NT\$1,958 thousand	None	None	None

Note:

1. Angel Associates (Taiwan), Inc. previously acquired the shares of Yung Shin Pharmaceutical Industrial Co., Ltd. on September 22, 1994. As the Corporation was established through a share swap from Yung Shin Pharmaceutical Industrial Co., Ltd. on January 3, 2011, the shares held by Angel Associates were converted into the Corporation's shares at the same time.
 2. Angel Associates held 55,295 shares of the Corporation as of January 3, 2011. The amount of shares held was NT\$1,958 thousand.
 3. Angel Associates acquired the Corporation's new shares issued through the conversion of earnings to new shares on September 5, 2015. Therefore, as of the publication date of this annual report, Angel Associates held 58,059 shares of the Corporation with a total amount of NT\$1,958 thousand.
- IV. Any event that has a significant impact on shareholders' equity or securities prices as prescribed by Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act that have occurred in the most recent year up to the publication date of this annual report: None.
- V. Other Matters that Require Additional Description: None.

YungShin Global Holding Corporation

Chairman





YungShin Global Holding Corporation

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