



YUNGSHIN GLOBAL HOLDING CORPORATION

Stock Code : 3705

2020

ANNUAL REPORT

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

Market Observation Post System Website : <http://mops.twse.com.tw>

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

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Firm Name: Deloitte Touche Tohmatsu Limited, Taiwan

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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 industries 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 2020

(I) Implementation of 2020 Business Plan

The operating income of the Corporation in the consolidated income statement of 2020 was NT\$8,084,664 thousand, the gross profit was NT\$3,682,119 thousand, gross margin 45.54%; the operating expense was NT\$2,721,013 thousand, the consolidated total profit or loss was NT\$781,134 thousand, the net profit after tax attributable to the parent company was NT\$791,720 thousand, with earnings per share of NT\$2.97.

(II) Budget Implementation

The Corporation did not make a financial forecast for 2020, 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	2019	2020
Operating income	8,191,531	8,084,664
Gross profit	3,807,772	3,682,119
Operating profit or loss	891,904	961,106
Net profit before tax	1,011,898	1,024,490
Net profit after tax	754,011	781,134

Profitability analysis

Item	2019	2020
Return on Assets (ROA) (%)	6.72	6.55
Return on Equity (ROE) (%)	11.95	12.02
Ratio of income before tax to paid-up capital (%)	37.98	38.45

Net Profit Margin (%)	9.20	9.66
Earnings per share (NT\$)	2.81	2.97

(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 2021 Business Plan

(I) Operating Policies and Future Development Strategies

YungShin Group's current development in the health industry is extensive. YungShin Group's businesses cover the R&D of upstream active pharmaceutical ingredients (APIs) 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 that will continue to be continuously followed in 2021 are as follows:

1. Sustained and deep-rooted investment and development of big health related industries

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 Ccorporation 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. Source and supply control of API required by the Group

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 had invested in R&D and production of APIs since the early stage of its development. Now, it has API R&D and production bases in both Taiwan and Mainland China and will continue to increase its API varieties and capacity expansion by means of cooperation, investment, merger, and acquisition.

3. Flexible control of inventory, production and business strategies in response to changes in the pandemic of COVID-19

The outbreak of COVID-19 is a major variable affecting the operation in 2020. Yungshin Group has set up a cross-company platform response team from the very beginning to share raw materials and transportation and address emergencies and response strategies in different countries. At present, the Group has reviewed the source and supply of raw materials. In the short term, the inventory of raw materials for important and strategic pharmaceutical products has been extended from quarterly accrual to annual accrual in order to maintain normal production and supply. In the long term, the second and third sources and the independently developed raw materials will be added as the strategic direction to maintain the Group's long-term market competitiveness.

4. Continue to promote the cooperation of various business entities and strengthen the physical competitiveness

YungShin Group has been committed to expanding the international market since 1985. By now, the Group has set up manufacturing plants in Taiwan, Mainland China, the USA, Malaysia, and Vietnam to supply the needs of local and global market, established sales points in Taiwan, Southeast Asia, the USA, Mainland China, and Japan, and established nine major

functional groups in terms of production, manufacturing, marketing and management and the exchange platform between companies in the Group, so as to constantly strengthen the existing manufacturing and sales, and strengthen the international competitiveness.

5. Continue to Promote Sustainable Investment and Development of ESG

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 talents, 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 of the Board Fang-Hsin Lee

Chapter 2. Corporation Profile

I. Date of Establishment: Jan. 3, 2011

II. Corporation 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>In January, the subsidiary Yung Shin Pharm Ind. Co., Ltd. was awarded the "First Brand in Taiwan" in the pharmaceutical industry in 2011.</p>
2012	<p>In March, the Corporation established the subsidiary "Ashin Co. Ltd." in Japan through an offshore company.</p>
2013	<p>In February, the subsidiary Yung Shin Pharm Ind. Co., Ltd. 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 referred to as "CMX") and Japan Antibiotic Corp. (hereinafter referred to as "JAC") formally signed a business right assignment contract, which provided that CMX will buy all the businesses of JAC and will take over the agency of imported raw materials and sales channels from JAC in Taiwan, Mainland China, South Korea, India, and other countries.</p> <p>In March, the subsidiary Yung Shin 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 acyclovir there.</p>
2015	<p>In June, the subsidiary Yung Shin Pharm Ind. Co., Ltd. transferred 100% of 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 Yung Shin Pharm Ind. Co., Ltd. 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 Yung Shin Pharm Ind. Co., Ltd. was</p>

Year	Milestones
	transferred to Vetnostrum Animal Health Co., Ltd. to consolidate the Group's animal protection businesses and resources in Taiwan.
	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/bioequivalence (BE) test services including clinical research, biotech sample analyses, biometrics, and clinical research monitoring.
2018	In January, the subsidiary Yung Shin Pharm. Ind. (KS) Co., Ltd. was listed on the National Equities Exchange and Quotations of China (known as the New Third Board). In September, the YungShin Group reorganized its organizational structure and liquidated YSP Japan Investment Co., Ltd. bringing down the number of companies in its portfolio to 16.
2019	In August, the Corporation sold 100% of its holding in isRed Pharma & Biotech Research Co., Ltd. bringing down the number of companies in its portfolio to 15. In November, in order to save management costs and take into consideration the overall long-term operation plan of the company, Ashin Co. Ltd. was dissolved and liquidated.
2020	In February, based on the overall long-term operation planning of the Corporation, the subsidiaries Jiangsu Farmtec Research Co., Ltd. and Globecare Trading (Shanghai) Co., Ltd. were dissolved and liquidated in order to simplify the investment structure and save non-necessary cost expenditures. In March, the organization structure of the YungShin Group was adjusted, and the liquidation of Ashin Co. Ltd. was completed. The number of controlled companies held by the Corporation was changed to 14. In March, in order to simplify the investment structure and save non-necessary cost expenditures, and based on the overall long-term operation planning of the Corporation, the subsidiary Chung Shin (Jiangsu) Clinical Research Co, Ltd. was liquidated. In July, the Corporation directly held 100% of shares of Vetnostrum Animal Health Co., Ltd. for the benefit of the integration of the YungShin Group's global resources, industrial development, and authority so as to improve its competitiveness and business performance. In December, the YungShin Group's organizational structure was adjusted, and the liquidation of Chung Shin (Jiangsu) Clinical Research Co, Ltd. was completed. The number of controlled companies held by the Corporation was changed to 13.

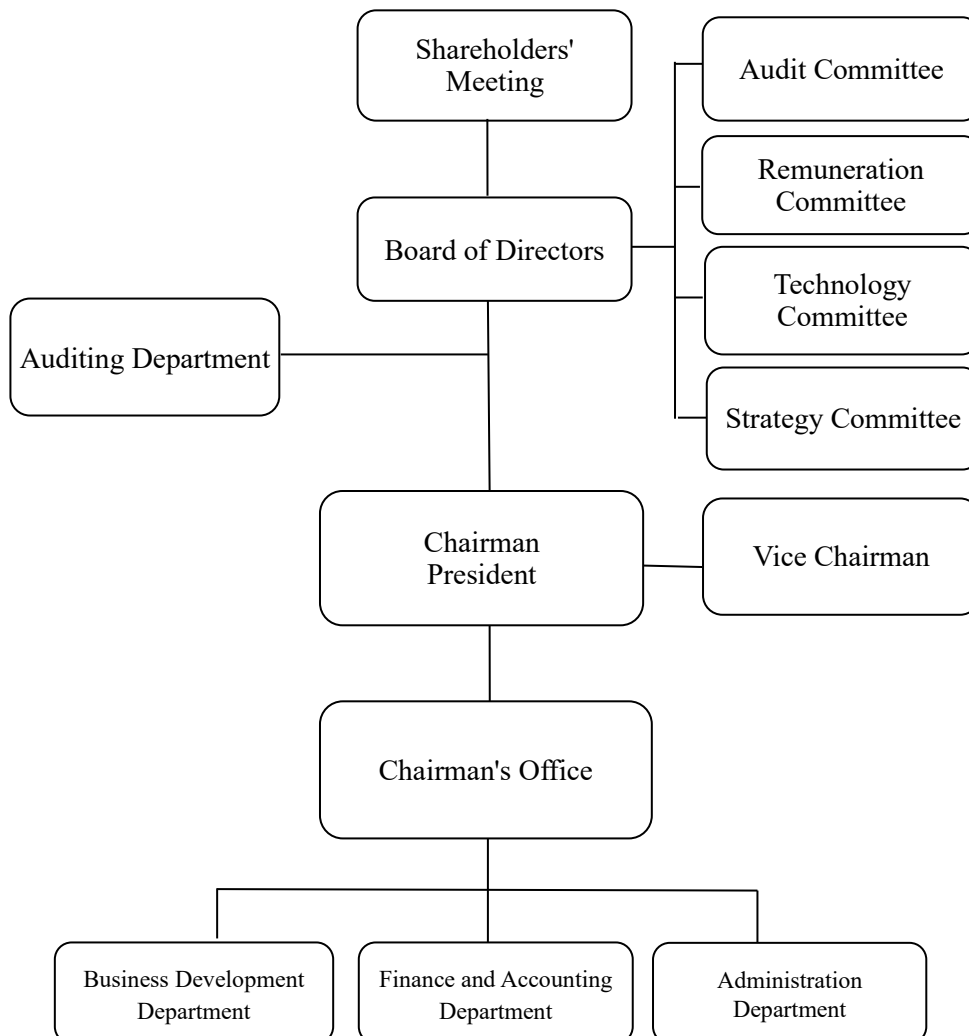
*For more information on company history, please visit our website (the URL on the cover).

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>

Unit	Main Responsibilities
Auditing Department	<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 Corporation's operational and management objectives, perform tasks assigned by the Board, and oversee the supervision of the YungShin Group.</p> <p>(I) Assist in achieving business objectives.</p> <p>(II) Project management.</p> <p>(III) General contact window for matters of the YungShin 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>
Business Development Department	<p>Integrate and supervise production and R&D activities of the YungShin Group's existing products in accordance with Corporation's development strategy. Acquire businesses and explore complementary investment opportunities.</p> <p>(I) Formulate product and market development strategies for the YungShin Group to implement intensified integration of the YungShin Group's resources and facilitate communication.</p> <p>(II) Supervise the integration of production and R&D resources of the YungShin 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>

	(VII) Other assigned tasks.
Unit	Main Responsibilities
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):

Information on directors (including independent directors) Part 1

Mar. 31, 2021

Title	Nationality or place of registration	Name	Gender	Date elected (appointed) (Note 2)	Term (years)	First appointment Date (Note 1)	Shares held at the time of appointment		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
							Weighted Average Number of Ordinary Shares Outstanding	Shareholding Ratio	Weighted Average Number of Ordinary Shares Outstanding	Shareholding Ratio	Weighted Average Number of Ordinary Shares Outstanding	Shareholding Ratio	Weighted Average Number of Ordinary Shares Outstanding	Shareholding ratio			Title	Name	Relationship	
Chairman	Republic of China	Fang-Hsin Lee	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 Director Director	Ling-Chin Lee Fang-Yu Lee Fang-Chen Lee	Sister and younger brother Brothers Brothers	(Note 5)
Director	Republic of China	Ling-Chin Lee (Note 3)	Female	2019.06.20	3 years	2010.06.09	14,453,368	5.42%	10,401,368	3.90%	0	0.00%	0	0%	Shih Chien University	(Note 4)	Chairman Director Director	Fang-Hsin Lee Fang-Yu Lee Fang-Chen Lee	Sister and younger brother Sister and younger brother Sister and younger brother	
Director	Republic of China	Fang-Yu Lee	Male	2019.06.20	3 years	2016.06.22	7,986,918	3.00%	7,926,918	2.98%	3,158,682	1.19%	0	0%	PhD, College of Pharmacy, China Medical University	(Note 4)	Chairman Vice Chairman Director	Fang-Hsin Lee Ling-Chin Lee Fang-Chen Lee	Brothers Sister and younger brother Brothers	
Director	Republic of China	Fang-Chen Lee	Male	2019.06.20	3 years	2010.06.09	10,492,344	3.94%	10,513,344	3.95%	1,369,322	0.51%	0	0%	1. Ph. D., Institute of Medicinal Chemistry, University of Minnesota 2. Ph. D., Intellectual Property Law Institute, China University of Political Science and Law	(Note 4)	Chairman Vice Chairman Director	Fang-Hsin Lee Ling-Chin Lee Fang-Yu Lee	Brothers Sister and younger brother Brothers	

Title	Nationality or place of registration	Name	Gender	Date elected (appointed) (Note 2)	Term (years)	First appointment Date (Note 1)	Shares held at the time of appointment		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
							Weighted Average Number of Ordinary Shares Outstanding	Shareholding Ratio	Weighted Average Number of Ordinary Shares Outstanding	Shareholding Ratio	Weighted Average Number of Ordinary Shares Outstanding	Shareholding Ratio	Weighted Average Number of Ordinary Shares Outstanding	Shareholding ratio			Title	Name	Relationship	
Director	Republic of China	Meng-Pi Lin	Male	2019.06.20	3 years	2013.06.11	5,923,326	2.22%	7,129,326	2.68%	0	0.00%	5,448,000	2.05%	Department of Accounting, Tunghai University	(Note 4)	None	None	None	
Director	Republic of China	Chi-Li Lee	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	Shih-Kuang Tsai	Male	2019.06.20	3 years	2019.06.20	0	0.00%	0	0.00%	0	0.00%	0	0%	Master in Accounting, Taiwan University	(Note 4)	None	None	None	
Independent Director	Republic of China	Kun-Xian Lin	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	Hong-Yi Chen	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. Doctor of Pharmacology, University of Oxford, UK 3. Master of Medical Administration, Tulane University, USA 4. Master, College of Management, National Taiwan University	(Note 4)	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 fourth term of directors (including independent directors) of the Corporation was elected on June 20, 2019 and the term of office is from June 20, 2019 to June 19, 2022.

Note 3: Add 4,000,000 shares under trust with discretion reserved, total shares amount is 14,401,368 (total shareholding ratio is 5.41%).

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
Fang-Hsin Lee	<ol style="list-style-type: none"> 1. Chairman and President of the Corporation (YungShin Global Holding Corporation). 2. President and Group Managing Director of Y.S.P. Southeast Asia Holding Bhd. 3. Chairman of YSP INTERNATIONAL CO., LTD., CARLSBAD TECHNOLOGY, INC., etc. 4. Director of Yung Shin Pharm Ind. Co., Ltd., Vetnostrum Animal Health Co., Ltd., YUNG SHIN CHINA HOLDING CO., LTD., Yung Shin Pharm Ind. (KS) Co., Ltd., Shanghai Yung Zip Pharm. Trading Co., Ltd., Yung Shin Company Limited, and ALPHA ACTIVE INDUSTRIES SDN BHD, etc. 5. Supervisor of Chemix Inc. 6. President of 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., SUN TEN PHARM. MFG (M) SDN BHD, etc. 7. Executive director of YUNG SHIN PHARMACEUTICAL (SINGAPORE) PTE LTD., SUN TEN (S) PTE LTD., SUN TEN SOUTHEAST ASIA HOLDING PTE LTD, and Y.S.P. SAH INVESTMENT PTE LTD., etc.
Ling-Chin Lee	<ol style="list-style-type: none"> 1. Vice Chairman of the Corporation (YungShin Global Holding Corporation). 2. Vice Chairman and General Manager of Yung Shin Pharm Ind. Co., Ltd. 3. Chairman of Angel Associates (Taiwan), Inc. 4. Vice Chairman of Biotrust International Corporation. 5. Director of Vetnostrum Animal Health Co., Ltd., YSP INTERNATIONAL CO., LTD., YUNG SHIN CHINA HOLDING CO., LTD., Y.S.P. SOUTHEAST ASIA HOLDING BHD., KUMPULAN YSP (M) SDN. BHD, Y.S.P. INDUSTRIES (M) SDN BHD, etc. 6. Supervisor of Yung Shin Pharm Ind. (KS) Co., Ltd., Shanghai Yung Zip Pharm. Trading Co., Ltd., Yung Shin Company Limited, etc.
Fang-Yu Lee	<ol style="list-style-type: none"> 1. Chairman of Yung Shin Pharm Ind. Co., Ltd., Vetnostrum Animal Health Co., Ltd., Tien Te Lee Biomedical Foundation, YungShin Social Welfare Foundation, YungShin Elderly Nursing Home, Yung Shin Amusement Co., Ltd., etc. 2. Chairman and General Manager of Chemix Inc. 3. Director of Angel Associates (Taiwan), Inc., Biotrust International Corporation, YSP INTERNATIONAL CO., LTD., YUNG SHIN CHINA HOLDING CO., LTD., Yung Shin Pharm Ind. (KS) Co., Ltd., Shanghai Yung Zip Pharm. Trading Co., Ltd., Yung Shin Company Limited, CARLSBAD TECHNOLOGY, INC., and Shuz Tung Machinery Industrial Co., Ltd. 4. Executive Director of Hsing Yuan Foundation.
Fang-Chen Lee	<ol style="list-style-type: none"> 1. Chairman of YUNG SHIN CHINA HOLDING CO., LTD., Yung Shin Pharm Ind. (KS) Co., Ltd., Shanghai Yung Zip Pharm. Trading Co., Ltd., and Yung Shin Company Limited. 2. Director of Yung Shin Pharm Ind. Co., Ltd., Yung Zip Chemical Ind. Co., Ltd., Y.S.P. SOUTHEAST ASIA HOLDING BHD., CARLSBAD TECHNOLOGY, INC., CHEMIX INC., Vetnostrum Animal Health Co., Ltd., and Taiwan Way Chein Industrial Co., Ltd., etc. 3. Supervisor of Angel Associates (Taiwan), Inc.

Meng-Pi Lin	<ol style="list-style-type: none"> 1. Chairman of Wen Shan Resort Corporation. 2. Director of companies including Yung Shin Pharm Ind. 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.
Chi-Li Lee	<ol style="list-style-type: none"> 1. Chairman of Yung Zip Chemical Ind. Co., Ltd. and Taiwan Way Chein Industrial Co., Ltd. 2. Director and Associate Manager of Health and Living Division of Yung Shin Pharm Ind. Co., Ltd. 3. Director of Yung Shin Pharm Ind. (KS) Co., Ltd., Shanghai Yung Zip Pharm. Trading Co., Ltd., Yung Shin Company Limited, CARLSBAD TECHNOLOGY, INC., and CHEMIX INC.
Shih-Kuang Tsai	<ol style="list-style-type: none"> 1. Independent Director of Yung Shin Pharm Ind. Co., Ltd. 2. President of T.K. Tsai & Co., CPAs. 3. Director of Tatung System Technologies Inc. 4. Independent Director of AIC Inc. and Syncmold Enterprise Corp. 5. Supervisor of Zhi-Hang Technology Co., Ltd.
Kun-Xian Lin	<ol style="list-style-type: none"> 1. Independent Director of Yung Shin Pharm Ind. Co., Ltd. 2. Executive (Independent) Director of COTA Commercial Bank Co., Ltd.
Hong-Yi Chen	<ol style="list-style-type: none"> 1. Independent Director of Yung Shin Pharm Ind. Co., Ltd. 2. Director of Country Hospital. 3. Honorary Professor/Honorary President of Chang Jung Christian University. 4. Consultant of Military General Hospital and Xin Tai General Hospital. 5. Director of Liming Foundation, Chang Jung Christian University, and Ta-Kuang Hospital Management Consulting Co. Ltd.

- 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:

Mar. 31, 2021

Criteria	More than 5 years working experience and meets at least one of the following professional qualification requirements			Independence Criteria (Note 3)												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	
Name																
Fang-Hsin Lee	✓		✓					✓				✓		✓	✓	0
Ling-Chin Lee			✓					✓				✓		✓	✓	0
Fang-Chen Lee	✓	✓	✓					✓				✓		✓	✓	0
Fang-Yu Lee	✓	✓	✓					✓				✓		✓	✓	0
Meng-Pi Lin			✓	✓			✓	✓				✓	✓	✓	✓	0
Chi-Li Lee			✓			✓	✓	✓			✓	✓	✓	✓	✓	0
Shih-Kuang Tsai	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2 (Note 2)
Kun-Xian Lin		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0 (Note 2)
Hong-Yi Chen	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0 (Note 2)

Note 1: The fourth term of directors (including independent directors) of the Corporation was elected on June 20, 2019, and the term of office is from June 20, 2019 to June 19, 2022.

Note 2: In accordance with the provisions of Financial-Supervisory-Securities-Corporate No. 1050040683 on Nov. 09, 2016, where an independent director concurrently serves as an independent director of YungShin Pharmaceutical Industry (Stock) Company, which is a subsidiary 100% owned by the Corporation, the two companies shall be regarded as one.

This does not include the case when the independent director of the Corporation concurrently serves as the independent director of other public companies.

Note 3: Each director or independent director marked "✓" shall meet the following conditions in the two years prior to and 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 two generations, or direct blood relatives within three generations of the executive listed in (1) or person listed in (2) or (3).
- (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, executive, or shareholder with no less than 5% of shares in a specific company or institution with financial or business communication with the Corporation (but this does not apply if a specific company or institution holds no less than 20% but no more than 50% of the total issued shares of the Corporation and has a concurrent independent director with the Corporation and its parent company, subsidiary or a subsidiary of the same parent company as the Corporation established in accordance with this act or the laws of the country where it is located)
- (9) Does not provide the Corporation or associated companies with auditing or in the past 2 years, obtained compensation cumulated over NT\$500,000 in business, legal, financial, accounting services, by professionals, sole proprietorships, partnerships, companies, or institutional owners, partners, directors, supervisors, managers, and spouses. 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) Not under any of the categories stated in Article 30 of the Company Act.
- (12) No Government Apparatus agency, juristic person or its representative is elected under 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

Mar. 31, 2021

Title	Nationality	Name	Gender	Date elected (appointed) Date	Shareholding		Spouse & minor shareholding		Shareholding by nominees		Education and work experience	Other position concurrently held at 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	Fang-Hsin Lee	Male	2019.06.20	11,260,832	4.23%	3,423	0.00%	0	0.00%	Ph.D. of Business Administration, Pacific Western University, USA	(Note 1)	None	None	None	(Note 2)
Vice President Manager	Republic of China	Chih-Wei Chien	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:

Name	Other position concurrently held at the Corporation or other companies
Fang-Hsin Lee	<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., CARLSBAD TECHNOLOGY, INC., etc. Director of Yung Shin Pharm Ind. Co., Ltd., Vetnostrum Animal Health Co., Ltd., YUNG SHIN CHINA HOLDING CO., LTD., Yung Shin Pharm Ind. (KS) Co., Ltd., Shanghai Yung Zip Pharm. Trading Co., Ltd., Yung Shin Company Limited, and ALPHA ACTIVE INDUSTRIES SDN BHD, etc. Supervisor of Chemix Inc. President of 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., SUN TEN PHARM. MFG (M) SDN BHD, etc. Executive Director of YUNG SHIN PHARMACEUTICAL (SINGAPORE) PTE LTD., SUN TEN (S) PTE LTD., SUN TEN SOUTHEAST ASIA HOLDING PTE LTD, and Y.S.P. SAH INVESTMENT PTE LTD., etc.

Note 2: A. The Corporation is adjusting its organization and operation plan. In order to accelerate the promotion of relevant plans, and the company has a small organization (10 people) after downsizing, the Chairman and the President are currently the same person (without additional pay), and the post arrangement will be discussed after the adjustment plan has achieved phased results.

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.

(IV) Remuneration Paid to Directors and Independent Directors:

2020; Unit: NT\$1,000

Title	Name	Remuneration of Directors								Proportion of total amount of A, B, C, and D to the net income after tax		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)		Retirement pension (B)		Directors' compensation (C) (Note 1)		Business execution expenses (D) (Note 2)				Salary, bonuses, and allowances (E)		Retirement pension (F)		Employee 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	The Corporation	All companies listed in this Financial Report				
Chairman	Fang-Hsin Lee	0	0	0	0	2,450	2,450	235	337	0.34%	0.35%	0	0	0	0	0	0	0	0	0.34%	0.35%	8,615	
Vice Chairman	Ling-Chin Lee	0	120	0	0	2,450	2,450	115	186	0.32%	0.35%	0	6,912	0	0	0	0	0	0	0.32%	1.22%	1,134	
Director	Fang-Yu Lee	0	6,360	0	0	2,450	2,450	115	1,532	0.32%	1.31%	0	0	0	0	0	0	0	0	0.32%	1.31%	0	
Director	Fang-Chen Lee	0	5,932	0	0	2,450	2,450	115	1,708	0.32%	1.27%	0	0	0	0	0	0	0	0	0.32%	1.27%	809	
Director	Meng-Pi Lin	0	0	0	0	2,450	2,450	100	130	0.32%	0.33%	0	0	0	0	0	0	0	0	0.32%	0.33%	0	
Director	Chi-Li Lee	0	0	0	0	2,450	2,450	115	193	0.32%	0.33%	0	3,448	0	83	0	0	0	0	0.32%	0.78%	342	
Independent Director	Shih-Kuang Tsai	0	0	0	0	600	960	210	290	0.10%	0.16%	0	0	0	0	0	0	0	0	0.10%	0.16%	0	
Independent Director	Kun-Xian Lin	0	0	0	0	600	960	80	120	0.09%	0.14%	0	0	0	0	0	0	0	0	0.09%	0.14%	0	
Independent Director	Hong-Yi Chen	0	0	0	0	600	960	80	120	0.09%	0.14%	0	0	0	0	0	0	0	0	0.09%	0.14%	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: The cost of business execution includes the rental fee of vehicles and housing, conference attendance fee, and hosting fee.

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

(V) Remuneration to the President and Vice Presidents:

2020; Unit: NT\$1,000

Title	Name	Salary (A)		Severance pay and pension (B)		Bonus and special allowances (C)		Employees' remuneration (D) (Note 1)				Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		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	Fang-Hsin Lee	0	0	0	0	0	0	0	0	0	0	0%	0%	8,615
Vice President	Chih-Wei Chien	2,700	2,700	108	108	900	900	203	0	203	0	0.50%	0.50%	60

Note 1: The amount of employee compensation is the proposed amount.

(VI) Managerial Officer's Name and the Distribution of Employee Bonus:

2020; Unit: NT\$1,000

Managers	Title	Name	Stock	Cash Amount (Note 1)	Total	Percentage of total compensations to net income after tax (%)
	President	Fang-Hsin Lee	0	427	427	0.05%
	Vice President	Chih-Wei Chien				
	Chief Corporate Governance Officer	I-Yun Wang (Note 2)				
	Financial Officer	Shih-Yun Lin (Note 3)				
	Financial Officer	Yu-I Lee (Note 3)				

Note 1: The amount of employee compensation is the proposed amount.

Note 2: I-Yun Wang took the office of the Director of Corporate Governance of the Corporation on Feb. 12, 2020.

Note 3: Shih-Yun Lin, Financial Officer, resigned on Aug. 31, 2020, and Yu-I Lee took the office of the Financial Officer on Sep. 1, 2020.

(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	
	2020 (Note 1)	2019	2020 (Note 1)	2019
Remuneration of Directors	2.23%	2.58%	4.37%	4.71%
Remuneration for the President and Vice Presidents	0.50%	0.93%	0.50%	0.93%

Note 1: The remuneration for directors, President, and Vice Presidents in 2020 is the proposed amount, which shall be subject to the actual paid amount.

2. The Corporation's Directors' compensation includes base compensation, Director's articles of association, and 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 President is now adjunctly served by the Chairman without additional pay.

The remuneration policy for the 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 held 6 meetings in 2020 (A). The attendance and appearance of directors were as follows:

Title	Name	Number of attendance in person (B)	Attendance by proxy	Actual attendance (appearance) rate (%) [B/A] (Note 1)	Remarks
Chairman	Fang-Hsin Lee	6	0	100%	Reelected on June 20, 2019
Director	Ling-Chin Lee	6	0	100%	Reelected on June 20, 2019
Director	Fang-Yu Lee	6	0	100%	Reelected on June 20, 2019
Director	Fang-Chen Lee	6	0	100%	Reelected on June 20, 2019
Director	Meng-Pi Lin	6	0	100%	Reelected on June 20, 2019
Director	Chi-Li Lee	6	0	100%	Newly appointed on June 20, 2019
Independent Director	Shih-Kuang Tsai	6	0	100%	Newly appointed on June 20, 2019
Independent Director	Kun-Xian Lin	6	0	100%	Reelected on June 20, 2019
Independent Director	Hong-Yi Chen	6	0	100%	Newly appointed 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. The matters listed in Article 14-3 of the Securities and Exchange Act:

Term and Session	Agenda and Resolution	Items Listed in Article 14-3 of Securities and Exchange Act	Independent Director Objection or qualified opinion	The Corporation's Handling of the Opinions of the Independent Director
4th-term 7th meeting Board of Directors 2020.02.12	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

Term and Session	Agenda and Resolution	Items Listed in Article 14-3 of Securities and Exchange Act	Independent Director Objection or qualified opinion	The Corporation's Handling of the Opinions of the Independent Director
4th-term 7th meeting Board of Directors 2020.02.12	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
	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
4th-term 8th meeting Board of Directors 2020.03.27	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
4th-term 9th meeting Board of Directors 2020.05.08	Passed the proposal for the quota of derivative commodities of the subsidiary for 2020. Resolution: The Chair consulted all Directors present who unanimously agreed to the proposed proposal.	V	None	None
4th-term 10th meeting Board of Directors 2020.08.13	Passed the amendment of the "Internal Audit Measures" of the Corporation. Resolution: The Chair consulted all Directors present who unanimously agreed to the proposed proposal.	V	None	None
	Passed the amendment of the "Code of Ethical Conduct" of the Corporation. 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	Independent Director Objection or qualified opinion	The Corporation's Handling of the Opinions of the Independent Director
4th-term 10th meeting Board of Directors 2020.08.13	Passed the amendment of the "Rules of Procedure of the Board of Directors" of the Corporation. Resolution: The Chair consulted all Directors present who unanimously agreed to the proposed proposal.	V	None	None
	Passed the amendment of the "Remuneration Committee Charter" of the Corporation. Resolution: The Chair consulted all Directors present who unanimously agreed to the proposed proposal.	V	None	None
	Passed the amendment of the "Audit Committee Charter" of the Corporation. Resolution: The Chair consulted all Directors present who unanimously agreed to the proposed proposal.	V	None	None
	Passed the proposal for appointment and remuneration of the Financial Officer of the Corporation. Resolution: The Chair consulted all Directors present who unanimously agreed to the appointment as of Sep 01, 2020.	V	None	None
	Passed the proposal for removal of the non-competition restrictions for the Financial Officer of the Corporation. Resolution: The Chair consulted all Directors present who unanimously agreed to the proposed proposal.	V	None	None
	Proposal for capital reduction and increase of Carlsbad Technology, Inc. Resolution: The case was discussed by the Board of Directors and submitted to the Board of Directors of the subsidiary and the shareholders' meeting for resolution.	V	None	None
	Proposal for employees stock option of Yung Shin Pharm Ind. (KS) Co., Ltd. Resolution: The case was discussed by the Board of Directors and submitted to the Board of Directors of the subsidiary and the shareholders' meeting for resolution.	V	None	None
4th-term 11th meeting Board of Directors 2020.11.04	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
	Discussed the conditions of capital reduction and increase of Carlsbad Technology, Inc. and the subsequent possibilities. Resolution: The case was discussed by the Board of Directors and submitted to the Board of Directors of the subsidiary for resolution.	V	None	None
4th-term 12th meeting Board of Directors 2020.11.11	Passed the Corporation's consolidated financial report for the third quarter of 2020. Resolution: The Chair consulted all Directors present who unanimously agreed to the proposed proposal.	V	None	None
	Passed the appointment of certified accountants of the Corporation and its subsidiaries from 2021 to 2022 and the proposal for the evaluation of independence of the certified accountants of the Corporation in 2021. 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	Independent Director Objection or qualified opinion	The Corporation's Handling of the Opinions of the Independent Director
4th-term 13th meeting Board of Directors 2021.02.03	Passed the amendment to relevant regulations of the Corporation due to organizational adjustment. (Note) Resolution: The Chair consulted all Directors present who unanimously agreed to the proposed proposal.	V	None	None
	Proposed to amend "Some provisions of the Rules for election of Directors" of the Corporation. Resolution: The Chair consulted all Directors present who unanimously agreed to the proposed proposal.	V	None	None
	Proposed to repeal and re-establish the "Rules and Procedure for Shareholders' meetings" of the Corporation. 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
	Retroactive recognition of the net value of restructuring and authorized review of Carlsbad Technology, Inc. Resolution: The Chair consulted all Directors present who unanimously agreed to the proposed proposal.	V	None	None
4th-term 14th meeting Board of Directors 2021.03.30	Passed individual and consolidated financial statements for 2020. Resolution: The Chair consulted all Directors present who unanimously agreed to the proposed proposal.	V	None	None
	Passed the 2020 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 2020. Resolution: The Chair consulted all Directors present who unanimously agreed to the proposed proposal.	V	None	None
	Passed the 2020 earnings distribution proposal. Resolution: The Chair consulted all Directors present who unanimously agreed to the proposed proposal.	V	None	None

Note: The "Internal Control Self-Assessment Measures" in this proposal shall be listed according to the Article 14-3 of the Securities and Exchange Act.

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
4th-term 8th meeting Board of Directors 2020.03.27	Fang-Hsin Lee Ling-Chin Lee Fang-Yu Lee Fang-Chen Lee Meng-Pi Lin Chi-Li Lee	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"

Term and Session /Date	Name of Recused Directors	Proposals	Reason for Recusal	Participation in Voting
4th-term 8th meeting Board of Directors 2020.03.27	Chi-Li Lee	Proposal for the removal of the non-competition restrictions for Directors.	Discussions on the removal of the non-competition restrictions for the Director Chi-Li Lee.	
4th-term 12th meeting Board of Directors 2020.11.11	Fang-Hsin Lee Ling-Chin Lee Fang-Yu Lee Fang-Chen Lee	Proposal for the Corporation to pay for the National Health Insurance premiums for the Chairman's family members (Spouse).	Chairman Fang-Hsin Lee 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"
	Ling-Chin Lee Fang-Yu Lee	Proposal for donation to related person by Yung Shin Pharmaceutical Industrial Co., Ltd. in 2021.	A Director is a related party of the recipient entity.	Recusal due to conflict of interest in accordance with Article 17 of the Corporation's "Rules of Procedure for Board of Directors Meetings"
	Fang-Hsin Lee Ling-Chin Lee Fang-Yu Lee Fang-Chen Lee	Proposal for the performance bonus of the Chairman of China Region for 2020.	Discussed the remuneration of Director Fang-Chen Lee.	Recusal due to conflict of interest in accordance with Article 17 of the Corporation's "Rules of Procedure for Board of Directors Meetings"
4th-term 13th meeting Board of Directors 2021.02.03	Fang-Yu Lee Fang-Chen Lee Chi-Li Lee Hong-Yi Chen	Proposal for the removal of the non-competition restrictions for Directors.	Discussion on the removal of non-competition restrictions for the Director Fang-Yu Lee, Director Fang-Chen Lee, Director Chi-Li Lee, and Independent Director Hong-Yi Chen.	Recusal due to conflict of interest in accordance with Article 17 of the Corporation's "Rules of Procedure for Board of Directors Meetings"
4th-term 14th meeting Board of Directors 2021.03.30	Fang-Hsin Lee Ling-Chin Lee Fang-Yu Lee Fang-Chen Lee Meng-Pi Lin Chi-Li Lee	Proposal for the distribution of the remuneration to employees and Directors for 2020.	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"

3. Execution of self-evaluation of the Board of Directors:

Frequency	Period	Scope	Method	Content
Once a year	Jan. 01, 2020 ~ Dec. 31, 2020	Including the performance evaluation for the board and the board members (self-evaluation or peer evaluation)	Including the self-evaluation of the board and the directors (once every three years by an external professional independent body)	I. Board performance evaluation: strategic guidance and board participation, improvement of board's decision-making quality, board composition and structure, selection, appointment and continuous education of directors, and internal control. II. Performance evaluation of directors: mastery of corporate goals and tasks, cognition of directors' responsibilities, strategic guidance and board participation, internal relationship management and communication, professional and continuous education of directors and internal control.

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. To implement corporate governance, the Corporation has formulated the Corporate Governance Best Practice Principles, Ethical Corporate Management Best Practice Principles, and Code of Conduct. It shall also revise the Rules for 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 independence 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

In order to strengthen corporate governance and promote the sound development of the composition and structure of the Board of Directors, Article 20 of the "Corporate Governance Best Practice Principles" of the Corporation states that: The composition of the Board of Directors should consider the Corporation's operating structure, business development direction, future development trend, and various other demands, and should evaluate various diversified orientations, such as basic components (such as gender, nationality, age, etc.), professional experience (such as banking, insurance, securities, asset management, etc.), and expertise and skills (such as accounting, law, information technology, risk management, etc.).

The Board of Directors of the Corporation is currently composed of 9 directors, including 6 general directors and 3 independent directors, who have rich experience and expertise in finance, business, and management, etc. 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			Pharmaceutical Medicine and Biotechnology	Accounting Finance and Insurance	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 Fang-Hsin Lee	Republic of China	Male	V		V					V		V					V
Director Ling-Chin Lee	Republic of China	Female				V				V		V					V
Director Fang-Yu Lee	Republic of China	Male				V				V		V		V			
Director Fang-Chen Lee	Republic of China	Male				V				V		V			V		
Director Meng-Pi Lin	Republic of China	Male				V					V	V				V	
Director Chi-Li Lee	Republic of China	Male		V						V	V	V					V
Independent Director Shih-Kuang Tsai	Republic of China	Male			V		V				V	V				V	
Independent Director Kun-Xian Lin	Republic of China	Male				V		V				V	V		V		
Independent Director Hong-Yi Chen	Republic of China	Male				V	V			V		V		V			

- 6 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) Operation of the Audit Committee:

1. The Audit Committee held 6 meetings in the last year (A). The attendance of Independent Directors were as follows:

Title	Name	Number of attendance in person (B)	Attendance by proxy	Actual attendance (appearance) rate (%) [B / A]	Remarks
Independent Director	Shih-Kuang Tsai	6	0	100%	
Independent Director	Hong-Yi Chen	6	0	100%	
Independent Director	Kun-Xian Lin	6	0	100%	

- 2 In case of one of the following circumstances on the operation of the Audit Committee, the date, session, and proposal content of the Board of Directors, the resolution result of the Audit Committee, and the handling of the opinions of the Audit Committee by the Corporation shall be stated:

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

Term/Date	Proposals	Key Work Items for the Year	Resolution of the Audit Committee and the handling of the opinions of the Audit Committee by the Corporation
2nd-term 5th meeting 2020.02.12	<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 for 2020. 3. Investee companies' application for credit extension from financial institutions for 2020. 4. Proposal for loans to investee companies. 5. Proposal for endorsement and guarantee for subsidiaries. 6. Subsidiary's loan and quota of related party. 	<p>Powers and duties of the Audit Committee:</p> <ol style="list-style-type: none"> 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. 	<p>Resolution of the Audit Committee:</p> <p>The Chair consulted all committee members present who unanimously agreed to the proposed proposal and submit it to the Board of Directors for discussion.</p> <p>Resolution of the board:</p> <p>The Chair consulted all Directors present who unanimously agreed to the proposed proposal.</p>
2nd-term 6th meeting 2020.03.26	<ol style="list-style-type: none"> 1. The proposal on the annual individual financial statements and consolidated financial statement of the Corporation for 2019. 2. The Corporation's 2019 Internal Control System Statement. 3. 2019 earnings distribution proposal. 		<p>Resolution of the Audit Committee:</p> <p>The Chair consulted all committee members present who unanimously agreed to the proposed proposal and submit it to the Board of Directors for discussion.</p> <p>Resolution of the board:</p> <p>The Chair consulted all Directors present who unanimously agreed to the proposed proposal.</p>

Term/Date	Proposals	Key Work Items for the Year	Resolution of the Audit Committee and the handling of the opinions of the Audit Committee by the Corporation
2nd-term 7th meeting 2020.05.08	<ol style="list-style-type: none"> 1. The first financial report of 2020. 2. The proposal for the quota of derivative commodities of the subsidiary for 2020. 	<ol style="list-style-type: none"> 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. 	<p>Resolution of the Audit Committee: The Chair consulted all committee members present who unanimously agreed to the proposed proposal and submit it to the Board of Directors for discussion.</p> <p>Resolution of the board: The Chair consulted all Directors present who unanimously agreed to the proposed proposal.</p>
2nd-term 8th meeting 2020.08.13	<ol style="list-style-type: none"> 1. The financial report for the second quarter of 2020. 2. The amendment of the "Internal Audit Measures" of the Corporation. 3. The proposal for appointment and remuneration of the Financial Officer of the Corporation. 4. The proposal for the subsidiary to renew the appointment of an accounting firm as the annual audit institution for 2020. 	<ol style="list-style-type: none"> 10. Annual financial report and semi-annual financial report. 11. Other major matters stipulated by the Corporation or regulators. 	<p>Resolution of the Audit Committee: The Chair consulted all committee members present who unanimously agreed to the proposed proposal and submit it to the Board of Directors for discussion.</p> <p>Resolution of the board: The Chair consulted all Directors present who unanimously agreed to the proposed proposal.</p>
2nd-term 9th meeting 2020.11.04	The proposal for the subsidiary to require the Corporation to be the bank loan guarantor for 2021.		<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>
2nd-term 10th meeting 2020.11.11	<ol style="list-style-type: none"> 1. The Corporation's 2021 audit plan. 2. The financial report for the third quarter of 2020. 3. The Corporation's application for credit extension from financial institutions for 2021. 4. The proposal for the appointment of certified accountants of the Corporation and its subsidiaries from 2021 to 2022 and the proposal for the evaluation of independence of the certified accountants of the Corporation in 2021. 		<p>Resolution of the Audit Committee: The Chair consulted all committee members present who unanimously agreed to the proposed proposal and submit it to the Board of Directors for discussion.</p> <p>Resolution of the board: The Chair consulted all Directors present who unanimously agreed to the proposed proposal.</p>

Term/Date	Proposals	Key Work Items for the Year	Resolution of the Audit Committee and the handling of the opinions of the Audit Committee by the Corporation
	5. The proposal for donation to related person by the subsidiary in 2021.		
2nd-term 11th meeting 2021.02.03	The proposal for the Corporation to amend the "Internal Control Self-evaluation Measures" due to organizational adjustment.		Resolution of the Audit Committee: The Chair consulted all committee members present who unanimously agreed to the proposed proposal and submit it to the Board of Directors for discussion. Resolution of the board: The Chair consulted all Directors present who unanimously agreed to the proposed proposal.
2nd-term 12th meeting 2021.03.30	<ol style="list-style-type: none"> 1. The annual individual financial statements and consolidated financial report of the Corporation for 2020. 2. The proposal on the Corporation's 2020 annual profit distribution. 3. The proposal on the Corporation's 2020 remuneration distribution for employees and directors. 4. The Corporation's 2020 Internal Control System Statement. 5. The proposal on the proposed amendment to the "Rules of the Management of the Affiliates and Subsidiaries" of the Corporation. 6. The proposal on the proposed amendment to the "Accounting System" of the Corporation. 7. The proposal on the proposed amendment to the "Financial Statement Preparation Process Management Measures" of the Corporation. 		Resolution of the Audit Committee: The Chair consulted all committee members present who unanimously agreed to the proposed proposal and submit it to the Board of Directors for discussion. Resolution of the board: The Chair consulted all Directors present who unanimously agreed to the proposed proposal.

(2) Except for the matters mentioned above, other matters that have not been approved by the Audit Committee but have been agreed upon by more than two-thirds of all directors: None.

3. The implementation status of independent director's avoidance of interested proposals, which shall state the name of independent director, the content of the proposals, the reasons for the avoidance of interests, and the circumstances of participation in voting: none.
4. Communication between the independent director and the internal audit supervisor and accountants (including major issues, methods, and results of communication regarding the company's financial and business status):
 - (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) Information relating to the communication between the independent director and the internal audit supervisor and accountants has been disclosed on the company 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 the independent director and the internal audit supervisor is as follows:

Date	Meeting	Key Communication Points	Communication situation and results
2020.02.12	Audit Committee (2-5)	Conducted reporting on key audit works for the fourth quarter of 2019 with independent directors	Adopted by all participants without opinion
2020.03.26	Audit Committee (2-6)	Issued 2019 internal control statement	Adopted by all participants without opinion
2020.05.08	Audit Committee (2-7)	Conducted reporting on key audit works for the first quarter of 2020	Adopted by all participants without opinion
2020.08.13	Audit Committee (2-8)	Conducted reporting on key audit works for the second quarter of 2020	Adopted by all participants without opinion
2020.11.11	Audit Committee (2-10)	1. Conducted reporting on key audit works for the third quarter of 2020 2. 2021 Audit Plan Report	1. Adopted by all participants without opinion 2. Adopted after recommending to incorporate the supervision and management of overseas subsidiaries Communication results: follow the recommendations

* The communication between the independent director and the accountants is as follows:

Date	Meeting	Key Communication Points	Communication situation and results
2020.03.26	Audit Committee (2-6)	Report on Communication between accountants and Corporate Governance Unit (2019)	Adopted by all attendees without opinion after being discussed by the accountants and attendees
2020.05.08	Audit Committee (2-7)	Report on Communication between accountants and Corporate Governance Unit (2020 Q1)	Adopted by all attendees without opinion after being discussed by the accountants and attendees
2020.08.13	Audit Committee (2-8)	Report on Communication between accountants and Corporate Governance Unit (2020 Q2)	Adopted by all attendees without opinion after being discussed by the accountants and attendees
2020.11.11	Audit Committee (2-10)	Report on Communication between accountants and Corporate Governance Unit (2020 Q3)	Adopted by all attendees without opinion after being discussed by the accountants and attendees

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

Title	Name	Training Date	Organizer	Course Title	Course Duration
Chairman	Fang-Hsin Lee	2020.11.18	Y.S.P. Southeast Asia Holding Berhad	Code of Conduct for Directors of Listed Companies and Their Subsidiaries issued by the Securities Commission	3
		2020.11.23	Taiwan Corporate Governance Association	Code of Ethics for Insider Trading and Corporate Governance	3
		2020.11.23	Taiwan Corporate Governance Association	Group corporate governance	3
Director	Ling-Chin Lee	2020.04.22	Securities and Futures Institute	Practice Advancement Seminar for Directors, Supervisors and Corporate Governance Executives - Industry 4.0 and How Enterprises Lead Innovation and Transformation	3
		2020.11.18	Y.S.P. Southeast Asia Holding Berhad	Code of Conduct for Directors of Listed Companies and Their Subsidiaries issued by the Securities Commission	2
		2020.11.23	Taiwan Corporate Governance Association	Code of Ethics for Insider Trading and Corporate Governance	3
		2020.11.23	Taiwan Corporate Governance Association	Group corporate governance	3
Director	Fang-Yu Lee	2020.07.02	Securities and Futures Institute	Discussions on Information Security Governance of Companies - Focusing on Legal Practices	3
		2020.07.02	Securities and Futures Institute	Discussion on the prevention and control of money laundering and the practice of combating terrorism financing	3
		2020.11.23	Taiwan Corporate Governance Association	Code of Ethics for Insider Trading and Corporate Governance	3
		2020.11.23	Taiwan Corporate Governance Association	Group corporate governance	3
Director	Fang-Chen Lee	2020.07.19	Elite Sodality of Listed Companies in Central Taiwan	New types of legal issues in the era of artificial intelligence	1
		2020.07.24	Taiwan Academy of Banking and Finance	Corporate Governance & Business Sustainability Seminar	3
		2020.08.16	Taiwan Institute of Directors	Corporate sustainability experience	3
Director	Fang-Chen Lee	2020.10.28	Taiwan Institute of Directors	2020 Annual Conference of Taiwan Institute of Directors: Search for new strategic momentum in the year of strategic transition	3
		2020.11.17	Taiwan Institute of Directors	How do Chinese family businesses span a hundred years in the era of co-governance	3
		2020.11.18	Y.S.P. Southeast Asia Holding Berhad	Code of Conduct for Directors of Listed Companies and Their Subsidiaries issued by the Securities Commission	3
Director	Meng-Pi Lin	2020.11.23	Taiwan Corporate Governance Association	Code of Ethics for Insider Trading and Corporate Governance	3
		2020.11.23	Taiwan Corporate Governance Association	Group corporate governance	3
Director	Chi-Li Lee	2020.06.12	Securities and Futures Institute	Discussion on Director and Supervisor	3

Title	Name	Training Date	Organizer	Course Title	Course Duration
				Responsibility Based on Illegal Cases in Securities Market	
		2020.07.16	Securities and Futures Institute	Principles and applications of artificial intelligence - with data governance as the core	3
		2020.07.22	Securities and Futures Institute	Analysis and practice of international tax trends under the new corporate governance blueprint	3
		2020.08.11	Securities and Futures Institute	Industry 4.0 and How Companies Lead on Innovation Transformation	3
		2020.08.11	Securities and Futures Institute	Talk about the Functions of the Board of Directors with Respect to the Prevention of Corporate Fraud	3
		2020.08.20	Securities and Futures Institute	Case study on the establishment of directors and supervisors' breach and special breach	3
		2020.09.04	Securities and Futures Institute	Publicity and explanation meeting on preventing insider trading and insider equity trading for 2020	3
		2020.11.03	Securities and Futures Institute	Legal Risks and Responses of Directors and Supervisors — Material Corporate Frauds Case Studies	3
		2020.11.12	Securities and Futures Institute	Discussions on Information Security Governance of Companies - Focusing on Legal Practices	3
		2020.11.12	Securities and Futures Institute	Discussion on the prevention and control of money laundering and the practice of combating terrorism financing	3
		2020.11.26	Securities and Futures Institute	Intellectual property management and corporate operating risk	3
Independent Director	Shih-Kuang Tsai	2020.02.25	Accounting Research and Development Foundation	Financial accounting and evaluation practices of mergers and acquisitions	3
		2020.08.31	CPA Association, ROC	Risk-oriented auditing	3
		2020.10.07	CPA Association, ROC	Family trust	6
Independent Director	Kun-Xian Lin	2020.04.29	Independent Director Association Taiwan	2020 Annual meeting and independent director forum on "rejuvenate advantages and eliminate disadvantages of independent directors"	3
		2020.09.04	Securities and Futures Institute	Publicity and explanation meeting on preventing insider trading and insider equity trading for 2020	3
Independent Director	Hong-Yi Chen	2020.06.11	Securities and Futures Institute	Financial Crisis Warning and Type Analysis	3
		2020.06.11	Securities and Futures Institute	The Principle and Application of Blockchain	3
		2020.09.30	Securities and Futures Institute	Publicity and explanation meeting on preventing insider trading and insider equity trading for 2020	3

(IV) Operations of the Remuneration Committee:

1. Information regarding the members of the Remuneration Committee:

Data reference date: March 31, 2021

Identity	Condition	More than 5 years working experience and meets at least one of the following professional qualification requirements			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 Corporation	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	Shih-Kuang Tsai	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2	
Independent Director	Hong-Yi Chen	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	
Independent Director	Kun-Xian Lin		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	

Note: Members with "✓" 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 two generations, or direct blood relatives within three generations of the executive listed in (1) or person listed in (2) or (3).
- (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, executive, or shareholder with no less than 5% of shares in a specific company or institution with financial or business communication with the Corporation (but this does not apply if a specific company or institution holds no less than 20% but no more than 50% of the total issued shares of the Corporation and has a concurrent independent director with the Corporation and its parent company, subsidiary or a subsidiary of the same parent company as the Corporation established in accordance with this act or the laws of the country where it is located)
- (9) Does not provide the Corporation or associated companies with auditing or in the past 2 years, obtained compensation cumulated over NT\$500,000 in business, legal, financial, accounting services, by professionals, sole proprietorships, partnerships, companies, or institutional owners, partners, directors, supervisors, managers, and spouses. 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 under any of the categories stated in Article 30 of the Company Act.

2. Operations of the Remuneration Committee:

- (1) The Corporation's Remuneration Committee consists of 3 members.
- (2) Term of members of this committee: June 20, 2019 to June 19, 2022, in the most recent year (2020), the Salary and Remuneration Committee held 5 meetings (A), in which the membership qualifications and attendance situation were as follows:

Title	Name	Attendance Times (B)	Attendance by proxy	Actual attendance rate (%) (B/A)	Remarks
Convener	Shih-Kuang Tsai	5	0	100%	
Committee Member	Hong-Yi Chen	5	0	100%	
Committee Member	Kun-Xian Lin	5	0	100%	

- (3) The date and session of the last year's meeting of the Salary and Remuneration Committee, the content of proposal, the result of resolution, and the Corporation's handling of the opinions of the Salary and Remuneration Committee:

Date/Term	Proposals	Resolution Results of the Remuneration Committee and Response of the Corporation
4th-term 4th meeting 2020.03.26	Proposal for the distribution of the remuneration to employees and Directors for 2019.	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.
4th-term 6th meeting 2020.08.13	1. The performance bonus for Vice Presidents for 2019. 2. The appointment and remunerations for Vice Presidents of the Corporation. 3. The appointment and remuneration of the Financial Officer of the Corporation.	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.
4th-term 7th meeting 2020.11.11	Proposal that the National Health Insurance for Chairman's Dependent (Spouse) shall be paid by the Corporation.	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.
4th-term 8th meeting 2021.03.30	Proposal for the distribution of the remuneration to employees and Directors for 2020.	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.

Other matters:

- A. If the Board of Directors does not adopt or amend the recommendations of the Salary and Remuneration Committee, it shall state the date and session of the board meeting, the content of the proposal, the resolution of the board meeting and the company's handling of the opinions of the Salary, and Remuneration Committee: none.
- B. For the resolution matters of the Salary and Remuneration Committee, if the member has any objection or qualified opinion and there is a record or written statement, the date, and session of the Salary and Remuneration Committee, the content of the proposal, the opinions of all the members and the disposition of the opinions of the members 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	Summary description	
I. Does the Corporation establish and disclose the Code of Corporate Governance Practice in accordance with the Corporate Governance Best-Practice Principles for TWSE/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.	No deviation
(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. Rules for the management of investment business: fulfill the responsibility of supervision and comply	
Evaluation Item			Implementation status	Deviations

	Yes	No	Summary description	from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
(IV) Has the Corporation established internal rules against insiders using undisclosed information to trade with?	✓		<p>with the relevant laws and regulations for the invested enterprises that have the control ability.</p> <p>3. The regulations in the Procedures for Loaning of Funds and Making of Endorsements/Guarantees meet related regulations:</p> <p>(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.</p> <p>(2) The Corporation's external endorsement and guarantee object is only limited to the enterprise with business relations or the enterprise in which the Corporation directly or indirectly holds more than 50% of the voting shares.</p> <p>(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.</p>	
<p>III. Composition and responsibilities of the Board of Directors</p> <p>(I) Has the Board of Directors developed and implemented a plan for a more diverse composition of the Board?</p> <p>(II) Has the Corporation voluntarily established other functional committees in addition to the Remuneration Committee and the Audit Committee?</p> <p>(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</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(I) The Corporation's Directors have different expertise in their respective fields for helping the Corporation's operations and development.</p> <p>(II) In addition to the Salary and Remuneration Committee and the Audit Committee, the Corporation has also set up functional committees such as the Technology Committee and the Strategy Committee for the Corporation's operation and development.</p> <p>(III) On March 27, 2020, the Corporation adopted the Performance Appraisal Measures of the Board of Directors, which stipulates that the Board of Directors and individual directors shall be appraised on a regular basis every year, and the performance evaluation result shall be submitted to the Board of Directors. The 2020 annual</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	Summary description	
<p>assessments to the Board of directors and use results as the basis for the salary, remuneration, nomination and reappointment of individual Directors?</p> <p>(IV) Does the Corporation regularly evaluate the independence of the CPA?</p>	✓		<p>performance appraisal of the Board of Directors has been completed by the members of the Board of Directors themselves and has been reported by the Board of Directors on February 03, 2021.</p> <p>(IV) Each year, the Corporation evaluates the independence of the CPA in accordance with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and with reference to No. 10 provision of the Communique on the Code of Ethics for CPAs, and the results of its own evaluation and the statement of independence provided by the CPAs are submitted to the Board of Directors for discussion. The replacement of the CPAs of the Corporation also complies with the relevant regulations. The important evaluation items are listed as follows:</p> <ol style="list-style-type: none"> 1. The CPA or his/her spouse or minor children do not have any relationship of investment or financial interest sharing with the Corporation. 2. The CPA or his/her spouse or minor children do not have any capital loan with the Corporation. However, the constraint does not apply if the client is a financial institution and carries out normal transactions. 3. The accounting firm does not issue a confirmation service report on the effective operation of the financial information system designed or assisted by the accounting firm. 4. The accountants or members of the audit service team have not served as a director or executive, or other position with significant impact on the audit in the Corporation at present or within the recent two years. 5. The non-audit services provided by the Corporation have no important items that directly affect the audited cases. 6. The accountants or members of the audit service team do not advertise or broker any shares or other securities issued by the Corporation. 7. The accountants or members of the audit service team do not represent the Corporation in any legal case or other dispute with a third party, except as permitted by law. 8. The accountants or members of the audit service team 	No deviation
	Implementation status			Deviations

Evaluation Item	Yes	No	Summary description	from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
			<p>have no such relationship as spouse, lineal relative by blood, lineal affinity, or collateral relative by blood within two generations with the directors or executives of the Corporation or the personnel whose positions have a significant influence on the audited case.</p> <p>9. There are no co-practicing accountants who have resigned from office within one year, holding the position of director or executive of the Corporation or other position having a significant influence on the audited case.</p> <p>10. The accountants or members of the audit service team have not received a valuable gift or special preference from the Corporation or any of its directors, executives, or major shareholders.</p> <p>11. The accountants are not currently entrusted or engaged by a client to perform regular work, get fixed salary, or serve as directors or inspectors.</p> <p>12. The accountants are not in the case of having provided audit services to the Corporation for seven consecutive years.</p>	
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 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)?	✓		The Corporation has formulated the Corporate Governance Best Practice Principles, and on February 12, 2020, the Board of Directors approved the establishment of a corporate governance director, who is currently served by I-Yun Wang, the Director of the Chairman Office. The scope of powers and functions and the business execution key points of the Director of Corporate Governance in 2020 are as follows: 1. Handling the meeting-related matters of the Board of Directors and the shareholders' meeting in accordance with the law: notifying the directors of the agenda seven days in advance, convening the meeting and providing meeting materials, and reminding the avoidance of interests in advance; 2. Producing the meeting minutes for the Board of Directors and shareholders' meeting within 20 days after the meeting; 3. Assisting the directors in continuing education: arranging courses according to the Corporation's industry characteristics and directors' experience background; 4. Providing the directors with the information needed to perform the business. Training: 18 hours in total in 2020.	No deviation

Evaluation Item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary description	
V. Has the corporation established a communication channel with stakeholders (including but not limited to shareholders, employees, customers, and suppliers)? Has a stakeholders' area been established in the Corporation's website? Are major Corporate Social Responsibility (CSR) topics that the stakeholders are concerned with addressed appropriately by the Corporation?	✓		(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 Corporation established a corporate website to disclose information regarding the Corporation's financial, business and corporate governance status? (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)? (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,	✓ ✓	 ✓	(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. (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. (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 shall be published ahead of schedule to within 40 days	No deviation No deviation Continuous Improvement

Evaluation Item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary description	
second and third quarters as well as its operating status for each month before the specified deadline?)			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 is committed to promoting the rights and interests of shareholders, fairly treating all shareholders, disclosing financial, business, and other information on the Market Observation Post System and the Corporation website, and has set up a dedicated person to manage the contact telephone and email for investors to use, and timely processes and replies them. 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>	No deviation

Evaluation Item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary description	
			<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 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 Corporation'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>	

Evaluation Item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary description	
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. The evaluation results of the Corporation still need to be improved in terms of strengthening the structure and operation of the Board of Directors, enhancing information transparency, and implementing corporate social responsibility. On February 12, 2020, the Board of Directors adopted the establishment of Corporate Governance Director, and on March 27, 2020, the Board of Directors approved the Performance Appraisal Measures of the Board of Directors, and on February 3, 2021, the Board of Directors completed the performance evaluation of the Board of Directors in 2020, so as to strengthen the operation of the Board of Directors. In the future, it is planned to actively and continuously evaluate the feasibility of future improvements for other parts so as to improve all aspects of the operation to enhance the effective mechanism of corporate governance and continue to implement equal treatment of shareholders and safeguard the rights and interests of shareholders.				

(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	Summary description	
(I) Does the Corporation assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies?	✓		<p>According to the nature of the Corporation's business, the relevant management units shall be responsible for risk management of various operations:</p> <p>(I) Chairman Office: Responsible for planning business decisions, conducting group supervision activities, and monitoring their implementation, so as to achieve operational effectiveness and efficiency, and reduce strategic and operational risks.</p> <p>(II) Audit Division: According to the risk assessment as the basis of the audit planning, and in view of the possible risks, formulating and revising the relevant control methods and operations, and assisting the Board of Directors to check the overall operational activities of the Corporation and its subsidiaries, to ensure that the design and implementation of the system are continuous and effective.</p> <p>(III) Business 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) Conference 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</p>	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	Summary description	
			regulations.	
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?	✓		The Group adopts the mode of labor division and sets up independent YungShin Social Welfare Foundation, TienTe Lee Biomedical Foundation, and YungShin Elderly Nursing Home, which are dedicated to the promotion of social work of the Group.	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 laws and international environmental protection trends, the member companies of the Group have established and improved environmental management systems, for example, established the Plant Area Environment Management System, cultivated the correct environmental protection concept of peers; encouraged the living attitude of energy-saving and carbon reduction; planned and designed environmentally friendly plant area, and promoted environmental greening and beautification, etc.	No deviation
(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?	✓		(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) Companies of the Group have continued to plan and cooperate with the relevant policies of government authorities to update energy-saving equipment and make improvements one by one according to the suggestions of external experts.	
(IV) Does the Corporation calculate the amount of greenhouse gas emission, water consumption, and waste production in the past	✓		(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	

Evaluation Item	Implementation status			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary description	
two years and implement policies to cut down energy and water consumptions, carbon and greenhouse gas emissions, and waste production?			photocopying, encourage employees to save water and electricity, and reduce the use of disposable cutlery to reduce energy consumption and carbon emissions. The Corporation is committed to the promotion of energy-saving and carbon reduction through daily education and promotion of environmental protection and waste recycling.	
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 Corporation 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 Company has established and implemented reasonable employee welfare measures: 1. Salary structure (1) Basic salary and bonus: Salaries are based on employees' past experience, competence, and the value of the position. The Company provides salaries which are superior to the basic salary under the Labor Standards Act without discrimination based on gender, age, nationality, or race. (2) Remuneration to employees: subject to the Company's business performance and employee performance. 2. Employee welfare: The Company regards its employees as members of a big family and it is committed to providing a safe and secure work environment and high-	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	Summary description	
(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?	✓		quality welfare. Related measures are as follows: (1) Sound 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.	
(IV) Does the Corporation provide its employees with career development and training sessions?	✓		(2) Retirement system and implementation status: The retirement operations of the Company are handled in accordance with the relevant provisions of the Labor Pension Act and monthly contributions are made to the labor pension program.	
	✓		(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 Company's values.	
			(4) Various subsidies: To improve the welfare of the Company, 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.	No deviation
			(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) 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			(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	

Evaluation Item	Implementation status			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary description	
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?			Company also set up a professional telephone consultation hotline to provide professional consulting services.	
(VI) Has the Company 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)The Company has stated in the Code of Honest Business Practice that if a contracted supplier is involved in a breach of integrity, the contract may be terminated or resolved at any time; it also stipulates that suppliers should be evaluated for their past acts of good faith. To make suppliers understand relevant safety and moral standards, the Company has formulated the Supplier Management Measures and announced the Code of Supplier Undertaking on the website of the Company, definitely requiring suppliers to implement environmental protection policy, attach great importance to the rights and interests of labor and human rights, labor health and safety, so as to fulfill their corporate social responsibility and create sustainable cooperation.	No deviation
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 Company? Has the company received assurance or certification of the aforesaid reports from a third-party accreditation institution?	✓		The websites of the Company and relevant units of the Group disclose the fulfillment of corporate social responsibilities.	No deviation
VI. If the Company 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 Company has not yet established CSR Best Practice Principles.				

Evaluation Item	Implementation status			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary description	
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 Tiezhen 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 - In September 2001, YungShin Elderly Nursing Home was officially opened, which adheres to the concept of "forever care, merit trust", combines the resources of YungShin Group, regional medical system, academic research institutions and so on, and is subject to the regulation and practical experience of government decrees and 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 Company 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 Company 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 Company's employees, regardless of gender, religion, or political affiliation, enjoy equal employment opportunities. The Company 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	Summary description	
I. Establishment of ethical corporate management policies and programs	✓			No deviation
(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 Company has established the Ethical Corporate Management Best Practice Principles and Code of Conduct as guidelines for Directors, Supervisors, managers, and employees to carry out their fiduciary duties with the attention and loyalty of a prudent administrator based on the principle of good faith.	
(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 Company 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. Confirm whether the manufacturer is an interested party in the transaction or purchase, confirm the authenticity of the enterprise through the Commercial Division of the Ministry of Economic Affairs, and inquire about the actual transaction performance of the manufacturer to confirm the business integrity of the transaction object. 2. Check the credit history of the customer through the Joint Credit Information Center to avoid transactions by dishonest vendors. 3. Each donation shall be reported to all levels for approval according to the authority of approval to confirm it 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 Company's Ethical Corporate Management Best Practice Principles and Code of Conduct expressly prohibit dishonest conduct such as frauds and insider trading. The Company 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 Company closely monitors the development of domestic and overseas regulations	

Evaluation Item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary description	
			associated with ethical 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 Company evaluate business counterparty's ethical records and include ethics-related clauses in business contracts?	✓		(I) The Company operates in a fair and transparent way and query credit record of customers through the Joint Credit Information Center to avoid transaction with dishonest customers; the contract signed with customers shall contain the observance of ethical corporate management policy and that if the transaction counterpart involves any dishonest behavior, the contract terms may be terminated or dissolved.	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 Company has established a Code of Conduct for Honest Management for the management to operate in good faith.	No material deviation
(III) Has the Company established policies to prevent conflicts of interests, implemented such policies, and provided adequate channels of communications?	✓		(III) The directors, managers, and employees of the Company shall, in carrying out their business, comply with statutory and internal control standards; all employees shall sign a confidentiality agreement and shall be obligated to keep confidential the business, documents, and customer information in their charge. The Company'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	✓		(IV) The company has established and implemented an effective accounting system, internal control system, internal audit system, and various management measures, and the audit personnel may conduct spot audit on the implementation of the system, and may appoint accountants to carry out the audit, and may request professional assistance if necessary.	

Evaluation Item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary description	
plans and audit the compliance with the prevention programs accordingly or entrusted a CPA to conduct the audit?				
(V) Does the Company regularly hold internal and external educational training on ethical corporate management?	✓		(V) The Company continues to promote its business philosophy - always be honest - through various conferences and conducts educational training from time to time.	No deviation
III. Implementation of the Company's whistleblowing system (I) Does the Company have a specific whistle-blowing and reward system, establish convenient whistle-blowing channels, and assign the appropriate personnel to deal with the reported personnel? (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? (III) Does the Company take measures to protect whistleblowers from improper treatment?	✓ ✓ ✓		(I) The Company has a complaint standard and has a special unit to deal with the relevant affairs according to the provisions of the measures. (II) In order to avoid unnecessary interference to and influence on the appellant, the Company adopts confidentiality measures in the process of handling the complaint cases. The Company 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) The Company keeps the informants confidential in handling complaints, who will not be punished for informing.	No deviation
IV. Enhancing Information Disclosure Does the Company disclose its ethical corporate management policies and the results of its implementation on the Company's website and MOPS?	✓		The Company has disclosed information related to Ethical Corporate Management Best Practice Principles and related implementation status on the Company's website and MOPS (company website URL: www.yungshingroup.com).	No deviation
V. Where the Company 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 deviation				

Evaluation Item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary description	
VI. Other important information that facilitates the understanding of the implementation of ethical corporate management: (such as review and amendment of the Company's Ethical Corporate Management Best Practice Principles)				
(I) In accordance with the New Corporate Governance Blueprint, the Company has amended the Ethical Corporate Management Best Practice Principles of the Company at the meeting of the Board of Directors on February 3, 2021 and uploaded it to the Market Observation Post System on the same day.				
(II) The Company rigorously complies with the Company 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 Company 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 Company:

1. The Articles of Incorporation, Rules and Procedures of Shareholders' Meeting, and Rules Governing the Election of Directors are provided in the shareholder's 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 Company'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 Company's mechanisms for processing and disclosing material inside information: To effectively manage the Company's mechanisms for processing and disclosing material inside information, the Company 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. Training of managers in 2020

December 31, 2020

Title	Name	Organizer	Course Title	Number of Hours	Remarks
General Manager	Fang-Hsin Lee	Y.S.P. Southeast Asia Holding Berhad	Code of Conduct for Directors of Listed Companies and Their Subsidiaries issued by the Securities Commission	3	
		Taiwan Corporate Governance Association	Group corporate governance	3	
		Taiwan Corporate Governance Association	Code of Ethics for Insider Trading and Corporate Governance	3	
Deputy General Manager	Chih-Wei Chien	Taiwan Corporate Governance Association	Group corporate governance	3	
		Taiwan Corporate Governance Association	Code of Ethics for Insider Trading and Corporate Governance	3	
Audit Manager	Hsiang-Lien Huang	Securities and Futures Institute	How should enterprises get along with employees: from the case of labor dispute and employee fraud	6	
		Securities and Futures Institute	Case study of corporate governance practice and audit - centered on the Board of Directors and the shareholders' meeting	6	
Finance and Accounting Manager	Yu-I Lee	Accounting Research and Development Foundation	Continuing Training Class for Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges	12	Appointed on September 01, 2020
Subsidiaries and Affiliates Governance Manager	I-Yun Wang	Taiwan Corporate Governance Association	Operation and decision-making effectiveness of the Board of Directors	3	Appointed on February 12, 2020
		Taiwan Institute of Directors	Creating shareholder value with foreign capital	3	
		Taiwan Association of Corporate Governance Professionals	Legal Seminar on Substantial Beneficiary 2020	3	
		Taiwan Corporate Governance Association	Group corporate governance	3	
		Taiwan Corporate Governance Association	Code of Ethics for Insider Trading and Corporate Governance	3	
		Taiwan Corporate Governance Association	Corporate governance and compliance	3	

(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 30, 2021

Regarding the internal control system of the Company in 2020, based on the results of our self-evaluation, we hereby make the following statement:

- I. The Company fully understands that the establishment, implementation, and maintenance of Internal Control System (ICS) are the responsibilities of the Company's Board of Directors and managers, 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 Company has self-monitoring mechanisms in place, and the Company will take corrective action against any defects identified.
- III. The Company 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 Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
- V. Based on the results of the foregoing evaluation, the Company considers that its internal control system (including the supervision and management of its subsidiaries) as of December 31, 2020, including understanding that the design and implementation of the internal control systems related to the effectiveness of operations, the extent of efficiency objective achievement, the report reliability, timeliness, transparency and compliance, and the compliance with relevant regulations and relevant laws and regulations, are effective and can reasonably ensure the achievement of the above objectives.
- VI. This Statement shall be a major content of the Company'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 Company on March 30, 2021. Among the 9 Directors present, 0 of them disagreed. The rest all agreed to the contents of this statement.

YungShin Global Holding Corporation

Chairman: Fang-Hsin Lee

General Manager: Fang-Hsin Lee

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

(XI) Punishments against the Company and its internal personnel in accordance with the law in the most

recent year and up to the date of the publication of the annual report, punishments imposed by the Company against its internal personnel for violating the provisions of the internal control system, major deficiency, and improvement: none.

(XII) Review of the important resolutions of the shareholders' meeting and the Board of Directors and their implementation:

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
2020 Shareholders' Meeting	2020.05.28	1. The proposal for acknowledging the operating report and financial statements for the year 2019.	Promulgated after the resolution of shareholders.
		2. The proposal for acknowledging the 2019 annual earning distribution, with a cash dividend of NT\$2.2 per share distributed.	Cash dividends were paid on August 7, 2019.
		3. The proposal for lifting the non-competition restriction of the new directors.	Lifted the non-competition restriction of the new directors according to the resolutions of the shareholders' meeting.

2. Important resolution of the Board of Directors

Term and Session / Time	Agenda and Resolution
4th-term 7th meeting Board of Directors 2020.02.12	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 dissolving liquidation of the subsidiaries Farmtec Research Co, Ltd. and Globecare Trading (Shanghai) Co., Ltd.
4th-term 8th meeting Board of Directors 2020.03.27	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.
4th-term 9th meeting Board of Directors 2020.05.08	Reported the consolidated financial statements for 2020 Q1. Passed the proposal for the General Manager of the subsidiary Yung Shin Parm Ind. (KS) Co., Ltd. to serve as the legal representative and director of Prettech. Passed the proposal for the quota of derivative commodities of the subsidiary in 2020.
4th-term 10th meeting Board of Directors 2020.08.13	Reported the consolidated financial statements for 2020 Q2. Passed the amendment of the "Internal Audit Measures" of the Company. Passed the proposal for appointment and remuneration of the Financial Officer of the Company. Passed the proposal for lifting the non-competition restrictions for the Financial Officer of the Company. Passed the 2019 annual performance bonus for the Deputy General Manager of

Term and Session / Time	Agenda and Resolution
	the Company. Passed the appointment and remunerations for Deputy General Manager of the Company.
4th-term 11th meeting Board of Directors 2020.11.04	Approve the proposal for the endorsement and guarantee quota to the subsidiary in 2021. Passed the proposal for the operating budget and loan quota of the subsidiary in 2021.
4th-term 12th meeting Board of Directors 2020.11.11	Reported the liability insurance for the directors, supervisors and managers. Passed the Company's annual audit plan in 2021. Passed the consolidated financial statements for 2020 Q3. Passed the Company's annual operating plan and budget in 2021. Passed the appointment of certified accountants of the Company and its subsidiaries from 2021 to 2022. Passed the proposal for the independence evaluation of the certified accountants of the Company in 2021. Passed the proposal for donation to related person by the subsidiary YungShin Pharmaceutical Industrial Co., Ltd. in 2021.
4th-term 13th meeting Board of Directors 2021.02.03	Reported the performance evaluation of the Board of Directors of the Company in 2020. Passed the amendment to some provisions of the "Director Election Measures" of the Company. Passed the proposal to repeal and re-enact the "Rules of Procedure of the Board of Shareholders" of the Company. Passed the proposal for the Company to lift the non-competition restrictions for directors of the Company.
4th-term 14th meeting Board of Directors 2021.03.30	Passed individual and consolidated financial statements for 2020. Passed the 2020 Internal Control System Statement. Passed the proposal for the distribution of the remuneration to employees and Directors for 2020. Passed the 2020 earnings distribution proposal.

(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 Company's Chairman, General Manager, 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
Financial Officer	Shih-Yun Lin	2019.09.02	2020.08.31	Resignation

IV. Information Regarding Audit Fee

CPA Firm	Name of CPAs		Auditing Period	Remarks
Deloitte & Touche	Tung-Feng Lee	Chih-Yuan Chen	2020.01.01 to 2020.12.31	

Unit: NT\$1,000

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)			

- (I) Where the non-audit fees paid to the certified accountants, the firm to which the certified accountants belong, and its affiliated enterprise are more than one-fourth of the audit fees, the amount of audit and non-audit fees, and the content of non-audit services shall be disclosed: not applicable.
- (II) Changing an accounting firm and the audit fees paid in the year of the change are less than those in the year preceding the change: yes.
- (III) The audit fees are reduced by more than 10 percent compared with the previous year: yes, because the fees in the previous year included travel expenses and printing expenses, etc., which is reimbursed as the current year shall be processed in the way of complete reimbursement in this year.

V. Information on change of accountants: none.

VI. Company's Chairperson, General Manager, or any manager 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 in equity rights of directors (including independent directors), managers, and shareholders with shareholding percentage of 10% or more:

Title	Name	2020		As of March 31, 2021	
		Number of shares held Increase (decrease)	Number of shares pledged Increase (decrease)	Number of shares held Increase (decrease)	Number of shares pledged Increase (decrease)
Chairman of the Board	Fang-Hsin Lee	0	0	0	0
Director	Ling-Chin Lee (Note)	(4,052,000)	0	0	0
Director	Fang-Yu Lee	(60,000)	0	0	0
Director	Fang-Chuan Lee	21,000	0	0	0
Director	Meng-Pi Lin	158,000	0	1,048,000	0
Director	Chi-Li Lee	0	0	0	0
Independent Director	Shih-Kuang Tsai	0	0	0	0
Independent Director	Kun-Xian Lin	0	0	0	0
Independent Director	Hong-Yi Chen	0	0	0	0
Deputy General Manager	Chih-Wei Chien	0	0	0	0
Financial Officer	Shih-Yun Lin (Resigned on 08/31/2020)	0	0	-	-
Financial Officer	Yu-I Lee (Appointed on 09/01/2020)	0	0	0	0
Corporate Governance Manager	I-Yun Wang (Newly appointed on February 12, 2020)	0	0	0	0

Note: 4,000,000 additional trust shares with decision-making power reserved are added, a total of 14,401,368 shares (with a shareholding ratio of 5.41%).

(II) Equity transfer information: none.

(III) Equity pledge information: none.

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

March 28, 2021

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	Name	Relationship	
Fang-Jen Lee	11,775,595	4.42%	2,010	0.00%	-	-	Pao-Chen Lin Ling-Chin Lee Ling-Fen Lee Fang-Yu Lee Fang-Chen Lee Fang-Shin Lee	Mother and son Sister and younger brother Sister and younger brother Brothers Brothers 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%	-	-	-	-	-	-	-
Fang-Hsin Lee	11,260,832	4.23%	3,423	0.00%	-	-	Pao-Chen Lin Ling-Chin Lee Ling-Fen Lee Fang-Yu Lee Fang-Chen Lee Fang-Jen Lee	Mother and son Sister and younger brother Sister and younger brother Brothers Brothers Brothers	-
Fang-Chen Lee	10,513,344	3.95%	1,369,322	0.51%	-	-	Ling-Chin Lee Ling-Fen Lee Fang-Yu Lee Fang-Jen Lee Fang-Hsin Lee	Sister and younger brother Sister and younger brother Brothers Brothers Brothers	-

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	Name	Relationship	
Ling-Chin Lee (Note)	10,401,368	3.90%	-	-	-	-	Ling-Fen Lee Fang-Yu Lee Fang-Chen Lee Fang-Jen Lee Fang-Hsin Lee	Sisters Sister and younger brother Sister and younger brother Sister and younger brother Sister and younger brother	-
Ling-Fen Lee	8,931,768	3.35%	22,931	0.01%	-	-	Ling-Chin Lee Fang-Yu Lee Fang-Chen Lee Fang-Jen Lee Fang-Hsin Lee	Sisters Sister and younger brother Sister and younger brother Sister and younger brother Sister and younger brother	-
Fang-Yu Lee	7,926,918	2.98%	3,158,682	1.19%	-	-	Ling-Chin Lee Ling-Fen Lee Fang-Chen Lee Fang-Jen Lee Fang-Hsin Lee	Sister and younger brother Sister and younger brother Brothers Brothers	-
Pao-Chen Lin	7,910,681	2.97%	-	-	-	-	Fang-Jen Lee Fang-Hsin Lee	Mother and son Mother and son	-
Meng-Pi Lin	7,129,326	2.68%	-	-	5,387,000	2.02%	-	-	-

Note: 4,000,000 additional trust shares with decision-making power reserved are added, a total of 14,401,368 shares (with a shareholding ratio of 5.41%).

IX. The total number of shares and total equity stake held in any single enterprise by the Company, its directors

and supervisors, managers, and any companies controlled either directly or indirectly by the Company

Total equity stake held

December 31, 2020; Unit: share; %

Reinvestment Entities	Investment by the Company		Investments by Directors, Supervisors, Managers 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.	66,648,417	100%	-	-	66,648,417	100%
YSP INTERNATIONAL COMPANY LIMITED	10,000	100%	-	-	10,000	100%
CARLSBAD TECHNOLOGY, INC.	1,002,874	83.19% (Note 1)	83,218	6.85%	1,086,092	90.04%
YUNG SHIN CHINA HOLDING COMPANY LIMITED	29,541,265	91.93% (Note 2)	-	-	29,541,265	91.93%
Shanghai Yung Zip Pharmaceutical Trading Co., Ltd.	-	91.93% (Note 3)	-	-	-	91.93%
Yung Shin Pharm. Ind. (KS) Co., Ltd.	113,208,788	82.42% (Note 4)	1,271,460	1.01%	114,480,248	83.43%
YUNG SHIN COMPANY LIMITED (Hong Kong)	7,720	88.71% (Note 5)	76	0.95%	7,796	89.66%
Globecare Trading (Shanghai) Co., Ltd.	-	70.04% (Note 6)	-	-	-	70.04%
Farmtec Research Co., Ltd.	-	91.93% (Note 7)	-	-	-	91.93%
Angel Associates (Taiwan), Inc.	3,675	73.50%	621	12.42%	4,296	85.92%
CHEMIX INC.	192	100%	-	-	192	100%
Vetnostrum Animal Health Co., Ltd.	55,000,000	100%	-	-	55,000,000	100%
AnTec Biotech Co., Ltd. (Note 8)	17,200,000	100%	-	-	17,200,000	100%

Note 1: The Company and YUNG ZIP CHEMICAL IND. CO., LTD. indirectly hold 82.60% and 2.82% of shares in Carlsbad Technology, Inc., respectively. The Company's shareholding ratio should be 83.19%, considering the comprehensive shareholding.

Note 2: The Company and YUNG ZIP CHEMICAL IND. CO., LTD. indirectly hold 89.81% and 10.19% of shares in YUNG SHIN CHINA HOLDING CO., LTD., respectively. The Company's shareholding ratio should be 91.93%, considering the comprehensive shareholding.

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

Note 4: Yung Shin Pharm. Ind. (KS) Co., Ltd. is a subsidiary of YUNG SHIN CHINA HOLDING CO., LTD., which holds 89.66% of shares. The Company's shareholding ratio in it should be 82.42%, considering the comprehensive shareholding.

Note 5: YungShin Company Limited is a subsidiary of YUNG SHIN CHINA HOLDING CO., LTD., which holds 96.50% of its shares. The Company's shareholding ratio in it should be 88.71%, considering the comprehensive shareholding.

Note 6: The Company and YUNG ZIP CHEMICAL IND. CO., LTD. indirectly hold 89.81% and 10.19% of shares in YUNG SHIN CHINA HOLDING CO., LTD., respectively; YUNG SHIN CHINA HOLDING CO., LTD. and Y.S.P.SOUTHEAST ASIA HOLDING BHD. hold 60.00% and 40.00% of shares in Globecare Trading Co., Ltd., respectively, and the comprehensive shareholding ratio of the Group should be 70.04%.

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

Note 8: AnTec Biotech Co., Ltd. was dissolved on December 31, 2016, which was by Taichung Municipal Government by F.S.J.S.Z. No. 10607018000, but it is still in the liquidation process.

Chapter 4. Financing Status

I. Capital and Shares

(I) Sources of capital:

1. Sources of capital

Year and month	Offering Price	Authorized capital		Paid-in capital		Remarks		
		Number of Shares	Amount	Number of Shares	Amount	Share capital Source	Capital increased by assets other than cash	Others
2010.12	10	310,000,000	3,100,000,000	253,736,175	2,537,361,750	Shares 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.
2015.10	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 Company's Articles of Association was amended at the regular shareholders' meeting on June 20, 2017 to change the total capital to NT\$6.1 billion.

2. Authorized capital

Shares Category	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 28, 2021

Shareholder structure Quantity	Government agencies	Financial agencies	Others Legal person	Domestic natural persons	Foreign Institutions and foreigners	Total
Number of individuals	0	1	158	27,371	136	27,666
Number of shares held	0	3,979,461	30,342,510	197,081,461	35,019,551	266,422,983
Shareholding ratio	0%	1.49%	11.39%	73.97%	13.15%	100%

(III) Shareholding distribution status:

Shareholding range	Number of shareholders	Number of shares held	Shareholding ratio
1 to 999	15,321	870,584	0.33%
1,000 to 5,000	9,119	18,279,637	6.86%
5,001 to 10,000	1,558	11,574,194	4.34%
10,001 to 15,000	541	6,558,324	2.46%
15,001 to 20,000	310	5,594,821	2.10%
20,001 to 30,000	271	6,659,732	2.50%
30,001 to 40,000	112	3,890,702	1.46%
40,001 to 50,000	79	3,608,792	1.35%
50,001 to 100,000	152	10,470,553	3.93%
100,001 to 200,000	97	13,280,425	4.98%
200,001 to 400,000	43	11,854,157	4.45%
400,001 to 600,000	13	6,400,502	2.40%
600,001 to 800,000	4	2,823,800	1.06%
800,001 to 1,000,000	10	8,899,837	3.34%
Over 1,000,001	36	155,656,923	58.44%
Total	27,666	266,422,983	100.00%

(IV) List of major shareholders:

March 28, 2021

Shares Name of major shareholder	Number of shares held	Shareholding ratio
Fang-Jen Lee	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%
Fang-Hsin Lee	11,260,832	4.23%
Fang-Chen Lee	10,513,344	3.95%
Ling-Chin Lee (Note)	10,401,368	3.90%
Ling-Fen Lee	8,931,768	3.35%
Fang-Yu Lee	7,926,918	2.98%
Pao-Chen Lin	7,910,681	2.97%
Meng-Pi Lin	7,129,326	2.68%

Note: 4,000,000 additional trust shares with decision-making power reserved are added, a total of 14,401,368 shares (with a shareholding ratio of 5.41%).

(V) Market price, net worth, earnings, dividends and other information in the most recent two fiscal years:
May 26, 2021.

Item \ Year		2019	2020	Current year as of March 31, 2021
Market price per share	Highest	44.25	53.00	45.05
	Lowest	39.40	36.55	42.60
	Average	41.92	44.86	43.79
Net value per share	Before issuance	23.46	24.03	-
	After issuance	21.26	To be determined by IASB	-
Earnings per share	Weighted average shares	266,422,983	266,422,983	-
	Earnings per share	2.81	2.97	-
Dividends per share	Cash dividend	2.20	2.00 (Note)	-
	Stock grants	-	-	-
		-	-	-
	Cumulative unpaid dividends	-	-	-
Return on investment	Price/earnings ratio	14.92	15.10	-
	Price/dividend ratio	19.05	22.43	-
	Cash dividend yield	0.05	0.05	-

Note: The dividend to be distributed in 2020 shall be based on the amount recognized by the regular shareholders' meeting on

(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 30, 2021 to propose the distribution of shareholders' dividends for 2020. The dividends shall be distributed as cash dividend of totaling 2.00 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		2020 (estimated)
Beginning paid-in capital		2,664,230
Current dividends distribution	Cash dividends per share	NT\$2.00
	Number of shares allotted for capital transferred from surplus	-
	Capital reserve to capital increase	-
Change 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: Fang-Hsin Lee Manager: Fang-Hsin Lee

Financial officer: Yu-Yi Lee

(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 YungShin Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution. The Corporation's remunerations for employees, directors, and supervisors in 2020 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\$2,475 thousand and NT\$16,503 thousand, of which the employee remuneration shall be distributed in cash. The estimated amount of employee remuneration in this period is NT\$2,475 thousand, and the remuneration for directors is NT\$16,503 thousand. The estimation is based on the Articles of Incorporation and shall be recognized as operating costs and expenses of 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 YungShin 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 of Directors 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			
	Shareholders' meeting on May 28, 2020 Resolve the actual distribution	Board meeting on March 27, 2020 Passed the proposed distribution	Discrepancy	Cause of Discrepancy
1. Remuneration for employees	NT\$2,369,011	NT\$2,369,011	0	None
2. Remuneration for Directors and Supervisors	NT\$11,845,058	NT\$11,845,058	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

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 Company 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	3,411,912	72.22%
Cosmetics	18,074	0.38%
Health food	490,726	10.39%
Product distribution	319,189	6.76%
OEM products	469,323	9.93%
Others	15,038	0.32%
Total	4,724,262	100.00%

(2) The main commodity items of Yung Shin Pharmaceutical:

A. There are totally 827 licenses

- | | |
|--|-------------|
| a. Pharmaceuticals for human consumption (including 13 permits for contracted production by other factories) | 650 permits |
| b. Medical equipment | 2 permits |
| c. Active pharmaceutical ingredients | 25 permits |
| d. Health food | 2 permits |
| e. Cosmetics that contain drugs | 8 permits |
| f. Capsule and pill food | 40 permits |
| g. Food import | 6 permits |
| h. Drugs for animal use (including 36 commissioned) | 74 permits |
| i. Subsidies for feed | 14 permits |
| j. Food additives | 6 permits |

- B. Totally 31 OEM licenses
 - a. Pharmaceuticals for human consumption 29 permits
 - b. Health food 1 permit
 - c. Cosmetics that contain drugs 1 permits
 - C. Other products (no license required): 153 kinds
 - a. Regular cosmetics 44 types
 - b. Regular traded cosmetics 2 types
 - c. Food 101 types
 - d. Traded food 6 types
 - D. Each preparation contains solid dosage forms: coated tablets (including tablets, granules, powder), pellet capsules (including capsules), pellets, suppositories, liquid (liquid dosage form, suspension dosage form, solution dosage form), semi-solid dosage form, injection (liquid dosage form, solid dosage form), and other dosage forms. In addition to producing general preparations, we also produce cytotoxic preparations, penicillin preparations, and cephalosporins with specific toxic and hazardous substances.
 - E. The preparations include nervous system drugs, circulatory system drugs, respiratory system drugs, digestive system drugs, metabolic drugs, anti-tumor and immune mediators, genitourinary system drugs, antimicrobial drugs, external drugs, hormonal agents and so on.
- (3) New products planned for 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	2019		2020	
	Operating revenue	Weight (%)	Operating revenue	Weight (%)
Trading of preparations	1,220,793	48%	1,080,636	53%
Trading of raw materials	1,320,754	52%	944,277	57%
Total	2,541,547	100%	2,024,913	100%

4. Vetrinum 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	2019		2020	
	Operating revenue	Weight (%)	Operating revenue	Weight (%)
Products for animal consumption:				
Powder	657,030	60.81%	704,395	63.74%
Solutions	57,333	5.31%	52,727	4.77%
Injections	0	0.00%	25,804	2.33%
Product distribution	364,563	33.74%	320,592	29.01%
Others	1,501	0.14%	1,608	0.15%
Total	1,080,427	100.00%	1,105,126	100.00%

(II) Industry overview:

1. YungShin Global Holding Corporation:

(1) Status and Development of the Industry:

Global pharmaceutical market:

Looking at the world's overall environmental changes, due to the drug market being affected by the health care policies, budget and cost control of governments as well as the medical budget of consumers, the market fluctuations of new and generic drugs and drug price control measures will bring uncertainty to the global drug market size in the future. It is predicted that the global generic drug sales volume will reach US\$ 422.5 billion by 2024, with a CAGR of 5.0% from 2019 to 2024.

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.

In the current global drug market, the United States, mainland China, Japan, Germany, and the United Kingdom are the top five drug markets in the world. Among them, the total drug market size of the US has reached approximately US\$373.3 billion, maintaining it as the top 1 market, mainland China's drug market size is about US\$140.37 billion, and the Japanese drug market is about US\$103 billion, which are the three countries that exceed US\$100 billion in annual drug market size worldwide. 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.

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.

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.

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 the prediction of the market industry intelligence agency BMI, the usage amount of global drug market will continue to be amplified, but in the context of drug price control pressure, expected increase of the market acceptance for generic drugs and biologically similar drugs, the output is expected to reach 1.6 trillion USD by 2026.

(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%.

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 soaring medical expenditure has caused a heavy financial burden in many countries. Many countries have put forward encouraging policies to expand the popularization rate of generic drugs to reduce medical expenditures. For example, Japan's Ministry of Health and Welfare aims to achieve 85% for the consumption rate of generic drugs in 2022 and actively approve the launching of generic drugs; France has introduced a cost-control plan for health spending, aiming 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 drug market: In Taiwan's drug market, due to the increase of aging population and demand for chronic medical treatment, the drug demand has been growing constantly. According to IQVIA's data and the estimation of the IT IS research team of DCB's Industry Information Department, by 2024, Taiwan's drug market will reach NT\$241.10 billion. In 2020, affected by the COVID-19 epidemic, the decrease of patients' willingness to seek medical treatment is expected to slow down the growth of Taiwan's drug market, which will gradually recover after 2021. However, affected by the health insurance drug price control, the overall Taiwan drug market is expected to see limited growth in the future. It is estimated that the CAGR of the Taiwan drug market in 2019-2024 will be 3.5%, which is slightly lower than the global rate of 4.3%.

To estimate the changes in the distribution of various drug categories in Taiwan's drug market in 2024, in the face of the aging population and the increasing demand for drugs for chronic diseases, which has caused the increasing rise in the expenditures of health insurance drugs, in order to reduce the continuously increasing medical burden, the future policy will continue to encourage the use of generic drugs and biologically similar drugs. It is predicted that the proportion of sales of generic

drugs in Taiwan will rise slightly from 28.2% to 29.1%, and the proportion of sales of patented drugs in the overall pharmaceutical market will slightly decrease from 64.3% in 2019 to 63.6% in 2024, while the OTC medication will decline slightly.

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.

In 2019, the output value of Western medicine preparations in Taiwan was NT\$47.61 billion, up 7.2% compared with 2018, but still lower than the overall growth rate of Taiwan's pharmaceutical industry of 7.6%, with a CAGR of 4.7% from 2015 to 2019. Taiwan's current western medicine preparations are mainly generic drugs and mainly sold in the Taiwan market, only a small number of them are exported, but in the policy context of lowering the drug price of the Taiwan government, the growth of generic drug market has been blocked in Taiwan, so the Taiwanese western medicine preparation manufacturers have been actively expanding overseas market in recent years in order to increase sales and expand market, and achieved sharp growth in export in 2019, making the output value growth rate of western medicine preparation show a three-year high. 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.

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 been deploying in the United States, mainland China, Southeast Asia, and Japan for many years. In addition to Taiwan, it has also set up factories and operating bases overseas and can sell products via local subsidiaries or via third parties.

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 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.

In recent years, due to the outbreak of the COVID-19 epidemic leading to the lockdown of cities and the shutdown of API manufacturers in mainland China as a main API exporter, affecting the global supply chain of APIs and the imbalance between supply and demand of APIs all over the world, in addition to the trade conflict between the United States and China, making the US and Europe actively looking for new sources of APIs, which derives new opportunities of API demand. As an API supplying country, India's government and policy encourage domestic firms to actively strive for new business opportunities for API production supply, and the US government is also actively promoting manufacturers to produce APIs at home. Taiwan can also seek new international business opportunities through niche topics actively with its own core technical competitiveness in APIs.

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.

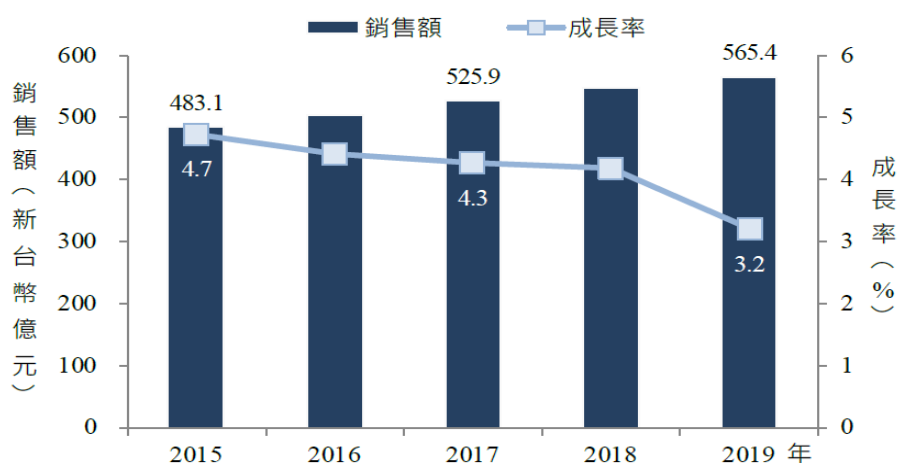
Today, related domestic manufacturers of biopharmaceuticals, vaccines, and biosimilars have achieved growth. They have obtained drug permits for vaccine products in multiple countries and they have been sold in domestic and export markets. The biopharmaceutical industry has entered a commercialization and production stage. 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.

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

According to Fitch Solutions, Taiwan's generics market saw a CAGR of 4.0% from 2015 to 2019. Due to the aging population in Taiwan, the number of patients with chronic diseases continues to increase, making the burden of universal health insurance increasingly heavier. In order to reduce financial pressure, the government and the National Health Insurance Administration encourage hospitals to use generic drugs. On the one hand, because Taiwan has implemented a health insurance lump sum payment system, which has lowered the prices of medical insurance drugs for many times so far to reduce the drug expenditures; on the other hand, for the generic drugs with the largest differences

between the price of health insurance drugs purchased by various medical institutions and the price of drugs provided by drug suppliers, as a result of the price competition between manufacturers and the influence of government policies, both the revenues and profits of generic drugs have been squeezed, leading to the gradually decelerated growth of the generic drug market from 4.7% in 2015 to 3.2% in 2019.

(See Figure 1)



資料來源：Fitch Solutions；DCB 產資組 ITIS 研究團隊整理（2020.08）

As of 2020, there are a total of 145 western pharmaceutical manufacturers in Taiwan that comply with PIC/S GMP. The local manufacturers mainly develop, manufacture and sell generic drugs and mainly sell them in mainland China. However, the implementation of PIC/S GMP has led to a significant increase in manufacturing costs, plus the drug price investigations and the price reduction of health insurance drugs. As a result, Taiwan has become one of the regions with the lowest drug prices in the world, which affects Taiwan's drug export price. Because the generic drug industry is the mother of the development of new drug industry, if the generic drug industry is killed in Taiwan, it will seriously affect the future development prospect of new drugs in Taiwan. Therefore, the government should consider the sustainable development of generic drug industry in order to promote the virtuous cycle of new drug investment while lowering drug prices.

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%). Therefore, with the support of the policy, the point reward system for using generic drugs adopted by medical authorities, and the change of the overall habit of drug use, the usage of generic drugs in Japan has grown considerably in recent years. However, in promoting the usage of generic drugs, in addition to the fierce competition among generic drug suppliers and the participation of large drug companies into generic drug market, Japan's authorities have been imposing increasingly strict quality requirements and inspections for generic drugs, and have increased the supervision efforts on the quality and manufacturing responsibility of generic drugs and the legal compliance of pharmaceutical 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.

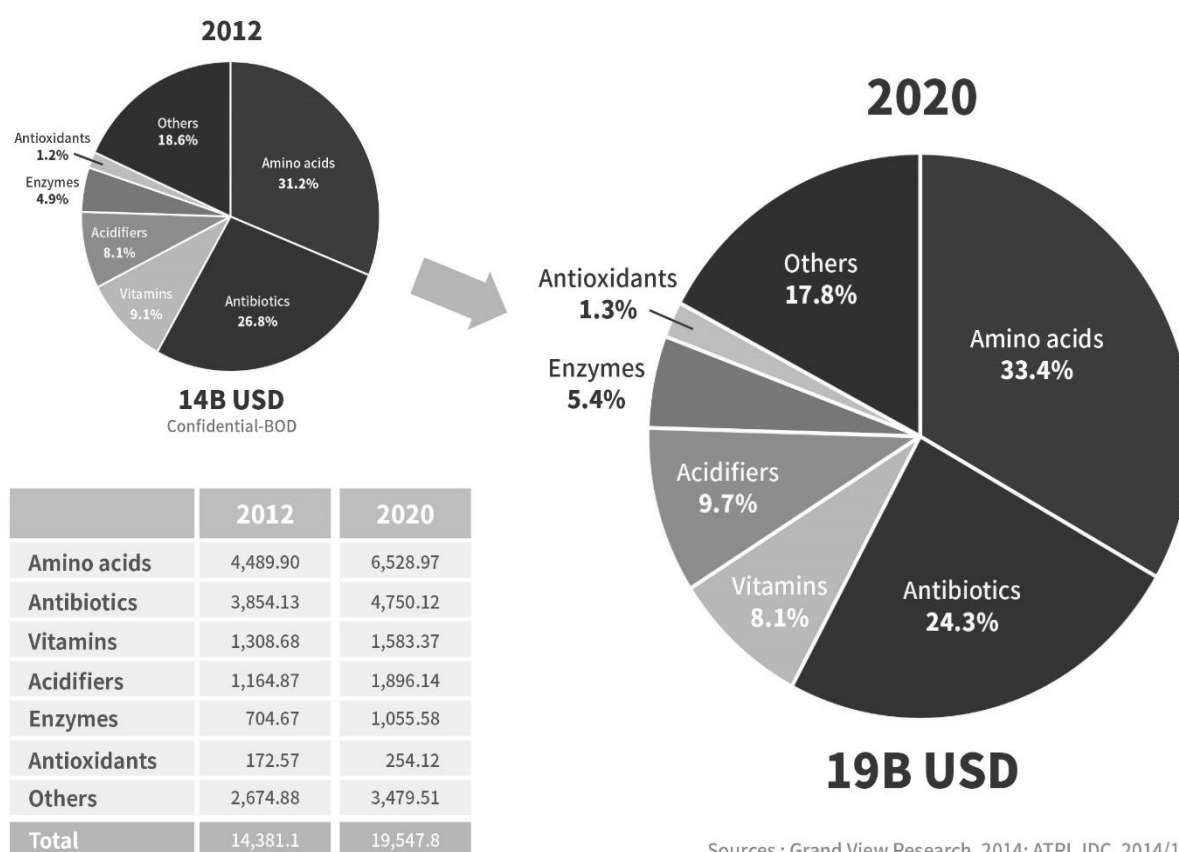
4. Vetnostrum Animal Health Co., Ltd.:

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

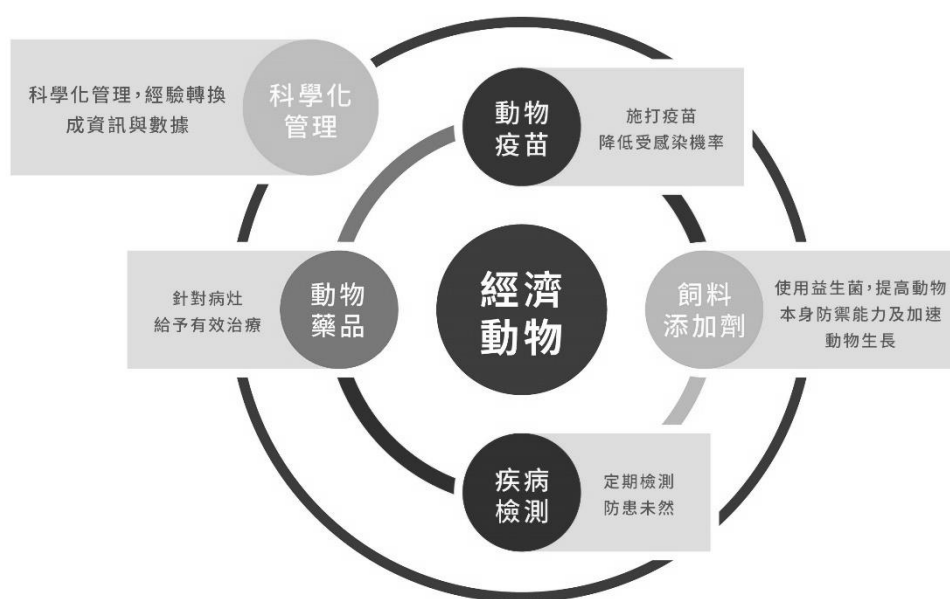
in global consumption of meat products, the prohibition of governments of different countries for preventive antibiotic usage, and increased consumer health awareness. Consumers have increased their demands for the quality of meat products each year and the industry must expand the application of feed 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 the restrictions of laws and regulations in various countries, the feed additive industry has changed as follows: (1) Preventive drug administration is prohibited year by year and item by item: antibiotics have been used as growth promoters for a long time, but long-term use of low doses is likely to lead to drug resistance of pathogens, and improper use of livestock products may cause drug residue problems. Therefore, as antibiotics used for growth promotion are reduced year by year, it affects the overall market sales of antibiotic; (2) increases the demand for green energy and environmental protection: functional feed additives can improve the utilization rate of animal feed and reduce the use of feed; with improved feed efficiency, the amount of animal excretion is reduced, which, in addition to reducing the cost of waste disposal, also reduces the generation of odorous substances and greenhouse gases.



資料來源: DCB產資組ITIS計畫整理

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 70 billion US dollars a year on pets, while the scale of the global pet industry is estimated to be as high as 200 billion US dollars.

According to the latest statistics of the Animal Protection Department of the Council of Agriculture of Taiwan, the number of dogs and cats in Taiwan exceeded 2.5 million for the first time in 2017, 10% up over 2015, a growth rate far higher than the annual fertility rate of less than 1.5%. Based on the number of dogs and cats and the average annual increase and decrease rate of the child population from 2011 to 2017, trend research institution estimated that the number of dogs and cats in Taiwan will exceed

the number of children under 15 for the first time in the second half of 2020, and reach 2.95 million in 2021, surpassing 2.83 million children 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, in Taiwan's pet market service industry network rankings, pet medical services rank first. Pets have been highly "companionized" and regarded as family members, which has brought changes to the pet medicine market and led to various types of medical services, which pay great attention to the professionalism of the consultation process and to meeting the psychological needs of pet owners who love 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 Japan Pet Association, in 2017, the average veterinary expenses per family of Japanese dog owners increased by more than 20% compared with 2010. In Taiwan, according to Euromonitor's market research report, Taiwan has a high similarity with Japan. According to statistics, in 2017, the total output value of pet market in Taiwan was about US\$26 billion, of which the consumption amount of food accounted for about 22%, and medical treatment accounted for about 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	2019	2020
R&D expenditure (NT\$1,000)	397,982	410,600
Percentage of revenue (%)	4.86%	5.08%

Source: Consolidated financial statements of 2020

(2) Technology and R&D projects:

- A. To obtain Taiwan drug license for APIs, expand the production scale and improve the production technology.
- B. To obtain the Japanese market license for generic drugs.
- C. To obtain the American market license for generic drugs.

- D. To obtain inspection registration and Taiwan license for medical devices.
- 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	2019	2020
R&D expenditure (NT\$1,000)	323,969	303,417
Percentage of revenue (%)	6.93%	6.42%

(2) Technologies or products developed successfully:

- A. Micafungin frozen crystal injection, a systemic anti-infective drug with vertical integration of raw materials and preparations, was approved by the Japanese PMDA.
- B. Eletriptan Hydrobromide, a vertically integrated oral tablet for the central nervous system (pain relief), received FDA approval.
- C. An API for the treatment of metastatic prostate cancer that is not responsive to hormones received US DMF approval.
- D. An API and preparation for the treatment of hepatitis B were licensed in Malaysia.
- E. An API for the treatment of local invasive or metastatic non-small cell lung cancer with EGFR-TK mutation was licensed in Taiwan.
- F. An API for the treatment of secondary parathyroidism in dialysis patients was registered in Taiwan.
- G. An API for the treatment of candidiasis and other candidiasis infections was licensed in Taiwan.
- H. The new generation of anti-fungal API obtained US DMF approval and was registered in Taiwan.
- I. An API for the treatment of locally advanced or metastatic non-small cell lung cancer (NSCLC) was registered in Taiwan.
- J. A medical device containing anesthetic crosslinked hyaluronic acid subcutaneous injection was licensed in Taiwan.
- K. A new generation of feed additives that can be used for intestinal health care and deodorization was launched in Taiwan.

3. Chemix Inc.: Not applicable.

4. Vetnostrum Animal Health Co., Ltd.:

(1) Existing technologies and new technologies

Vetnostrum currently has more than 209 domestic animal product licenses and about 32 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. It meets the needs of customers and also has the technology to develop different dosage forms, such as powder, tablet, granule, injection, oral liquid, etc. 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, Vetnostrum 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. Vetnostrum 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, Vetnostrum will continue to carry out the development of forward-looking technologies and innovative clinical application research and development, implement mass production and cGMP management, and ensure Vetnostrum's leading position in the animal protection industry with a diversified development strategy.

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

Unit: NT\$1,000; %

Item \ Year	2019	2020
R&D expenditures (NT\$1,000)	11,497	14,044
Percentage of revenue (%)	1.06%	1.27%

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

1. YungShin Global Holding Corporation:

(1) Long term

YungShin has been committed to expanding the international market since 1985. At present, the Group has set up professional manufacturing plants in Taiwan, mainland China, the United States, Malaysia, and Vietnam to supply the needs of local and global markets; in addition to Taiwan, it has also set up sales points in mainland China, the United States, Southeast Asia, and Japan. In the future, it will evaluate the layout in Europe, South America, Africa, and other emerging markets.

(2) Short term

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 had invested in R&D and production of APIs since the early stage of its development. Now, it has API R&D and production bases in both Taiwan and Mainland China and will continue to increase its API varieties and capacity expansion by means of cooperation, investment, merger, and acquisition.

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

(1) Marketing strategy

- A. In the future, hospital channels will continue to play a leading role in the growth of Taiwan's drug market. Yung Shin Pharmaceutical will continue to create breakthrough performance and increase market share by organizing marketing activity planning, brand image differentiation, building new sales team, project management for new product development, and cohesion of executive powers and team morale.
- 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) Development strategy

- A. The strategy for vertical integration of APIs and preparations to improve the quality and capability of R&D.
- B. Cooperation between industry, government, academia, and research to develop new models.
- C. Develop new dosage forms and new compound prescription drugs to create product differentiation, and strengthen the marketing map of special dosage forms, and accelerate the market development of domestic and foreign prescription drugs and OTC product lines in a broad and deep manner by establishing the professional image of marketing special dosage forms.

(3) Production strategy

- A. Develop segmented research and development technology for new prescription drug development, large-scale, automated, and specialized commissioned manufacturing development in order to integrate resources, improve competitiveness and reduce costs.
 - B. Digital technology introduction is expected to reduce drug development costs and speed up development.
 - C. Improve the quality and capacity of factories through the manufacturing line planning, production and marketing communication, and production management process.
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. Vetnostrum Animal Health Co., Ltd.:
- (1) Short-term objectives:
 - A. Put the new injection factory into operation, complete the transfer of the original YungShin injection certificate, and rapidly increase the efficiency of the injection production line.
 - B. Get the self-developed and produced pet drugs licensed and launched; and officially put pet health care product production line into operation.
 - C. Act for the continuous promotion and marketing of pet drugs, medical materials, and health care products.
 - (2) Medium-term (long-term) objectives:
 - A. Continuously develop new products, including non-drug feeding products and pet drugs.
 - B. Expand the cooperation between industry, government, and academia (including livestock/aquatic products/pets), strengthen the market image, and improve the height of Vetnostrum in the trade.
 - C. Increase service items in the pet health products market and establish an OEM service program.
 - D. Continue to promote the concept of green breeding and build Vetnostrum into the most competitive and influential animal and biological technology enterprise in the Asia-Pacific region.

II. Market and Production and Sales Overview

(I) Market Analysis:

- 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) Sales area and market share of major commodities:

The main products of Yung Shin Pharmaceutical are mainly sold in the Taiwan market, accounting for about 89% of individual sales revenue, and export sales account for 11%. Under the COVID-19 epidemic, the new usage of old drugs is also projected. If we can find the special drug for the treatment of COVID-19 from old drugs, it will be a positive boost to the growth of global generic drug market.
 - (2) Future supply and demand conditions and growth of the market:

In Taiwan's drug market, due to the increase of aging population and demand for chronic medical treatment, the drug demand has been growing constantly. According to IQVIA's data and the estimation of the IT IS research team of DCB's Industry Information Department, by 2024, Taiwan's drug market will reach NT\$241.1 billion. In 2020, affected by the COVID-19 epidemic, the decrease of patients' willingness to seek medical treatment is expected to slow down the growth of Taiwan's drug market, which will gradually recover after 2021, but due to the impact of the drug price control, the future growth will still be limited.
 - (3) Advantages and disadvantages of competitive niche and development prospects and countermeasures:

Yung Shin Pharmaceutical has always been recognized by both customers and competitors with "complete product line, high quality, and reasonable price". Although the non-free market competition factors such as the "Health Insurance Drug Use Regulations" affect the competition in the market, Yung Shin Pharmaceutical can still maintain its competitive advantages under the existing stable basis and

with the development of new products and new dosage forms. 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 conditions

- 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	1,959,003	97%
Domestic sales	65,911	3%
Total	2,024,913	100%

4. Vetrinum Animal Health Co., Ltd.:

Sales regions of major products:

Unit: NT\$1,000

Region	Amount	Percentage
Exports	197,725	18%
Domestic sales	907,401	82%
Total	1,105,126	100%

(II) Usage and manufacturing processes for the Company's main products:

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.:

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 ISO9001 quality management system. In 2019, the Company has completed the construction of an animal injection factory (including sterile filling and final sterilization process) and an external preparation factory, and completed the construction of a pet preparation factory, and obtained GMP inspection 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.:

In 2020, the COVID-19 epidemic broke out and gradually spread to countries including China, India, the United States, and Europe around the world, and various countries took measures to lock down cities, lock up countries, restrict people's activities, and suspend flights... to reduce the spreading risk of the epidemic, resulting in factory shutdowns, reduced production and sales, or disrupted shipping..., affecting the global supply shortage of many goods, including the supply of APIs, intermediates, alcohol, face masks... Because the procurement of the Company relies on long-term orders and pre-orders, or advance procurement to ensure the stability of the sources, at the early stage of the epidemic, part of the API inventory could still cope with the need and did not cause immediate effect, and also due to the effective control of inventory and allocation, as well as positive external response and treatment, the impact of the epidemic on raw material supply chain was reduced; However, due to the continuing impact of the epidemic, the imbalance between production and sales and the reduction of shipping has caused the increase in the cost of transportation and caused the price fluctuation of raw materials.

3. Chemix Inc.: Not applicable.

4. Vetnostrum Animal Health Co., Ltd.:

In 2020, due to the dual factors of the COVID-19 epidemic affecting the whole world and the trade conflict between the United States and mainland China: corn price hits a 7-year high, and many upstream intermediates of raw materials are produced by corn starch, leading to a rise in the prices of many raw materials; in addition, the shipping price soared, increasing the purchase cost, and the delivery time was delayed due to cabinet rejection. In the future, the Company will continue to pay close attention to market dynamics, improve the safe level of inventory, and conduct strategic procurement for key raw materials.

(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	2019				2020				2021 up to 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	-	-	-	-	NLE30237	12,748	29%	None
2									EBE13196	5,520	13%	None
	Net purchases	1,122,978	100%		Net purchases				Net purchases	44,012	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	2019				2020				2021 up to 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	408,796	23%	None	Company A	239,115	14%	None	Company A	32,014	13%	None
2	Company P	221,064	12%	None	Company B	167,677	10%	Yes	Company B	31,364	13%	Yes
	Net purchases	1,805,643	100%		Net purchases	1,689,598	100%		Net purchases	241,625	100%	

* Reasons for the change: Company P: The purchase gap caused by the seasonal difference in the shipment period. Company A: Caused by the increase of Japanese market demand.

(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	2019				2020				2021 up to 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	478,800	19%	None	Company T	253,051	12.5%	None	Company W	49,923	12.6%	None
2	Company S	156,637	6%	None	Company S	126,640	6.3%	None	Company T	33,911	8.5%	None
	Net sales	2,541,547	100%		Net sales	2,024,913	100.0%		Net sales	397,194	100.0%	

* Reasons for the change: Due to the difference in annual demand caused by the adjustment made by main customers to the inventory adjustments of specific drugs, there is a change.

2.7 Performance and employee performance, update to energy-saving equipment, and following

improvement recommendations of external experts.

4. Vetnostrum 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

2019					2020				2021 up to the previous quarter (Note)			
Item	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 of net purchases of the year as of the end of last quarter (%)	Relationship with the issuer
1	Yung Shin Pharmaceutical	241,073	40%	Related parties	Yung Shin Pharmaceutical	214,058	35%	Related parties	Related information not yet available			
2	Supplier K	92,330	16%	None	Supplier K	70,872	11%	None				
	Net purchases	595,504	100%		Net purchases	617,744	100%					

* Reasons for the change: the supplier has no material change.

Note: As of the publishing date of the annual report, there was no financial information audited by accountants for 2021 Q1.

(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

2019					2020				2021 up to the previous quarter (Note)			
Item	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	137,828	12%	None	Customer B	161,659	15%	None	Related information not yet available			
	Net sales	1,080,427	100%		Net sales	1,105,126	100%					

* Reasons for the change: the customer has no material change.

Note: As of the publishing date of the annual report, there was no financial information audited by accountants for 2021 Q1.

(V) Production volume and value in 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.:

Production table for the last two years

Unit: NT\$1,000

Production Primary product Year		2019			2020		
		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	17,359	16,349	73,146	14,091	13,996
Capsules (thousand units)		2,984,420	862,826	665,732	2,984,420	838,682	676,128
Granules and powder (kg)		128,032	34,116	47,237	128,032	25,088	40,717
Injections (thousand units)		106,900	15,886	237,087	107,980	17,712	313,076
Ointment (kg)		222,307	75,009	44,987	222,307	72,857	47,088
Solutions (liter)		1,254,960	150,314	30,132	1,254,960	113,602	28,379
Pills (thousand units)		7,263,040	1,335,345	592,525	7,263,040	1,278,850	609,406
Active pharmaceutical ingredient (kg)		353,000	794	98,024	353,000	3,884	94,208
Animal drugs:							
Injections (thousand units)		6,650	606	52,963	0	203	18,173
Powder (kg)		1,588,000	37,512	9,414	1,685,000	25,097	9,829
Solutions (liter)		0	0	0	0	0	0
Cosmetics:							
Solutions (liter)		418,320	11,176	7,082	418,320	10,716	7,528
Cream (liter)		54,382	4,258	5,716	54,382	2,813	3,838
Powder (kg)		0	0	0	0	5	1,824
Active pharmaceutical ingredient (kg)		1,000	2	701	1,000	0	926
Masks (thousand units)		0	68	2,361	0	32	943
Other (thousand units)		0	4	708	0	3	2,040
Food:							
Capsules (thousand units)		287,480	44,587	110,984	287,480	53,558	134,907
Granules and powder (kg)		313,740	18,419	20,080	313,740	13,677	19,102
Pills (thousand units)		313,740	53,828	69,047	499,970	81,518	102,026
Other (thousand units)		0	4	300	0	0	0
Medical equipment:							

Medical equipment (thousand units)	253	70	9,325	253	76	10,312
Medical equipment (grams)	0	0	1,117	0	0	2,671
OEM products (Note 2):						
Capsules for human consumption (thousand units)	0	2,055	2,755	0	3,116	4,145
Injections for human consumption (thousand units)	0	1,398	50,687	0	1,735	59,312
Pills for human consumption (thousand units)	0	4,984	2,525	0	712	828
Animal drugs powder (kg)	0	955	115,445	0	954	103,278
Cosmetic solutions (liter)	0	16,458	4,620	0	9,232	2,395
Cosmetic cream (kg)	0	1,970	1,443	0	1,327	931
Cosmetic masks (thousand units)	0	16	238	0		
Food capsules (thousand units)	0	15,405	35,019	0	12,155	27,812
Food powder (kg)	0	30,756	36,721	0	41,834	62,196
Food pills (thousand units)	0	37,793	71,956	0	32,547	58,280
Active pharmaceutical ingredient (ton)	0	337	6,697	0	312	6,291
Total			2,349,977			2,462,585

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.:

Production table for the last two years

Unit: NT\$ thousand

Year Production volume and value	2019			2020		
	Production capacity (Note 1)	Production volume	Production value	Production capacity (Note 1)	Production volume	Production value
Primary product						
Powder (kg)	4,712,000	2,391,449	436,907	4,792,000	2,451,715	456,760
Solutions (liter)	700,000	111,687	40,814	945,000	93,907	30,799
Injections (PCS)	0	0	0	3,225,000	152,918	23,034
Total			477,721			510,593

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 Company's main business is general investment and it is therefore not applicable.

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

Sales table for the last two years

Unit: NT\$ thousand

Sales volume value Primary product	2019				2020			
	Domestic Sales		Export Sales		Domestic Sales		Export Sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Pharmaceuticals for human consumption:								
Suppository (thousand units)	16,434	41,692	248	700	14,441	37,663	795	2,171
Capsules (thousand units)	596,567	1,024,868	269,451	292,556	576,451	971,593	242,818	242,516

Granules (kg)	2,284	5,652	14,282	32,406	2,051	4,915	14,226	31,092
Injections (thousand units)	9,939	444,321	7,549	77,825	9,860	479,117	5,882	58,826
Ointment (kg)	73,958	104,426	553	885	79,861	109,581	449	658
Powder (kg)	1,704	4,223	17,295	41,888	430	2,588	11,016	21,777
Solutions (liter)	152,258	60,093	0	0	110,684	52,166	0	0
Pills (thousand units)	1,238,892	1,283,092	64,454	45,421	1,217,363	1,283,161	111,206	69,550
Active pharmaceutical ingredient (kg)	1	8	25	666	0	0	0	0
Animal drugs:								
Injections (thousand units)	570	55,496	9	1,835	280	26,362	50	3,782
Powder (kg)	34,485	14,948	0	0	28,090	14,394	0	0
Solutions (liter)	0	0	0	0	0	0	0	0
Cosmetics:								
Solutions (liter)	6,090	9,373	0	0	5,186	9,037	0	0
Cream (liter)	2,319	6,879	0	0	1,321	6,841	0	0
Masks (thousand units)	87	919	0	0	59	647	0	0
Other (thousand units)	1	1,280	0	0	1	1,549	0	0
Food:								
Capsules (thousand units)	39,676	239,046	0	0	49,592	281,582	0	0
Granules (kg)	675	4,958	0	0	451	2,967	0	0
Powder (kg)	10,926	23,650	0	0	14,312	28,513	0	0
Pills (thousand units)	50,282	137,784	0	0	70,162	177,664	0	0
Others	1	149	0	0	0	0	0	0
Medical equipment:								
Test agents (thousand units)	44	17,377	0	0	0	0	0	0
Medical equipment (thousand units)	21	7,927	0	0	75	28,503	0	0
Product distribution:								
Others	15,878	187,424	0	0	16,800	290,686	0	0
OEM products:								
Capsules for human consumption (thousand units)	1,415	3,686	0	0	3,756	9,755	0	0
Injections for human consumption (thousand units)	0	0	1,442	88,730	0	0	1,576	76,207
Pills for human consumption (thousand units)	1,070	2,280	20,523	11,752	2,676	2,810	0	0
Animal drugs powder (kg)	966	157,723	0	0	931	150,910	0	0
Cosmetic solutions (liter)	16,929	7,600	0	0	9,220	3,652	0	0
Cosmetic cream (kg)	1,437	1,850	0	0	1,323	1,578	0	0
Cosmetic masks (thousand units)	16	354	0	0	0	0	0	0
Food capsules (thousand units)	15,327	55,388	0	0	12,678	47,451	0	0
Food powder (kg)	28,724	49,009	0	0	43,530	89,248	0	0

Food pills (thousand units)	36,370	99,107	1,763	7,521	30,233	75,494	1,766	7,200
Active pharmaceutical ingredient (kg)	0	0	307	11,430	0	0	158	5,018
Total		4,052,582		613,615		4,190,427		518,797

3. Chemix Inc.:

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

Sales value unit: JPY 1,000

Sales Volume Value	Year	2019				2020			
		Domestic Sales		Export Sales		Domestic Sales		Export Sales	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Primary product									
Injection solutions (EA)		499,469	1,165,456	0	0	446,486	1,043,327	0	0
Other non-injection solutions (EA)		18,366	55,537	0	0	10,611	37,309	233,690	6,019
Raw materials KG		112,989	1,248,639	12,012	71,915	54,043	878,367	31,726	59,891
Total			2,469,632		71,915		1,959,003		65,911

4. Vetrinorm Animal Health Co., Ltd.:

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

Unit: thousand NT\$

Sales Volume Value	Year	2019				2020			
		Domestic Sales		Export Sales		Domestic Sales		Export Sales	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Primary product									
Products for animal									
Powder (kg)		2,329,933	621,568	68,658	35,463	2,193,125	668,983	97,030	35,412
Solutions (liter)		94,573	56,519	3,060	815	99,012	52,073	960	654
Injections (PCS)		0	0	0	0	74,156	25,804	0	0
Product distribution EA		471,029	192,976	21,720	171,585	375,545	158,933	18,860	161,659

Others	0	1,501	0	0	0	1,608	0	0
Total		872,564		207,863		907,401		197,725

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		2019	2020	Current fiscal year up to March 31, 2021
Number of employees		33	10	9
Average age		41.81	40.4	43.22
Average work tenure		2.93	1.4	1.6
Education Distribution Ratio	PhD	5.7%	10%	11.1%
	Masters	32.9%	20%	22.2%
	Bachelor's degree	56.3%	60%	55.6%
	Senior high school	5.1%	10%	11.1%

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

Year		2019	2020	Current fiscal year up to March 31, 2021
Headcount of Employees	Production personnel	619	626	616
	R&D personnel	141	137	136
	Sales personnel	263	276	271
	Administrative personnel	244	247	243
	Total	1,267	1,286	1,266
Average age		38.9	39.5	39.5
Average work tenure		11.6	11.6	11.6
Education Back ground Distribution Ratio	PhD	1.0%	1.2%	1.2%
	Masters	15.1%	14.9%	14.8%
	University/College	57.0%	57.8%	58.1%
	Senior high school	23.4%	22.8%	22.7%
	Below senior high school	3.5%	3.3%	3.2%

(III) Chemix Inc.:

Year		2019	2020	Current fiscal year up to March 31, 2021
Number of employees		66	68	68
Average age		46.6	47.7	47.9
Average work tenure		5.8	6.0	6.3
Education Distribution Ratio	PhD	1.5%	2.9%	2.9%
	Masters	32.8%	23.5%	23.5%
	University	46.27%	50.0%	50.0%
	Senior high school	23.8%	23.5%	23.5%

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

Year		2019	2020	Current fiscal year up to March 31, 2021
Number of employees		159	160	163
Average age		38.8	37.6	38.6
Average work tenure		5.3	5.7	5.5
Education Distribution Ratio	PhD	0.6%	0.6%	0.6%
	Masters	25.2%	25.6%	27.0%
	Bachelor's degree	64.2%	61.9%	60.1%
	Senior high school	10.0%	11.9%	12.3%

IV. Environmental Protection Expenditures

(I) YungShin Global Holding Corporation:

1. The Company's pollution prevention measures: The Company'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 Company 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 Company 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. Pollution prevention and control of Yung Shin Pharmaceutical:
 - (1) Wastewater treatment:
 - A. Yung Shin Pharmaceutical has set up sewage pretreatment equipment 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 business waste produced by Yung Shin Pharmaceutical can be divided into two categories:
 - A. Recyclable part: to be recycled by recycler.
 - B. Non-recyclable parts: to be cleared and disposed of by commissioned qualified environmental protection company.
 - (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 losses (including compensation) and punishments due to environmental pollution in the most

recent year and up to the publication date of the annual report:

Item \ Year	2019	2020	Current fiscal year up to March 31, 2021
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:

Yung Shin Pharmaceutical strengthens environment safety management, equipment safety management, operating environment safety management, fire safety management, employee health management, etc. in relevant workplaces:

(1) Workplace environment 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. Yung Shin Pharmaceutical implements access control management. All visitors need to change their certificates, and visitors and employees entering the plant area need to show their cards for verification; the production site, laboratory, and important places are separately guarded with permission control.

(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) Operating 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) Contracting 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. Yung Shin Pharmaceutical sets up a complete fire protection system according to laws and regulations, including alarm system, fire water system, escape system...
 - B. Yung Shin Pharmaceutical entrusts a qualified professional testing agency to test the functions of system units of its firefighting equipment and make complete report.
 - C. Yung Shin Pharmaceutical regularly conducts drills on fire fighting equipment, such as the use of fire extinguishers and fire hoses, and invites professionals to teach employees the skills of CPR and AED.
- (7) Periodic report
- A. Environment: Yung Shin Pharmaceutical periodically reports the testing and operating results according to laws and regulations.
 - B. Safety and health: Occupational hazard statistics are reported regularly.

(III) Chemix Inc.:

- 1. Pollution control of Chemix: The operation is limited to the office, so it is not applicable.
- 2. Protection measures for the work environment and personal safety of employees: To ensure the safety of employees in the workplace, Chemix has card swiping access control devices at all entrances and exits to ensure the personal safety of employees.

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

- 1. Pollution prevention and control of Vetnostrum:
 - (1) Wastewater treatment:

The sewage pretreatment equipment of Vetnostrum adopts an up-flow anaerobic sludge blanket (UASB) to strengthen the function of the sewage treatment system. It has passed the functional test and obtained the discharge permit issued by the competent authority in January 2018, and is currently in normal operation. The sewage produced by Vetnostrum is treated before being discharged, and the quality of treated water meets the standard for discharge water regulated by the competent authority.
 - (2) Waste disposal:

Vetnostrum has received the enterprise waste disposal plan issued by the competent authority and carries out the waste disposal according to the plan. The business waste produced by Vetnostrum can be divided into two categories:

 - A. Recyclable part: to be recycled by recycler.
 - B. Non-recyclable part: to be cleared and disposed of by commissioned qualified clearing and treatment contractor in the plant area, and, the triplicate form for the commissioned joint treatment control and delivery of business waste shall be filled according to the regulations of competent authority, so as to track the flow direction of cleaned and transported business waste.
 - (3) Air pollutant treatment:
 - A. Vetnostrum emits mainly particulate air pollutants. It has obtained a fixed pollution source operation permit issued by the competent authority, and regularly inspects the operation of air pollution control equipment, and conducts flue sampling tests in accordance with the regulations to ensure the effectiveness of the control equipment on the plant area.
 - B. According to the regulations of the competent authority, carry out online report of the consumption of volatile organic compounds (VOCs) and the emission of particulate matters, and the payment of air pollution fee every quarter.
 - (4) Toxic chemical substance management:
 - A. Vetnostrum has obtained the approval documents from the competent authorities for operation of toxic chemicals and concerned chemicals required by laboratory analysis, and fills out the Toxic Chemical and Concerned Chemical Operation Record Form according to laws and regulations, and enhances emergency response drills and training.
 - B. It performs monthly online operation status report of toxic chemicals and concerned chemicals.
- 2. Total losses (including compensation) and punishments due to environmental pollution in the most recent year and up to the publication date of the annual report:

Year	2019	2020	Current fiscal year up to March 31, 2021
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Item			
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:

Vetnostrum strengthens environment safety management, equipment safety management, operating environment safety management, fire safety management, employee health management, etc. in relevant workplaces:

(1) Workplace environment 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. Vetnostrum implements access control and doorkeeper management. All visitors need to change their certificates, and visitors and employees entering the plant area need to show their cards for verification; it also implements timely report of access control exception and remote online Nx monitoring system; the production site, laboratory, and important places are separately guarded with access control for permission control.

(2) Equipment safety management

- A. Add protective installation to the equipment with cutting and clamping hazards, such as reaction tank, motor shaft, etc.
- B. Conduct annual special inspection of high and low voltage power and grounding system, such as substation equipment, grounding system, etc.
- C. Lock and hang signs on mechanical equipment with power before cleaning or maintenance to avoid accidental opening during operation.
- D. Regularly inspect dangerous machinery and equipment (stacker) every year, and all the operators have operation certificates.
- E. Elevators are maintained by qualified contractors on a monthly basis and are regularly inspected by the Elevator Association of Taiwan.

(3) Operating environment safety management

- A. Set up regular automatic inspection and related occupational safety certificate management according to Occupational Safety and Health Act.
- B. Perform regular on-site and office environmental monitoring, such as carbon dioxide, specific chemicals, organic solvents, noise, etc.
- C. Make the working environment monitoring plan every six months, and entrust qualified professional monitoring contractor to carry out the working environment monitoring and research and formulate relevant improvement countermeasures with the site supervisor according to the test results.

(4) Employee health management

- A. Organize physical examination on new employees according to law, and organize regular in-service health examination for all employees.
- B. Organize employees of special workplaces (including organic solvent work and noise work) to accept special work health examinations, and hold health promotion management and lectures.
- C. Set up AED automatic external defibrillator to enhance health prevention in high-risk populations.

(5) Contracting safety management

- A. Establish construction specification and relevant instructions for on-site operation for contractors, and require to sign Contractor's Undertaking of Construction Safety, Health and Environmental Protection to ensure compliance with the relevant occupational safety laws and the owner's safety requirements during construction.

B. Establish rules on informing hazards and relevant punishment rules for construction personnel so that the construction personnel can understand the construction safety management regulations of Vetnostrum. If there is a high-risk operation, the construction personnel shall separately fill in a permit form and obtain the on-site confirmation of the plant affairs and environmental safety personnel of Vetnostrum before the construction so as to reduce the risk of accidents during the construction.

(6) Fire safety

A. Vetnostrum sets up a complete fire protection system according to laws and regulations, including alarm system, fire water system, escape instruction...

B. Vetnostrum entrusts qualified professional testing company to test the functions of system units of its firefighting equipment, and report the fire equipment overhaul results to the competent authority, and make defect rectification according to the results to maintain the fire safety of the plant area.

C. Vetnostrum conducts regular fire marshal drills, such as the use of evacuation lines, hand-held fire extinguishers, and fire hoses.

(7) Periodic report

A. Environment: Vetnostrum periodically reports the testing and operating results according to laws and regulations. All regulations have been met.

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

(8) No major job accidents occurred in the Company in 2020.

V. Labor Management Relations

(I) The Company'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 Company has provided employees with adequate care and respect by adopting humane management to pursue sustainability and growth of the Company. The Company organizes regular welfare activities to improve the welfare of the Company. 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. Staff education and training:

Talent is an important asset of the Company and a key factor in determining the Company's competitive advantage. The Company provides information and channels for related education and training courses in accordance with the organization strategy and work requirements. The Company encourages employees to actively request training to improve motivation and satisfy their inner needs. With regard to new recruits, the Company aims to help them learn about their jobs and professional knowledge as quickly as possible. For senior employees, the Company 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 Company 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.

The Company's education and training plan implementation status in 2020

Course Title	Annual education and training expenditures	Course enrollments	Average training hours per enrolment
(I) Pre-service education and training (II) On-the-job education and training (III) Manager cultivation training (IV) Self-development	NT\$71 thousand	20 person-times	4.1hrs/person-time

3. Retirement system and implementation status:

The retirement operations of the Company 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. Labor agreements and measures to protect the rights and interests of employees:

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

5. Employee health management

The Company 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:

1. The Company 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.
2. The Company has established a code of conduct for employees for their services and development at the Company. The main contents include:
 - (1) Clearly separate public and private interests, give mutual respect, show sincerity, and collaborate to achieve the Company's business goals.
 - (2) Follow the guidance of management officers and may not disobey orders or express contempt.
 - (3) 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 Company.
 - (4) 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 Company without permission.
3. The Company 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 Company shall be based on the principle of integrity and compliance which are also the Company's highest guiding principles of ethical conduct.
5. We do not accept any proprietary or confidential business information given to the Company by other companies or individuals except with the written approval of the data provider.
6. Every employee of the Company must understand that he/she may not use the Company's assets for the benefit of others in an illegitimate manner. Such conduct is a gross violation of the Company's policy and ethical standards.
7. All employees of the Company shall abide by the rule of avoidance to avoid the events related to the interests of themselves and specific stakeholders.

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.	2/15/2019 - 5/31/2021	Commissioned bioequivalence tests	None
	Protech Pharmservices Corporation	2/15/2019 - 5/31/2021	Commissioned clinical trials	None
	isRed Pharma & Biotech Research Co., Ltd.	6/16/2020 - 6/15/2021	Commissioned bioequivalence 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
	National Taiwan University	6/2/2020 - 6/1/2021	Commissioned tests	None
Technical cooperation	GlyTech, Inc.	12/11/2019 - 12/31/9999	Product development	None
Technology transfer	Yung Shin 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
Sales contract	Yung Shin Pharm. Ind. (KS) Co., Ltd.	3/20/2012 - 12/31/9999	Sales contract	None
	Yung Shin 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
	Carlsbad Technology, Inc.	7/7/2016 - 7/6/2023	Distribution contract	None
	Chemix Inc.	12/30/2016 - 12/29/2026	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	The Bank of Tokyo-Mitsubishi UFJ	11/17/2017 - 9/30/2022	Short-term loan agreement	None
Loan Capital loan	Mizuho Bank	09/02/2016~Automatically renewed every year	Short-term loan agreement	None
Loan Capital loan	Japan Finance Corporation	12/29/2008 - 3/20/2025	Long-term loan agreement	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	7/22/2020 - 7/22/2021	Import financing limit	None
Loan contract	Fubon Bank	10/1/2020 - 9/30/2021	Tariff guarantee quota	None
Loan contract	Fubon Bank	7/22/2020 - 7/22/2021	Short-term loan	None
Loan contract	Citibank Taiwan	6/30/2020 - 6/30/2021	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

Year Item		Financial information for the most recent five years					Financial data in the current year up to March 31, 2021 (Note 2)
		2016	2017	2018	2019	2020 (Note 1)	
Current assets		4,816,749	5,176,668	5,687,775	6,042,317	6,454,840	Related information not yet available
Property, plant, and equipment		3,765,406	4,285,343	4,441,706	4,537,304	4,459,976	
Intangible assets		36,743	38,763	45,977	41,252	64,886	
Other assets		1,571,755	1,517,535	1,590,191	1,739,904	1,632,190	
Total asset value		10,190,653	11,018,309	11,765,649	12,360,777	12,611,892	
Current liabilities	Before distribution	3,300,236	4,449,681	4,693,383	5,078,156	4,305,130	
	After distribution	3,699,870	4,982,527	5,279,514	5,664,286	To be determined	
Non-current liabilities		874,015	545,827	872,837	863,796	1,730,500	
Total liabilities	Before distribution	4,174,251	4,995,508	5,566,220	5,941,952	6,035,630	
	After distribution	4,573,885	5,528,354	6,152,351	6,528,082	To be determined	
Equity attributed to the owners of the parent company		5,820,368	5,882,510	6,083,742	6,250,116	6,403,322	
Share capital		2,664,230	2,664,230	2,664,230	2,664,230	2,664,230	
Capital surplus		2,181,998	2,169,405	2,118,665	2,143,919	2,146,301	
Retained earnings	Before distribution	1,209,668	1,311,603	1,545,483	1,709,371	1,898,235	
	After distribution	810,034	778,757	959,352	1,123,241	To be determined	
Other equity		(234,089)	(261,289)	(243,197)	(265,965)	(304,005)	
Treasury stock		(1,439)	(1,439)	(1,439)	(1,439)	(1,439)	
Non-controlling interests		196,034	140,291	115,687	168,709	172,940	
Total equity	Before distribution	6,016,402	6,022,801	6,199,429	6,418,825	6,576,262	
	After distribution	5,616,768	5,489,955	5,613,298	5,832,695	To be determined	

Note 1: The proposal of the Corporation's 2020 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 2021 Q1 were available.

(II) Condensed Consolidated Statement of Comprehensive Income

Unit: NT\$1,000

Year Item	Financial information for the most recent five years					Financial data in the current year up to March 31, 2021 (Note 1)
	2016	2017	2018	2019	2020	
Operating revenue	6,190,862	6,622,635	7,513,686	8,191,531	8,084,664	Related information not yet available
Gross profit	2,581,199	2,707,264	3,434,963	3,807,772	3,682,119	
Operating profit (loss)	527,642	522,787	802,162	891,904	961,106	
Non-operating income and expenses	233,333	98,307	131,005	119,994	63,384	
Net profit before tax	760,975	621,094	933,167	1,011,898	1,024,490	
Continuing operations Net profit for this period	609,121	467,573	685,252	754,011	781,134	
Loss from discontinued operations	-	-	-	-	-	
Net income (loss) for this period	609,121	467,573	685,252	754,011	781,134	
Other comprehensive income (after Tax)	(117,736)	(39,220)	13,244	(14,394)	(54,335)	
Total comprehensive income for this period	491,385	428,353	698,496	739,617	726,799	
Net profit attributable to owners of the Corporation	657,993	514,056	701,982	748,601	791,720	
Net income (loss) attributable to non- controlling interests	(48,872)	(46,483)	(16,730)	5,410	(10,586)	
Total composite profit / loss attributable to Owners of the Corporation	540,791	474,369	723,100	727,251	736,954	
Total composite profit / loss attributable to Non- controlling interests	(49,406)	(46,016)	(24,604)	12,366	(10,155)	
Earnings per share	2.47	1.93	2.64	2.81	2.97	

Note 1: As of the date of the publication of the Annual Report, no CPA-audited financial data for 2021 Q1 were available.

(III) Parent Company Only Condensed Balance Sheet

Unit: NT\$1,000

Year Item		Financial information for the most recent five years					Financial data in the current year up to March 31, 2021 (Note 2)
		2016	2017	2018	2019	2020 (Note 1)	
Current assets		140,945	249,340	196,293	83,539	74,666	N/A
Property, plant, and equipment		3,352	9,707	6,996	2,037	1,517	
Intangible assets		3,058	6,200	4,498	4,119	1,948	
Other assets		6,316,706	6,533,047	6,668,370	6,838,446	7,013,346	
Total asset value		6,464,061	6,798,294	6,876,157	6,928,141	7,091,477	
Current liabilities	Before distribution	187,464	786,190	323,501	498,820	445,288	
	After distribution	587,098	1,319,036	909,632	1,084,950	To be determined	
Non-current liabilities		456,229	129,594	468,914	179,205	643,627	
Total liabilities	Before distribution	643,693	915,784	792,415	678,025	688,155	
	After distribution	1,043,327	1,448,630	1,378,546	1,264,155	To be determined	
Equity attributed to the owners of the parent company		5,820,368	5,882,510	6,083,742	6,250,116	6,403,322	
Share capital		2,664,230	2,664,230	2,664,230	2,664,230	2,664,230	
Capital surplus		2,181,998	2,169,405	2,118,665	2,143,919	2,146,301	
Retained earnings	Before distribution	1,209,668	1,311,603	1,545,483	1,709,371	1,898,235	
	After distribution	810,034	778,757	959,352	1,123,241	To be determined	
Other equity		(234,089)	(261,289)	(243,197)	(265,965)	(304,005)	
Treasury stock		(1,439)	(1,439)	(1,439)	(1,439)	(1,439)	
Non-controlling interests		-	-	-	-	-	
Total equity	Before distribution	5,820,368	5,882,510	6,083,742	6,250,116	6,403,322	
	After distribution	5,420,734	5,349,664	5,497,611	5,663,986	To be determined	

Note 1: The proposal of the Corporation's 2020 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, the Corporation has not issued the quarterly parent company only financial report as of March 31, 2021.

(IV) Condensed Parent Company Only Statement of Comprehensive Income

Unit: NT\$1,000

Year Item	Financial information for the most recent five years					Financial data in the current year up to March 31, 2021 (Note 1)
	2016	2017	2018	2019	2020	
Operating revenue	718,076	595,787	848,480	917,231	855,830	N/A
Gross profit	718,076	595,787	848,480	917,231	855,830	
Operating profit (loss)	649,244	504,310	736,561	830,032	807,678	
Non-operating income and expenses	(6,080)	(7,240)	(5,931)	(58,524)	(1,528)	
Net profit before tax	643,164	497,070	730,630	771,508	806,150	
Continuing operations	657,993	514,056	701,982	748,601	791,720	
Net profit for this period						
Loss from discontinued operations	-	-	-	-	-	
Net income (loss) for this period	657,993	514,056	701,982	748,601	791,720	
Other comprehensive income (after Tax)	(117,202)	(39,687)	21,118	(21,350)	(54,766)	
Total comprehensive income for this period	540,791	474,369	723,100	727,251	736,954	
Net profit attributable to owners of the Corporation	657,993	514,056	701,982	748,601	791,720	
Net income (loss) attributable to non-controlling interests	-	-	-	-	-	
Total composite profit / loss attributable to Owners of the Corporation	540,791	474,369	723,100	727,251	736,954	
Total composite profit / loss attributable to Non-controlling interests	-	-	-	-	-	
Earnings per share	2.47	1.93	2.64	2.81	2.97	

Note 1: As of the date of the publication of the Annual Report, the Corporation has not issued the quarterly parent company only financial report as of March 31, 2021.

(V) Names of CPA and Audit Opinions

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

2020	Deloitte & Touche	Tung-Feng Li, Chih-Yuan Chen	Unqualified opinion
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II. Financial Analysis for the Most Recent Five Years

(I) Financial Analysis for the Last Five Years and Reasons for Various Financial Ratios Changes in the Last Two Years

1. Consolidated

Year Analysis Item (Note 2)		Financial information for the most recent five years					Current fiscal year up to March 31, 2021 (Note 1)	
		2016	2017	2018	2019	2020		
Financial structure (%)	Ratio of liability to asset	40.96	45.34	47.30	48.07	47.86	Related information not yet available	
	Ratio of long-term capital to property, plant and equipment	170.11	153.28	159.22	160.51	186.25		
Solvency (%)	Current ratio	145.95	116.34	121.18	118.99	149.93		
	Quick ratio	82.74	65.67	67.91	65.86	79.47		
	Times interest earned ratio	2,022.53	1,321.14	1,604.98	1,531.74	2,349.45		
Operating ability	Accounts receivable turnover rate (times)	3.89	3.96	4.02	4.19	4.46		
	Average days for cash receipts	93.83	92.12	90.79	87.11	81.83		
	Inventory turnover rate (times)	1.93	1.94	1.86	1.82	1.65		
	Payables turnover rate (times)	9.40	8.82	8.06	9.34	9.00		
	Average days for sale of goods	189.38	189.12	196.23	200.54	221.21		
	Turnover rate for property, plant and equipment (times)	1.87	1.55	1.69	1.82	1.80		
	Total asset turnover rate (times)	0.64	0.60	0.63	0.68	0.65		
Profitability	Return on assets (%)	6.60	4.81	6.45	6.72	6.55		
	Return on equity (%)	10.01	7.77	11.21	11.95	12.02		
	Ratio of income before tax to paid-in capital (%)	28.56	23.31	35.03	37.98	38.45		
	Net profit margin (%)	9.84	7.06	9.12	9.20	9.66		
	Earnings per share (NT\$)	2.47	1.93	2.64	2.81	2.97		
Cash Flow	Cash flow ratio (%)	19.56	11.79	20.32	19.44	28.51		
	Cash flow adequacy ratio (%)	75.09	63.25	55.67	57.14	66.93		
	Cash reinvestment ratio (%)	(0.69)	1.01	3.63	3.01	4.38		
Leverage	Operating leverage	10.19	5.13	7.75	7.43	7.05		
	Financial leverage	1.08	1.11	1.08	1.09	1.05		
Analysis of financial ratio difference for the last two years (Not required if the difference does not exceed 20%)								
1. Current ratio: The decrease in current liabilities leads to an increase in the current ratio and quick ratio.								
2. Times interest earned (TIE) ratio: The decrease in loans and interest rates leads to a decrease in interest.								
3. Cash flow ratio: The increase in cash flow from operations and the decrease in current liabilities lead to the increase in cash flow ratio.								
4. Cash reinvestment ratio: The increase in cash flow from operations and the decrease in current liabilities lead to the increase in cash investment ratio.								

Note 1: As of the date of the public Note 1: As of the date of the publication of the Annual Report, no CPA-audited financial data for 2021 Q1 were available.

2. Parent Company Only

Year Analysis Item (Note 2 to Note 5)		Financial information for the most recent five years					Current fiscal year up to March 31, 2021 (Note 1)
		2016	2017	2018	2019	2020	
Financial structure (%)	Ratio of liability to asset	9.96	13.47	11.52	9.79	9.70	N/A
	Ratio of long-term capital to property, plant and equipment	182,588.54	61,935.76	91,248.46	315,626.95	464,531.91	
Solvency (%)	Current ratio	75.19	31.71	60.68	16.75	167.68	
	Quick ratio	72.95	31.46	59.85	16.48	162.80	
	Times interest earned ratio	10,960.59	6,246.53	8,946.47	11,611.61	16,905.29	
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)	208.11	91.25	101.60	203.08	481.62	
	Total asset turnover rate (times)	0.11	0.09	0.12	0.13	0.12	
Profitability	Return on assets (%)	10.32	7.85	10.36	10.92	11.35	
	Return on equity (%)	11.19	8.79	11.73	12.14	12.51	
	Ratio of income before tax to paid-in capital (%)	24.14	18.66	27.42	28.96	30.26	
	Net profit margin (%)	91.63	86.28	82.73	81.62	92.51	
	Earnings per share (NT\$)	2.47	1.93	2.64	2.81	2.97	
Cash Flow	Cash flow ratio (%)	321.87	64.34	198.16	132.33	1,268.19	
	Cash flow adequacy ratio (%)	85.02	83.46	96.20	113.91	108.76	
	Cash reinvestment ratio (%)	(1.00)	1.77	2.47	1.15	(0.31)	
Leverage	Operating leverage	1.07	1.13	1.12	1.08	1.02	
	Financial leverage	1.01	1.02	1.01	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 funds to real estate, plant, and equipment: The increase in non-current liabilities leads to an increase in the ratio of long-term funds to real estate, plant, and equipment.							
2. Current ratio: The decrease in short-term loans leads to an increase in the current ratio.							
3. Quick ratio: The decrease in short-term loans leads to an increase in the quick ratio.							
4. Times interest earned (TIE) ratio: The increase in pre-tax net profit and the decrease in interest expenses result in an increase in the TIE ratio.							
5. Real estate, plant, and equipment turnover rate: the decrease in the beginning and ending real estate, plant, and equipment leads to the increase in the turnover rate of real estate, plant, and equipment.							
6. Cash flow ratio: The decrease in cash flow from operations and the decrease in current liabilities lead to the increase in the cash flow ratio.							
7. Cash reinvestment ratio: The decrease in the net cash flow from operations leads to the decrease in the cash re-investment ratio.							

Note 1: As of the date of the publication of the Annual Report, the Corporation has not issued the quarterly parent company only financial report as of March 31, 2021.

Note 2: Formula for calculating the financial analysis:

1. Financial structure

(1) Ratio of liabilities to assets = total liabilities / total assets.

(2) Ratio of long-term funds to real estate, plant and equipment = (Total equity + Non-current liabilities) / Net amount of real estate, plant and equipment.

2. Solvency

(1) Current ratio = Current assets / Current liabilities.

(2) Quick ratio = (Current assets - Inventory - Prepaid expenses) / Current liabilities.

(3) TIE ratio = Net profit before income tax and interest expense / Current interest expense.

3. Operating capacity

(1) Turnover rate of receivables (including accounts receivable and notes receivable arising from the operation) = Net sales / Average balance of receivables (including accounts receivable and notes receivable arising from the operation) for each period.

(2) Average cash collection days = 365 / Turnover rate of receivables.

(3) Inventory turnover rate = Cost of selling / Average inventory.

(4) Turnover rate of payables (including accounts payable and notes payable arising from the operation) = Selling cost / Average balance of payables (including accounts payable and notes payable arising from the operation) for each period.

(5) Average selling days = 365 / Turnover rate of receivables.

(6) Real estate, plants and equipment turnover rate = Net sales / Average real estate, plants and equipment, net..

(7) Total asset turnover rate = Net sales / Average total assets.

4. Profitability

(1) Return rate on assets = [After-tax profit or loss + Interest expense × (1 - tax rate)] / Average total assets.

(2) Return on equity = After-tax profit or loss / Average total equity.

(3) Net profit ratio = After-tax profit or loss / Net sales.

(4) Earnings per share = (Profit and loss attributable to owner of parent company - Dividend of special shares) / Weighted average number of shares outstanding.

5. Cash flow

(1) Cash flow ratio = Net cash flow from operations / 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 operating activities - Cash dividends) / (Gross amount of real estate, plant and equipment + Long-term investments + Other non-current assets + Working capital).

6. Leverage:

(1) Operating leverage = (Net operating income - Variable operating costs and expenses) / Operating profit.

(2) Financial leverage = Operating interest / (Operating interest - Interest expense).

Note 3: Special attention shall be paid to the following matters when using the formula of Earnings Per Share above:

1. Based on the weighted average number of common shares, not on the year-end number of outstanding shares.

2. In case of capital increase in cash or treasury share transactions, the weighted average number of shares shall be calculated, taking into account the period in circulation.

3. In the case of conversion of earnings to capital increase or conversion of capital reserve to the capital increase, the calculation of earnings per share of previous years and semi-years shall be adjusted retroactively according to the proportion of capital increase, without taking into account the issuing period of such capital increase.

4. If the special shares are non-convertible cumulative special shares, the dividend of the current year (whether paid or not) shall be deducted from the net profit after tax or increase the net loss after tax. If preferred shares are non-cumulative, in the event of net profits, preferred shares shall be subtracted after tax, but no adjustments needed 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 cash flow statement.

2. Capital expenditure refers to the annual cash outflow for capital investments.
3. The inventory increase is only taken into account when the ending balance is greater than the beginning balance. If the inventory decreases at the end of the year, it shall be calculated as zero.
4. Cash dividends include cash dividends of common shares and special shares.
5. The gross amount of real estate, plant, and equipment means the total value of real estate, plant, and equipment before accumulated depreciation.

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 audit report on the financial report of the latest year

YungShin Global Holding Corporation
Audit Report of the Audit Committee

The Board of Directors has prepared and submitted the 2020 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 Tung-Feng Li and Chih-Yuan Chen of Deloitte & Touche. 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

2021 general shareholders' meeting

Convener of the Audit Committee: Shih-Kuang Tsai

March 30, 2021

IV. Financial report of the latest year

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders Yungshin Global Holding Corporation

Opinion

We have audited the accompanying financial statement of YungShin Global Holding Corporation (the "Corporation") and its subsidiaries (collectively, the Group) as of December 31, 2020, which comprise the consolidated Balance Sheets, the consolidated statements of comprehensive income, changes in equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinions, based on our audit results and the audit reports of other auditors (please refer to the Other Matters section of our report), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Regulations Governing Preparation of Financial Reports by Securities Issuers, and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations (collectively, the "IFRSs") as endorsed and issued into effect by the Financial Supervisory Commission (the "FSC").

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards (GAAS). Our responsibilities under those standards are further described in the Auditors' 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 responsibilities in accordance with the Code. Based on our audit results and the audit reports of other auditors, 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 judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the consolidated financial statements for the year ended December 31, 2020 are stated as follows:

Operating revenue

For the year ended December 31, 2020, the Group's operating revenue from major growing amounted to NT\$2,780,607 thousand, accounting for 34.39% of consolidated operating revenue. As the amount of revenue from major growing customers was significant, revenue from growing was identified as a key audit matter for the year ended December 31, 2020. Please refer to Note 4 to the consolidated financial statements for an explanation of the accounting policy on revenue recognition.

The main audit procedures for the aforementioned key audit matters are as follows:

1. Understood and tested the design and effectiveness of internal controls for operating revenue.
2. Sampling basis, whether freight bill were signed to acknowledge the receipt and were consistent with the invoices in terms of products and quantities and the amounts of revenue recognized.
3. Reviewed the reasonableness of the collection of accounts receivable and confirmed whether the accounts and amounts of receivable were consistent with the recognition of revenue.

Other Matters

Included in the consolidated financial statements above, the financial statements of some subsidiaries for the year ended December 31, 2020 were audited by other auditors. Therefore, our opinion on the parts in relation to the amounts specified in the financial statements of the subsidiaries above was solely based on the audit reports of other auditors. As of December 31, 2020, the total assets of the aforementioned subsidiaries amounted to NT\$645,465 thousand,

accounting for 5.12% of the consolidated total assets, and net operating revenue for the year then ended amounted to NT\$585,207 thousand, accounting for 7.24% of the consolidated net operating revenue. Included in the consolidated financial statements above, the financial statements of some associates for the year ended December 31, 2020 were audited by other auditors. Therefore, our opinion on the parts in relation to investments in the aforementioned associates accounted for using equity method, share of profit or loss of associates accounted for using equity method, and share of comprehensive income of associates accounted for using equity method, and information on investees was solely based on the audit opinion of other auditors. As of December 31, 2020, the amount of the aforementioned investments using equity method was NT\$1,172,290 thousand, accounting for 9.30% of the consolidated total assets, and the share of comprehensive income of the aforementioned associates accounted for using equity method for the year then ended amounted to NT\$86,836 thousand, accounting for 11.95% of the consolidated total comprehensive income.

The Group's consolidated financial statements for the year ended December 31, 2019 were audited by other auditors, who then issued an audit report containing the unqualified opinion and the Other Matters section on March 30, 2020.

YungShin Global Holding Corporation has also prepared the parent company only financial statements for the year ended December 31, 2020, for which we have issued an audit report containing the unqualified opinion and the Other Matters section.

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 IFRSs as endorsed and issued into effect by the FSC, and for such internal control as management determines is necessary to ensure the preparation of consolidated financial statements that are free from material misstatements, 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 related matters, and using the going concern basis of accounting unless management intends to liquidate the Group or cease operations or has no realistic alternative but to do so.

Those charged with governance, including the Audit Committee, are responsible for overseeing the Group's financial reporting process.

Auditors' 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 misstatements, whether due to fraud or error, and to issue an auditors' 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 the 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 the consolidated financial statements.

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

1. Identify and assess the risks of material misstatements 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 relevant 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 report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is

based on the audit evidence obtained up to the date of our 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 and 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 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 for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our audit 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.

Deloitte & Touche

CPA Tung-Feng Lee

CPA Chih-Yuan Chen

Securities and Futures Bureau Approval
Document No.

Tai-Cai-Zheng-Liu-Zi No. 0930128050

Financial Supervisory Commission Approval
Document No.

Jin-Guan-Zheng-Shen-Zi No. 1060023872

March 30, 2021

Notice to Readers

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

For the convenience of readers, the independent auditors' audit report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' audit report and consolidated financial statements shall prevail.

YUNGSHIN GLOBAL HOLDING CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

Code	ASSETS	December 31, 2020		December 31, 2019	
		Amount	%	Amount	%
	CURRENT ASSETS				
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 1,478,002	12	\$ 1,311,760	11
1110	Financial assets at fair value through profit or loss - current (Notes 4 and 7)	23,868	-	-	-
1136	Financial assets at amortized cost - current (Notes 4 and 8)	166,488	1	24,755	-
1150	Notes receivable, net (Notes 4 and 10)	281,295	2	302,418	2
1170	Accounts receivable, net (Notes 4 and 10)	1,368,639	11	1,586,047	13
1180	Accounts receivable from related parties (Notes 4 and 31)	26,832	-	59,653	1
1200	Other receivables (Note 31)	50,196	-	54,334	-
1220	Current tax assets (Notes 4 and 26)	570	-	-	-
130X	Inventories (Notes 4 and 11)	2,829,553	23	2,510,726	20
1410	Prepayments	203,888	2	186,896	2
1479	Other current assets	25,509	-	5,728	-
11XX	Total current assets	<u>6,454,840</u>	<u>51</u>	<u>6,042,317</u>	<u>49</u>
	NON-CURRENT ASSETS				
1517	Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 9)	50,043	1	70,246	1
1550	Investments accounted for using the equity method (Notes 4 and 13)	1,184,511	9	1,173,857	9
1600	Property, plant and equipment (Notes 4, 14, 31 and 32)	4,459,976	35	4,537,304	37
1755	Right-of-use assets (Notes 4 and 15)	102,937	1	109,500	1
1760	Investment properties (Notes 4, 16 and 31)	37,568	-	39,959	-
1780	Intangible assets (Note 4)	64,886	1	41,252	-
1840	Deferred tax assets (Notes 4 and 26)	125,821	1	94,875	1
1990	Other non-current assets (Notes 18 and 32)	131,310	1	251,467	2
15XX	Total non-current assets	<u>6,157,052</u>	<u>49</u>	<u>6,318,460</u>	<u>51</u>
1XXX	TOTAL ASSETS	<u>\$ 12,611,892</u>	<u>100</u>	<u>\$ 12,360,777</u>	<u>100</u>
	LIABILITIES AND EQUITY				
	CURRENT LIABILITIES				
2100	Short-term borrowings (Notes 19 and 32)	\$ 2,531,337	20	\$ 2,927,434	24
2130	Contract liabilities - current (Notes 4 and 24)	17,663	-	18,149	-
2150	Notes payable (Note 20)	3,528	-	1,986	-
2170	Accounts payable (Note 20)	491,103	4	431,657	4
2180	Accounts payable to related parties (Note 31)	20,041	-	30,109	-
2219	Other payables (Notes 21 and 31)	990,009	8	975,895	8
2230	Current tax liabilities (Notes 4 and 26)	150,784	1	146,237	1
2280	Lease liabilities - current (Notes 4 and 15)	29,248	-	27,133	-
2320	Current portion of long-term borrowings (Notes 19 and 32)	16,167	-	306,250	2
2365	Refund liabilities - current (Note 24)	23,785	-	128,524	1
2399	Other current liabilities	31,465	1	84,782	1
21XX	Total current liabilities	<u>4,305,130</u>	<u>34</u>	<u>5,078,156</u>	<u>41</u>
	NON-CURRENT LIABILITIES				
2527	Contract liabilities - non-current (Notes 4 and 24)	253,867	2	-	-
2540	Long-term borrowings (Notes 19 and 32)	921,639	7	312,031	3
2550	Provision of employee benefits - non-current (Notes 4 and 22)	47,047	-	43,953	-
2570	Deferred tax liabilities (Notes 4 and 26)	305,718	3	291,715	2
2580	Lease liabilities - non-current (Notes 4 and 15)	36,246	-	47,924	-
2640	Net defined benefit liabilities (Notes 4 and 22)	111,165	1	108,791	1
2670	Other non-current liabilities	54,818	1	59,382	1
25XX	Total non-current liabilities	<u>1,730,500</u>	<u>14</u>	<u>863,796</u>	<u>7</u>
2XXX	TOTAL LIABILITIES	<u>6,035,630</u>	<u>48</u>	<u>5,941,952</u>	<u>48</u>
	EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Note 23)				
3110	Share capital	2,664,230	21	2,664,230	22
3200	Capital surplus	2,146,301	17	2,143,919	17
	Retained earnings				
3310	Legal reserve	648,691	5	573,689	5
3320	Special reserve	265,965	2	243,197	2
3350	Unappropriated earnings	983,579	8	892,485	7
3300	Total retained earnings	1,898,235	15	1,709,371	14
3400	Other equity	(304,005)	(2)	(265,965)	(2)
3500	Treasury shares	(1,439)	-	(1,439)	-
31XX	Total equity attributable to owners of the Corporation	6,403,322	51	6,250,116	51
36XX	NON-CONTROLLING INTERESTS	172,940	1	168,709	1
3XXX	TOTAL EQUITY	<u>6,576,262</u>	<u>52</u>	<u>6,418,825</u>	<u>52</u>
	TOTAL LIABILITIES AND EQUITY	<u>\$ 12,611,892</u>	<u>100</u>	<u>\$ 12,360,777</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated March 30, 2021)

Chairman: Fang-Hsin Lee

President: Fang-Hsin Lee

Accounting Manager: Yu-Yi Lee

YUNGSHIN GLOBAL HOLDING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code		2020		2019	
		Amount	%	Amount	%
4000	NET OPERATING REVENUE (Notes 4, 24, 31 and 37)	\$ 8,084,664	100	\$ 8,191,531	100
5000	OPERATING COSTS (Notes 4, 11, 25 and 31)	<u>4,402,545</u>	<u>54</u>	<u>4,383,759</u>	<u>53</u>
5900	GROSS PROFIT	<u>3,682,119</u>	<u>46</u>	<u>3,807,772</u>	<u>47</u>
	OPERATING EXPENSES (Notes 4, 25 and 31)				
6100	Selling and marketing expenses	1,832,912	23	1,962,565	24
6200	General and administrative expenses	475,298	6	560,690	7
6300	Research and development expenses	410,600	5	397,982	5
6450	Expected credit losses (or gains on reversal)	<u>2,203</u>	<u>-</u>	<u>(5,369)</u>	<u>-</u>
6000	Total operating expenses	<u>2,721,013</u>	<u>34</u>	<u>2,915,868</u>	<u>36</u>
6900	INCOME FROM OPERATIONS	<u>961,106</u>	<u>12</u>	<u>891,904</u>	<u>11</u>
	NON-OPERATING INCOME AND EXPENSES (Notes 4, 25 and 31)				
7100	Interest income	3,917	-	3,935	-
7010	Other income	80,848	1	73,792	1
7020	Other gains and losses	<u>(62,673)</u>	<u>(1)</u>	<u>14,250</u>	<u>-</u>
7050	Finance costs	<u>(45,544)</u>	<u>-</u>	<u>(70,676)</u>	<u>(1)</u>
7060	Share of profit of associates accounted for using equity method	<u>86,836</u>	<u>1</u>	<u>98,693</u>	<u>1</u>
7000	Total non-operating income and expenses	<u>63,384</u>	<u>1</u>	<u>119,994</u>	<u>1</u>

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Code		2020		2019	
		Amount	%	Amount	%
7900	PROFIT BEFORE INCOME TAX	\$ 1,024,490	13	\$ 1,011,898	12
7950	INCOME TAX EXPENSE (Notes 4 and 26)	<u>243,356</u>	<u>3</u>	<u>257,887</u>	<u>3</u>
8200	NET PROFITFOR THE YEAR	<u>781,134</u>	<u>10</u>	<u>754,011</u>	<u>9</u>
	OTHER COMPREHENSIVE INCOME (LOSS)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans	(26,247)	-	2,357	-
8316	Unrealized gain on investments in equity instruments at fair value through other comprehensive income	(10,301)	-	17,590	-
8320	Share of other comprehensive income of associates and joint ventures accounted for using the equity method - items that will not be reclassified to profit or loss	6,445	-	1,052	-
8349	Income tax relating to items that will not be reclassified to profit or loss	6,255	-	(471)	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translating the financial statements of foreign operations	(16,115)	-	(23,946)	-
8370	Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method - items that may be reclassified to profit or loss	(22,100)	(1)	(21,445)	-

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Code		2020		2019	
		Amount	%	Amount	%
8399	Income tax relating to items of other comprehensive income that may be reclassified to profit or loss (Note 26)	\$ 7,728	-	\$ 10,469	-
8300	Other comprehensive income (loss) for the period, net of income tax	(54,335)	(1)	(14,394)	-
8500	TOTAL COMPREHENSIVE INCOME OF THE YEAR	\$ 726,799	9	\$ 739,617	9
	NET INCOME ATTRIBUTABLE TO:				
8610	Owners of the Corporation	\$ 791,720	10	\$ 748,601	9
8620	Non-controlling interests	(10,586)	-	5,410	-
8600		\$ 781,134	10	\$ 754,011	9
	TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
8710	Owners of the Corporation	\$ 736,954	9	\$ 727,251	9
8720	Non-controlling interests	(10,155)	-	12,366	-
8700		\$ 726,799	9	\$ 739,617	9
	EARNINGS PER SHARE (Note 27)				
	From continuing operations				
9750	Basic	\$ 2.97		\$ 2.81	
9850	Diluted	\$ 2.97		\$ 2.81	

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

(With Deloitte & Touche auditors' report dated March 30, 2021)

Chairman: Fang-Hsin Lee

President: Fang-Hsin Lee

Accounting Manager: Yu-Yi Lee

YUNGSHIN GLOBAL HOLDING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

Equity Attributable to Owners of the Corporation (Note 23)														
Code		Share Capital	Capital Surplus	Retained Earnings				Exchange Differences on Translating the Financial Statements of Foreign Operations	Other Equity		Treasury Shares	Total	Non-controlling Interests (Note 23)	Total Equity
				Legal Reserve	Special Reserve	Unappropriated Earnings	Total		Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total				
A1	BALANCE AT JANUARY 1, 2019	\$ 2,664,230	\$ 2,118,665	\$ 503,491	\$ 261,289	\$ 780,703	\$ 1,545,483	(\$ 245,562)	\$ 2,365	(\$ 243,197)	(\$ 1,439)	\$ 6,083,742	\$ 115,687	\$ 6,199,429
	Appropriation of 2018 earnings													
B1	Legal reserve	-	-	70,198	-	(70,198)	-	-	-	-	-	-	-	-
B3	Special reserve reversed	-	-	-	(18,092)	18,092	-	-	-	-	-	-	-	-
B5	Cash dividends distributed by the Corporation	-	-	-	-	(586,131)	(586,131)	-	-	-	-	(586,131)	-	(586,131)
	Subtotal	-	-	70,198	(18,092)	(638,237)	(586,131)	-	-	-	-	(586,131)	-	(586,131)
C7	Changes in capital surplus from investments in associates accounted for using the equity method	-	25,254	-	-	-	-	-	-	-	-	25,254	40,656	65,910
D1	Net profit for year ended 2019	-	-	-	-	748,601	748,601	-	-	-	-	748,601	5,410	754,011
D3	Other comprehensive income (loss) for year ended 2019	-	-	-	-	1,418	1,418	(41,878)	19,110	(22,768)	-	(21,350)	6,956	(14,394)
D5	Total comprehensive income (loss) for year ended 2019	-	-	-	-	750,019	750,019	(41,878)	19,110	(22,768)	-	727,251	12,366	739,617
Z1	BALANCE AT DECEMBER 31, 2019	2,664,230	2,143,919	573,689	243,197	892,485	1,709,371	(287,440)	21,475	(265,965)	(1,439)	6,250,116	168,709	6,418,825
	Appropriation of 2019 earnings													
B1	Legal reserve appropriated	-	-	75,002	-	(75,002)	-	-	-	-	-	-	-	-
B3	Special reserve	-	-	-	22,768	(22,768)	-	-	-	-	-	-	-	-
B5	Cash dividends distributed by the Corporation	-	-	-	-	(586,130)	(586,130)	-	-	-	-	(586,130)	-	(586,130)
	Subtotal	-	-	75,002	22,768	(683,900)	(586,130)	-	-	-	-	(586,130)	-	(586,130)
C7	Changes in capital surplus from investments in associates accounted for using the equity method	-	2,288	-	-	-	-	-	-	-	-	2,288	18,782	21,070
M1	Adjustment to capital surplus from dividends paid to subsidiary	-	94	-	-	-	-	-	-	-	-	94	-	94
O1	Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(4,396)	(4,396)
Q1	Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	5,442	5,442	-	(5,442)	(5,442)	-	-	-	-
D1	Net profit (loss) for year ended 2020	-	-	-	-	791,720	791,720	-	-	-	-	791,720	(10,586)	781,134
D3	Other comprehensive income (loss) for year ended 2020	-	-	-	-	(22,168)	(22,168)	(30,918)	(1,680)	(32,598)	-	(54,766)	431	(54,335)
D5	Total comprehensive income (loss) for year ended 2020	-	-	-	-	769,552	769,552	(30,918)	(1,680)	(32,598)	-	736,954	(10,155)	726,799
Z1	BALANCE AT DECEMBER 31, 2020	\$ 2,664,230	\$ 2,146,301	\$ 648,691	\$ 265,965	\$ 983,579	\$ 1,898,235	(\$ 318,358)	\$ 14,353	(\$ 304,005)	(\$ 1,439)	\$ 6,403,322	\$ 172,940	\$ 6,576,262

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche auditors' report dated March 30, 2021)

Chairman: Fang-HsinLee

President: Fang-HsinLee

Accounting Manager: Yu-Yi Lee

YUNGSHIN GLOBAL HOLDING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

Code		2020	2019
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Profit before income tax	\$ 1,024,490	\$ 1,011,898
A20010	Adjustments for:		
A20100	Depreciation	382,203	378,189
A20200	Amortization	20,380	18,152
A20300	Expected credit losses (gains on reversal)	2,203	(5,369)
A20900	Finance costs	45,544	70,676
A21200	Interest income	(3,917)	(3,935)
A21300	Dividend income	(979)	-
A22300	Share of profit or loss of associates		
	accounted for using the equity method	(86,836)	(98,963)
A22500	Net loss on disposal of property, plant and equipment	13,948	13,623
A29900	Loss on disposal of subsidiaries	2,596	24,291
A23100	Gain on disposal of financial assets at fair value through profit or loss	(40)	-
A23700	Write-downs and disposal of inventories	113,564	37,396
A23000	Gain on disposal of non-current assets held for sale	-	(70,950)
A30000	Changes in operating assets and liabilities		
A31130	Notes receivable	21,510	108,658
A31150	Accounts receivable	214,721	(104,566)
A31160	Accounts receivable from related parties	32,821	(3,574)
A31180	Other receivables	4,139	(42,656)
A31200	Inventories	(431,124)	(242,291)
A31230	Prepayments	(16,992)	6,833
A31240	Other current assets	(20,166)	2,913
A32125	Contract liabilities	253,381	(991)
A32130	Notes payable	1,542	(4,532)
A32150	Accounts payable	59,446	(4,933)
A32160	Accounts payable to related parties	(10,068)	(1,946)
A32180	Other payables	12,300	96,149
A32200	Provisions	3,094	5,304
A32230	Other current liabilities	(157,995)	49,461

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Code		2020	2019
A32240	Net defined benefit liabilities	(\$ 23,873)	(\$ 21,120)
A32990	Other non-current liabilities	(1,456)	27,246
A33000	Cash generated from operations	1,454,436	1,244,963
A33100	Interest received	3,916	3,935
A33200	Cash dividends received from investments accounted for using the equity method	55,034	54,791
A33300	Interest paid	(43,730)	(70,378)
A33500	Income tax paid	(242,339)	(246,081)
AAAA	Net cash generated from operating activities	<u>1,227,317</u>	<u>987,230</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
B00020	Disposal of financial assets at fair value through other comprehensive income	10,020	-
B00040	Acquisition of financial assets at amortized cost	(165,928)	-
B00050	Disposal of financial assets at amortized cost	17,592	700
B00100	Acquisition of financial assets at fair value through profit or loss	(23,868)	-
B00200	Disposal of financial assets at fair value through profit or loss	40	-
B01800	Acquisition of investments accounted for using the equity method	(12,221)	-
B02300	Net cash used in disposal of subsidiaries	-	(29,978)
B02600	Disposal of non-current assets held for sale	-	260,264
B02700	Acquisition of property, plant and equipment	(316,362)	(708,347)
B02800	Proceeds from disposal of property, plant and equipment	4,325	22,281
B03800	Decrease (increase) in refundable deposits	65,664	(53,298)
B04500	Acquisition of intangible assets	(8,627)	(13,466)
B06700	Decrease (increase) in other non-current assets	10,643	(53,810)
B07200	Decrease in equipment prepayment	21,235	93,571
B07600	Dividends received	979	-
B09900	Increase in restricted assets	-	(4,000)
BBBB	Net cash used in investing activities	<u>(396,508)</u>	<u>(486,083)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
C00100	Proceeds from short-term borrowings	1,489,501	4,810,176
C00200	Repayments of short-term borrowings	(1,878,698)	(4,777,868)
C01600	Proceeds from long-term borrowings	826,000	225,000
C01700	Repayments of long-term borrowings	(506,167)	(6,250)
C03100	Decrease in deposits received	(3,108)	(10,698)
C03800	Decrease in other payables to related parties	-	(29,980)
C04020	Repayment of the principal portion of lease liabilities	(29,540)	(17,012)

(Continued on next page)

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Code		2020	2019
C04500	Cash dividends paid	(\$ 590,432)	(\$ 586,131)
C05800	Changes in non-controlling interests	<u>18,782</u>	<u>40,656</u>
CCCC	Net cash used in financing activities	(<u>673,662</u>)	(<u>352,107</u>)
DDDD	EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>9,095</u>	(<u>11,522</u>)
EEEE	NET DECREASE IN CASH AND CASH EQUIVALENTS	166,242	137,518
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,311,760</u>	<u>1,174,242</u>
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,478,002</u>	<u>\$ 1,311,760</u>

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

(With Deloitte & Touche auditors' report dated March 30, 2021)

Chairman: Fang-Hsin Lee

President: Fang-Hsin Lee

Accounting Manager: Yu-Yi Lee

YUNGSHIN GLOBAL HOLDING CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

YungShin Global Holding Corporation (the "Corporation") was established in January 2011. The Corporation and its subsidiaries (collectively, the "Group") are mainly engaged in investing, manufacturing and selling medicines, animal drugs, agricultural chemicals, industrial medicine, and cosmetics.

The Corporation was incorporated on January 3, 2011, through a share swap with YungShin Pharmaceutical Industrial Company Limited, and the Corporation'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 Corporation.

The consolidated financial statements are presented in the Corporation's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors on March 30, 2021.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (the FSC)

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group's accounting policies.

b. The IFRSs endorsed by the FSC and effective from 2021

New, Amended and Revised IFRSs	Effective Date Announced by the IASB
Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”	Effective immediately upon announcement by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - “Interest Rate Benchmark Reform - Phase 2”	Effective for annual reporting periods beginning on January 1, 2021
Amendments to IFRS 16 "Covid-19-Related Rent Concessions"	Effective for annual reporting periods beginning on June 1, 2020

As of the date of publication of the consolidated financial statements, the Group has been assessing the effects on its financial position and financial performance of other amendments to the standards and interpretations. Any relevant effects will be disclosed when the assessment is completed.

c. The IFRSs in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised IFRSs	Effective Date Announced by the IASB (Note 1)
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 2)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 6)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 7)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 4)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 5)

Note 1: Unless stated otherwise, the above new, amended and revised IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The amendments to IFRS 9 are applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” are applied prospectively to the fair value measurements on or

after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” are applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Note 6: These amendments are applicable prospectively to the annual reporting periods beginning on or after January 1, 2023.

Note 7: These amendments are applicable prospectively to accounting estimates and accounting policies changed in the annual reporting periods beginning on or after January 1, 2023.

As of the date of publication of the consolidated financial statements, the Group has been assessing the effects on its financial position and financial performance of other amendments to the standards and interpretations. Any relevant effects will be disclosed when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for trading purposes;
- 2) Assets expected to be realized within 12 months after the balance sheet date; and
- 3) Cash and cash equivalents, excluding those that are restricted for being used to exchange or settle liabilities beyond 12 months after the balance sheet date.

Current liabilities include:

- 1) Liabilities held primarily for trading purposes;
- 2) Liabilities due to be settled within 12 months after the balance sheet date (liabilities with long-term refinancing or rearrangement of payment terms completed after the balance sheet date and before the publication of the financial statements are also deemed as current liabilities); and
- 3) Liabilities with a repayment deadline that cannot be unconditionally deferred for at least 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 issuance of equity instruments, do not affect its classification.

The Group classifies all other assets or liabilities that are not specified above as non-current.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Corporation and the entities controlled by the Corporation (i.e., its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Corporation and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Corporation.

Details of subsidiaries, ownership and business activities are set out in Note 12 and Tables 6 and 7.

e. Foreign currency

In preparation for individual financial statements, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are converted into functional currency at the rates of exchange prevailing at the dates of the transactions.

Monetary items denominated in foreign currencies are translated at the closing rates on the balance sheet date. Exchange differences arising on the settlement or on translating of monetary items are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are translated at the exchange rates prevailing at the date when the fair value was determined. The resulting exchange difference is recognized in profit or loss, except for items whose changes in fair value are recognized in other comprehensive income, where the resulting exchange difference is recognized in other comprehensive income.

Non-monetary items measured at historical cost that are denominated in foreign currencies are translated at the exchange rates prevailing on the transaction dates and are not re-translated.

The assets and liabilities of foreign operations (including foreign subsidiaries or subsidiaries using a currency different from the Corporation's) are translated into New Taiwan dollars at the rate of exchange prevailing on the balance sheet date. Income and expenses are translated at the average rate. The exchange differences arising are recognized in other comprehensive income and attributable to the owners of the Corporation and non-controlling interests, respectively.

On the disposal of the entire interest in the foreign operation, or disposal part of the interest in subsidiaries of the foreign operation, but result in loss of control, or when the retained interests upon the disposal of foreign operation's associates are financial assets and accounted for using the accounting policies for financial instruments, all of the accumulated exchange differences attributable to the owners of the Corporation and associated with the foreign operation are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Corporation losing control over the subsidiary, the proportionate share of accumulated exchange differences is reclassified to a non-controlling interest in that foreign operation but is not recognized in profit or loss. For all other situations of partial disposal of a foreign operation, the proportionate share of the accumulated exchange difference recognized in other comprehensive income is reclassified to profit or loss.

f. Inventories

Inventories include raw materials, materials, finished goods, and work in progress. The value of inventory shall be determined based on the cost or net realizable value (NRV), whichever is lower. With the exception of inventory of the same category, individual items shall be assessed when comparing the cost and NRV. The NRV is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale. Cost of inventory is calculated using the weighted-average method.

g. Investment in associates

Associates are companies on which the Group has significant influence, but they are not the Corporation's subsidiaries or joint ventures.

The Group follows the equity method for investments in associates.

Under the equity method, the investment is initially treated at cost and adjusted thereafter for the post-acquisition changes in the Group's share of profit or loss, share of other comprehensive income in associates, and changes in earnings distribution from associates. In addition, changes in the interests in associates are recognized based on the shareholding percentage.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and shall not be amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of an associate over the cost of acquisition is recognized immediately in profit or loss.

When an associate issues new shares, if the Group fails to subscribe according to the shareholding ratio, resulting in the change of shareholding ratio and the increase or decrease of the net equity value of the investment, the increase or decrease of the capital reserve shall be adjusted - the equity method is adopted to recognize the changes in the net equity value of the associate and the equity method is adopted for investment. However, if the Group fails to subscribe to or acquire new shares based on its shareholding ratio and causes its ownership interest in the associate to decrease, the amounts related to the associate recognized in other comprehensive income (loss) shall be decreased proportionally and reclassified on the accounting basis as would be required if the associate had directly disposed of the related assets or liabilities. If the aforementioned adjustment is required to be credited to capital surplus but the capital surplus derived from investment accounted for using equity method is not sufficient, the difference shall be temporarily credited to retained earnings.

When the Group's share of losses of an associate equals or exceeds its interest in that associate (including any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), the Group shall cease recognition of further losses. The Group shall only recognize additional losses and liabilities within the scope of occurred legal obligations, constructive obligations, or payments made on behalf of the associate.

To assess impairment, the Group shall consider the overall carrying amount of the investment as a single asset to compare the recoverable and carrying amounts for the impairment test. The recognized impairment shall not be allocated to any asset that constitutes part of the carrying amount of the investment. Any reversal of the impairment loss is recognized only to the extent of the subsequent increases in the recoverable amount of investment.

The Group shall suspend the use of the equity method on the day that its investment is no longer an associate and shall measure its retained equity in the original associate through fair value. The difference between the fair value, the disposal proceeds, and the carrying amount of the investment on the day the equity method ceases to apply shall be recognized in the profit or loss of the current period. In addition, the Group treats the amounts in relation to the associate as recognized in other comprehensive income on the same accounting basis as would be required if such assets or liabilities had been directly disposed of by the associate. For investment in associates that turns them into joint ventures or investment in joint ventures that turns them into associates, the Group shall continue to use the equity method and shall not reassess retained equity.

Profit or loss arising from upstream and downstream transactions between the Group and the associates or horizontal transactions between associates needs to be recognized in the consolidated financial statements to the extent that such recognition shall not affect the interests of the Group in the associates.

h. Property, plant and equipment

Property, plant and equipment is recognized at cost and subsequently measured at cost less accumulated depreciation and impairment.

Property, plant and equipment under construction is recognized at cost less accumulated impairment loss. The cost shall include professional service expenses and the borrowing costs eligible for capitalization. Such assets shall be classified into appropriate property, plant and equipment categories upon completion and reaching the expected use status, and then be depreciated.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment in its useful life is made on a straight-line basis for each major part/component separately. The Group reviews the estimated useful lives, residual value, and depreciation

methods at least once at each financial year-end and applies the changes in accounting estimates prospectively.

When property, plant and equipment is derecognized, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Investment properties

Investment properties are real estate held for rent or capital appreciation or both. Investment properties also include land currently held whose future purpose is yet to be determined.

Investment properties owned by the Group are initially measured at cost (including transaction costs) and are subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided for investment properties on a straight-line basis.

In the event of derecognition of an investment property, the difference between its net disposal proceeds and carrying amount is recognized in profit or loss.

j. Intangible assets

Intangible assets with definite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment losses. The amortization of intangible assets in their useful lives is made on a straight-line basis. The Group reviews the estimated useful lives, residual value, and amortization methods at least once at each financial year-end and applies the changes in accounting estimates prospectively. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated depreciation and impairment loss.

When intangible assets are derecognized, the difference between their net disposal proceeds and carrying amount is recognized in profit or loss.

k. Impairment of property, plant and equipment, right-of-use assets, and intangible assets

On each balance sheet date, the Group evaluates whether there is any indication that its property, plant and equipment, right-of-use assets, and intangible assets have suffered impairment losses. If there is an indication that an asset may be impaired, then the Group estimates the recoverable amount of such asset. If it is not possible to estimate the

recoverable amount of an individual asset, the Group determines the recoverable amount of the cash generating unit to which the asset belongs.

The recoverable amount is the fair value minus cost of sales or the value in use, whichever is higher. If the carrying amount of an individual asset or a cash generating unit is less than its recoverable amount, the carrying amount is reduced to its recoverable amount, with an impairment loss recognized in profit or loss.

If an impairment loss is reversed subsequently, the carrying amount of the asset, cash generating unit, or the asset in relation to contract costing is raised to its recoverable amount, provided that the increased carrying amount shall not exceed the carrying amount (less amortization or depreciation) that would have been determined had no impairment loss been recognized in prior years. The reversed impairment loss shall be recognized in profit or loss.

l. Non-current assets held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amounts are expected to be recovered mainly through sale rather than continuous usage. Non-current assets (or disposal groups) qualified for such classification must be available for immediate sale in their present condition and its sale must be highly probable. A sale is considered highly probable if management at an appropriate level commits to a plan to sell and such sale is expected to be completed within 12 months after the classification date.

Non-current assets held for sale (or disposal groups) are measured at the lower of carrying amount and fair value less costs to sell and are not depreciated.

m. Financial instruments

Financial assets and liabilities are recognized in the consolidated balance sheets when the Group becomes a party to the contract of the financial instrument.

Financial assets and liabilities are recognized initially based on fair value plus transaction costs of their acquisition or issuance, if they are not measured at fair value through profit or loss. For financial assets and liabilities that are measured at fair value through profit or loss, such transaction costs are recognized immediately in profit or loss.

1) Financial assets

Trading of financial assets is recognized or derecognized in accordance with transaction date.

a) Types of measurement

Financial assets held by the Group are financial assets at fair value through profit or loss, financial assets measured at amortized cost, and investments in equity instruments measured at fair value through other comprehensive income.

i. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets mandatorily measured at fair value through profit or loss. Such assets include investments in instruments in equity instruments that are not designated by the Group to be measured at fair value through other comprehensive income and investments in debt instruments that fail to meet the criteria as to be measured at amortized cost or at fair value through other comprehensive income.

Such assets are measured at fair value, of which any remeasurement gains or losses are recognized in profit or loss. Please refer to Note 30 for the determination of fair value.

ii. Financial assets at amortized cost

When the Group's investments in financial assets satisfy the following two conditions simultaneously, they are classified as financial assets at amortized cost:

- i) Held under a business model whose purpose of holding such financial assets is to collect the contractual cash flows; and
- ii) The contractual terms give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, such assets (including cash and cash equivalents and notes receivable, accounts receivable, other receivables, and other financial assets measured at amortized cost) are measured at amortized cost equal to the gross carrying amount as determined using the effective interest method less any impairment loss; any foreign exchange gain or loss arising therefrom is recognized in profit or loss.

Except for the following two circumstances, interest income is calculated by multiplying an effective interest rate by the gross carrying amount of such assets:

- i) In the case of purchased or originated credit-impaired financial assets, interest revenue is recognized by applying the credit-adjusted effective interest rate to the amortized cost.
- ii) In the case of a financial asset that is not a purchased or originated credit-impaired financial asset but subsequently has become credit-impaired, interest income is calculated by applying the effective interest rate to the amortized cost from the reporting period following the credit impairment. Credit-impaired financial assets are those where the issuer or debtor has experienced major financial difficulties or defaults, the debtor is likely to claim bankruptcy or other financial restructuring, or disappearance of an active market for the financial asset due to financial difficulties.

Cash equivalents comprise time deposits that will mature within 3 months after the acquisition date, that are highly liquid and readily convertible to known amount of cash, and that are subject to an insignificant risk of changes in value. Cash equivalents are used to satisfy short-term cash commitments.

- iii. Investments in equity instruments measured at fair value through other comprehensive income

The Group may, at initial recognition, make an irrevocable election to designate an equity instrument that is neither held for trading nor contingent consideration arising from a business combination to be measured at fair value through other comprehensive income.

Investments in an equity instrument measured at fair value through other comprehensive income are measured at fair value, and any subsequent fair value changes are recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss upon their disposal; instead, they will be transferred to retained earnings.

Dividends of investments in equity instruments measured at fair value through other comprehensive income are recognized in profit or loss when the Group's right to receive payment is established, unless such dividends clearly represent the recovery of a part of the investment cost.

b) Impairment of financial assets

The Group evaluates credit losses on financial assets at amortized cost (including accounts receivable) based on the expected credit loss (ECL) at each balance sheet date.

Loss allowances are recognized against accounts receivable based on the expected credit loss during the term of duration. For all other financial instruments, the Group recognizes their loss allowance at an amount equal to 12-month expected credit losses if their credit risk has not increased significantly since initial recognition, or otherwise their lifetime expected credit losses.

An ECL is a weighted average credit loss with the risks of default as weights. The 12-month ECL on a financial instrument represents the portion of its lifetime ECL that is expected to result from possible default events within 12 months after the reporting date, whereas the lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument.

The impairment loss of all financial assets is recognized with a corresponding adjustment to their carrying amount through a loss allowance account.

c) Derecognition of financial assets

The Group de-recognizes the financial assets when the contractual rights to the cash inflow from the asset expire or when the Group transfers all the risks and rewards of ownership of the financial assets to other enterprises.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received is recognized in profit or loss. On derecognition of debt instruments measured at fair value through other comprehensive income in its entirety, the difference between the financial asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss. The cumulative gain or loss will not be reclassified to profit or loss on derecognition of an equity instrument at fair value through other comprehensive income in its entirety; instead, it will be transferred to retained earnings.

2) Equity instruments

The debt and equity instruments issued by the Group are classified as financial liabilities or equity according to the substance of the contractual agreement and the definition of financial liabilities and equity instruments.

Equity instruments issued by the Group shall be recognized at the amount equal to the consideration received less the direct issue costs.

Repurchase of the Group's equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of Group's equity instrument.

3) Financial liabilities

a) Subsequent measurement

All financial liabilities of the Group are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

When a financial liability is derecognized, the difference between the carrying amount and the consideration paid and payable (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

n. Revenue recognition

The Group identifies the performance obligations of contracts with the customers, allocates transaction price to the performance obligations and recognizes revenue when performance obligations are met.

Revenue from sales of commodity comes from the sales of medicine. When medicine is delivered to and arrives at a customer's specified location, the customer has the right to set the price and use the product, takes the primary responsibility for resale, and bears the risk of obsolescence. Therefore, revenue and accounts receivable are recognized.

The customer loyalty program gives customers reward points upon purchases for future purchases or redemption of the products. These reward points provide important rights. Contract liabilities are recognized when the transaction price allocated to the reward points is collected, and reclassified to revenue when the reward points are redeemed or expire.

When the material is processed, control of the processed products is not transferred and the amount of the control is not recognized.

o. Leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease.

1) The Group as a lessor

Leases are classified as finance leases whenever the terms of a lease transfers substantially all of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Payments for operating leases less lease incentives are recognized during the relevant lease period as income based on the straight-line method. The initial direct costs arising from acquisition of operating leases is added to the carrying amount of the underlying assets; and an expense is recognized for the lease on a straight-line basis during the lease period.

When leases include land and building elements, the Group classifies them as finance or operating leases based on whether most risks and rewards from ownership of the elements have been transferred to the lessee. Lease payments are apportioned to land and buildings in proportion to the fair value of land and building lease rights on the contract establishment date. If lease payments can be apportioned reliably to these two elements, each element is treated according to the applicable lease classification. If lease payments cannot be apportioned reliably to these two elements, the entire lease is classified under finance leases. However, if both elements clearly meet the standards of operating leases, the entire lease is classified under operating leases.

2) The Group as a lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost (including the initially measured amount of lease liabilities, the lease payments paid before the commencement date, the initial direct cost, and the estimated cost of restoring underlying assets), and subsequently measured at cost less accumulated depreciation and accumulated impairment losses, and the re-measurement of the lease liabilities are adjusted accordingly. Right-of-use assets are expressed separately in the consolidated balance sheets.

Right-of-use assets are depreciated on a straight-line basis from the inception of the lease to the end of the useful life or the expiration of the lease term, whichever is earlier.

Lease liabilities are initially measured at the present value of lease payments. When the interest rate implicit in a lease can be readily determined, lease payments are discounted using the interest rate. If the interest rate implicit in a lease cannot be easily determined, lease payments are discounted using the lessee's incremental borrowing rate.

Lease liabilities are subsequently measured at amortized cost using the effective interest method, and interest expenses are amortized over the lease term. The Group remeasures the lease liability and correspondingly adjusts the right-of-use asset,

except in the case when the carrying amount of the right-of-use asset has reduced to zero, in which case any residual remeasured amount shall be recognized in profit or loss. For lease modifications that do not qualify as separate leases, the remeasurement of lease liabilities due to a reduced lease scope is to reduce the right-of-use asset, and the termination of the lease, in part or in all, is recognized in profit or loss; the remeasurement of lease liabilities due to other modifications is to adjust the right-of-use asset. Lease liabilities are expressed separately in the consolidated balance sheets.

If the transfer of assets in a sales and leaseback qualifies as sales under IFRS 15, the Group only recognizes the gain or loss on disposal for the portion transferred to the buyer, and adjusts non-market terms to measure the selling price at fair value. Transfers of assets that do not qualify for sales under IFRS 15 accounted for as financing transaction.

p. Borrowing costs

Cost of loans directly attributable to acquisition, construction, or production of assets that meet requirements is considered as part of the cost of the asset until the asset reaches the stage of functional use or is ready for sale.

For special loans, incomes earned from short-term investments made prior to the qualifying capital expenditure are deducted from the cost of loans eligible for capitalization.

Other than stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

q. Employee benefits

1) Short-term employee benefits

Liabilities related to short-term employee benefits are measured by the non-discounted amount expected to be paid in exchange for employee services.

2) Post-employment benefits

Payments that should be contributed to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service.

The defined benefit cost under defined benefit retirement plans (including service cost, net interest, and the remeasurement amount) are calculated based on the

projected unit credit method. The cost of services and the net interest of the net defined benefit liability (asset) are recognized as employee benefit expenses as they occur. Remeasurement (comprising actuarial gains and losses, and return on plan assets net of interests) is recognized in other comprehensive income and included in retained earnings, and is not reclassified to profit or loss in subsequent periods.

The net defined benefit liabilities (assets) are the shortfall (surplus) of the defined benefit retirement plan. A net defined benefit asset shall not exceed the present value of the contributions to be refunded from the plan, or the reductions in future contributions.

3) Long-term employee benefits

Other long-term employee benefits are accounted for in the same way as accounting required for defined benefit plan, except that remeasurements are recognized in profit or loss.

r. Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

The Group determines the current income in accordance with the laws and regulations established by each income tax jurisdiction, and calculates the income tax payable based on it.

An extra tax is levied on the unappropriated earnings pursuant to the Income Tax Act of the Republic of China and is recorded as income tax expense in the year when the shareholders' meeting resolves to appropriate the earnings.

Adjustments to income tax payable from previous years are recognized in current income tax.

2) Deferred tax

Deferred tax is calculated based on the temporary difference between the carrying amount of the assets and liabilities and the taxable basis of the taxable income.

Deferred tax liabilities are generally recognized based on all taxable temporary differences. Deferred tax assets are recognized to the extent that it is probable that there is taxable income to be applied to temporary difference reductions.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates and joint agreements, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. For deductible temporary differences, when it is probable that sufficient taxable income will be available to realize such temporary difference, a deferred tax asset is recognized, but only to the extent of the amount that is expected to be reversed in the foreseeable future.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced when it becomes probable that sufficient taxable profit will no longer be available to recover all or part of the asset. The carrying amount of items that were not previously recognized as a deferred tax asset is also reviewed at each balance sheet date and is raised when it becomes probable that sufficient taxable profit will be available in the future to recover all or part of the asset.

Deferred tax assets and liabilities are measured at the tax rate of the period of expected settlement of liabilities or realization of assets. The rate is based on the tax rate and tax laws that have been enacted prior to the balance sheet date or have been substantially legislated. Measurement of deferred tax liabilities and assets is a reflection of the tax consequences resulting from the means by which the Group expects to recover or settle the carrying amount of its assets and liabilities at the balance sheet date.

3) Current and deferred tax

Current income tax and deferred tax are recognized in profit or loss, except that for items associated with other comprehensive income or directly in equity, such taxes are recognized in other comprehensive income or directly in equity separately.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimates, and assumptions based on historical experience and other critical factors for related information that are not readily available from other sources. Actual results may differ from original estimates.

The Group takes into account the economic impact of the COVID-19 outbreak in its significant accounting judgments and the management will constantly review the estimates and basic assumptions. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

6. CASH AND CASH EQUIVALENTS

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Cash on hand	\$ 976	\$ 966
Bank deposits	1,471,026	1,239,994
Cash equivalent (investments with original maturities of less than 3 months)	6,000	70,800
Time deposits	<u>\$ 1,478,002</u>	<u>\$ 1,311,760</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Financial assets at fair value through profit or loss - current</u>		
Financial assets mandatorily classified as at fair value through profit or loss		
Non-derivative financial assets		
Product development investment agreements	<u>\$ 23,868</u>	<u>\$ -</u>

The Group and other companies signed an investment agreement for product development cooperation. The agreement stipulates that when the product development results are authorized and the authorization fee is obtained, the royalties will be distributed in a certain proportion.

8. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Current</u>		
Time deposits with original maturities of more than 3 months	<u>\$166,488</u>	<u>\$ 24,755</u>

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Non-current</u>		
Listed shares	\$ 7,234	\$ 10,586
Unlisted shares	<u>42,809</u>	<u>59,660</u>
	<u>\$ 50,043</u>	<u>\$ 70,246</u>

These investments in equity instruments are held for medium-term and long-term purposes and expected to make profits through long-term investments. Management elected to designate these investments to be measured at fair value through other comprehensive income as they believed that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the aforementioned strategy of holding these investments for long-term purposes.

10. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Notes receivable</u>		
Notes receivable	\$ 282,516	\$ 304,026
Less: Loss allowance	<u>(1,221)</u>	<u>(1,608)</u>
	<u>\$ 281,295</u>	<u>\$ 302,418</u>
<u>Accounts receivable</u>		
Accounts receivable	\$ 1,386,058	\$ 1,601,259
Less: Loss allowance	<u>(17,419)</u>	<u>(15,212)</u>
	<u>\$ 1,368,639</u>	<u>\$ 1,586,047</u>

The average credit period for sale of goods was 75 to 120 days. Impairment loss recognized on accounts receivable is assessed based on individual assessment, aging analysis, historical experience, and analysis of customers' current financial position to estimate unrecoverable amounts.

Unless there is objective evidence showing that the accounts receivable of a specific counterparty are unrecoverable and an appropriate loss allowance is recognized individually, the loss allowance is set aside, in principle, based on the assessment carried out by the historical experience-collecting body, which categorizes customers into different risk groups and recognizes loss allowance according to the expected credit loss of each group.

The aging analysis of the Group's notes receivable and accounts receivable is as follows:

December 31, 2020

	<u>Notes Receivable</u>	<u>Accounts Receivable</u>
Not past due	\$ 282,485	\$ 1,283,598
Less than 60 days	-	68,056
61 to 120 days	-	16,752
Over 121 days	31	17,652
	<u>\$ 282,516</u>	<u>\$ 1,386,058</u>

December 31, 2019

	<u>Notes Receivable</u>	<u>Accounts Receivable</u>
Not past due	\$ 304,026	\$ 1,533,147
Less than 60 days	-	54,672
61 to 120 days	-	2,484
Over 121 days	-	10,956
	<u>\$ 304,026</u>	<u>\$ 1,601,259</u>

11. INVENTORIES

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Finished goods	\$ 998,439	\$ 958,593
Work in progress	224,729	270,127
Raw materials	1,411,545	1,132,925
Supplies	146,408	120,772
Inventory in transit	48,432	28,309
	<u>\$ 2,829,553</u>	<u>\$ 2,510,726</u>

The cost of goods sold for the years ended December 31, 2020 and 2019 included inventory write-downs and loss on disposal of inventory of NT\$113,564 thousand and NT\$37,396 thousand, respectively.

12. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

The entities of the consolidated financial statements are as follows:

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		Remark
			December 31, 2020	December 31, 2019	
The Corporation	Yung Shin Pharmaceutical Industrial Co., Ltd.	Manufacturing and trading of medicine and cosmetics	100.00%	100.00%	(5)
The Corporation	AnTec Biotech Co., Ltd.	Extraction, manufacturing and sale of trees	100.00%	100.00%	(1)
The Corporation	Chemix Inc.	Sale of medicine	100.00%	100.00%	-
The Corporation	YSP International Company Limited (YSP INC)	Trade, investment, and other related businesses	100.00%	100.00%	-
The Corporation	Ashin Company Limited	Manufacturing and trading of medicine	-	100.00%	(4)
The Corporation	Vetnostrum Animal Health Co., Ltd.	Manufacturing and trading of medicine	100.00%	-	(5)
Yung Shin Pharmaceutical	Angel Associates (Taiwan), Inc.	Import and export trade	73.50%	73.50%	-
Yung Shin Pharmaceutical	Vetnostrum Animal Health Co., Ltd.	Manufacturing and trading of medicine	-	100.00%	(5)
YSP INC	Carlsbad Technology, Inc.	Manufacturing and trading of medicine	82.60%	82.60%	-
YSP INC	Yung Shin China Holding Company Limited (YSP CNH)	Trade, investment, and other related businesses	89.81%	89.81%	(3)
YSP CNH	Yung Shin Pharmaceutical Ind. (Kunshan) Co., Ltd.	Manufacturing of medicine	89.66%	92.10%	(2)
YSP CNH	Shanghai Yung Zip Pharmaceutical Trading Co., Ltd.	Import and export trade	100.00%	100.00%	-
YSP CNH	Yung Shin Company Limited	Sale of medicine	96.50%	96.50%	-
YSP CNH	Farmtec Research Co., Ltd.	Research and development of medicine and authorization of the transfer of R&D achievements	100.00%	100.00%	-
YSP CNH	Globecare Trading (Shanghai) Co., Ltd.	Import/export trade	60.00%	60.00%	-
YSP CNH	Chung Shin (JiangSu) Clinical Research Co., Ltd.	Research and development of medicine and consulting service for the transfer of R&D achievements	-	100.00%	(6)

Remark:

- 1) AnTec Biotech Co., Ltd. was dissolved on December 31, 2016, and approved by the Taichung City Government in Order Shou-Jing-Shang-Zi No. 10607018000. Currently, it is still in the liquidation process.
- 2) On January 17, 2019, August 19, 2019, and July 20, 2020, the Board of Directors of Yung Shin Pharmaceutical Ind. (Kunshan) Co., Ltd. approved a cash capital increase by issuing 5,967,380 shares, 2,602,620 shares, and 3,349,000 shares, respectively, and the registrations processes were completed on July 15, 2019, December 30, 2019, and December 31, 2020, respectively. Since Yung Shin China Holding Company Limited did not participate in the capital increase proportionally, its proportion of ownership interest decreased from 99.00% to 89.66%, accordingly.
- 3) On September 20, 2019, YSP International Company Limited invested USD1.2 million in capital increase for Yung Shin China Holding Company Limited. Since

YSP International Company Limited did not participate in the capital increase proportionally, its proportion of ownership interest increased from 89.42% to 89.81%, accordingly.

- 4) Ashin Company Limited completed the liquidation process in February 2020.
- 5) On May 7, 2020, under the approval of the Board of Director that had been authorized to exercise the rights on behalf of the shareholders' meeting, Yung Shin Pharmaceutical Industrial Co., Ltd. underwent capital reduction by returning cash to shareholders with investments accounted for using the equity method. The recorded capital reduction date was set on July 1, 2020, Yung Shin Pharm. Ind. Co., Ltd. refund to the only shareholder (the Corporation) with 100% equity of its subsidiary, Vetnostrum Animal Health Co., Ltd. After the capital reduction, the Corporation holds 100% ownership of Vetnostrum Animal Health Co., Ltd.
- 6) Chung Shin (JiangSu) Clinical Research Co., Ltd. completed the liquidation process in December 2020.

b. Subsidiaries excluded from consolidated financial statements: None.

c. There are no subsidiaries that have material non-controlling interests.

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investment in associates

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Material associates		
Y.S.P. Southeast Asia Holding Bhd. (YSP SAH)	\$ 891,417	\$ 902,477
Associates that are not individually material	<u>293,094</u>	<u>271,380</u>
	<u>\$ 1,184,511</u>	<u>\$ 1,173,857</u>

a. Material associates

Name of Associate	Nature of Activities	Principal Place of Business	Proportion of Ownership and Voting Rights	
			December 31, 2020	December 31, 2019
YSP SAH	Biopharmaceutical research and technical services	Malaysia	37.20%	37.52%

The Group holds 37.20% of the voting rights of YSP SAH and is the single largest shareholder. Given the size and dispersion of holdings relative to those of other shareholders, other shareholdings do not extremely disperse. The Group is not yet able to direct the relevant activities of YSP SAH. Management of the Group believe that the Group only has significant influence on YSP SAH and thus presents it as an associate. For equity investments in listed companies using the equity method, the fair value calculated at the closing price of the shares as of December 31, 2020 was lower than its corresponding carrying amount. Management of the Group have conducted an impairment test on such investments to compare whether the carrying amount of the investment is lower than the recoverable amount. The value in use is calculated by the Group to estimate the cash flows of the associate's operating income and disposal of the investment based on the annual discount rate of 8.9%. The recoverable amount (based on value-in-use) of the investment in YSP SAH is estimated to be higher than its carrying amount.

Fair values (Level 1) of investments in associates with available published price quotations are summarized as follows:

<u>Name of Associate</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
YSP SAH	<u>\$835,098</u>	<u>\$894,347</u>

The Group evaluates the above associate using the equity method.

The summary of financial information below is based on individual associates' financial statements prepared in accordance with the IFRSs for which adjustments have been made in the consolidated financial statements due to the use of the equity method.

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Current assets	\$ 2,098,620	\$ 2,041,552
Non-current assets	1,040,129	1,123,081
Current liabilities	(441,045)	(391,854)
Non-current liabilities	(<u>262,283</u>)	(<u>327,530</u>)
Equity	2,435,421	2,445,249
Non-controlling interests	(<u>39,140</u>)	(<u>39,642</u>)
	<u>\$ 2,396,281</u>	<u>\$ 2,405,607</u>
The Group's ownership of shares (%)	37.20%	37.52%
The Group's share of equity investments	\$ 891,417	\$ 902,477
Less: Impairment loss	<u>-</u>	<u>-</u>
Carrying amount	<u>\$ 891,417</u>	<u>\$ 902,477</u>

	2020	2019
Operating revenue	<u>\$ 2,082,458</u>	<u>\$ 2,205,318</u>
Net profit/(loss) for the year	\$ 154,051	\$ 163,327
Other comprehensive income (loss)	<u>-</u>	<u>1,470</u>
Total comprehensive income	<u>\$ 154,051</u>	<u>\$ 164,797</u>

b. Summarized information on associates not individually material

	2020	2019
<u>The Group's share of profit</u>		
Net profit for the year	\$ 29,298	\$ 37,228
Other comprehensive income	<u>6,445</u>	<u>1,052</u>
Total comprehensive income	<u>\$ 35,743</u>	<u>\$ 38,280</u>

Yung Shin Pharmaceutical Ind. (Kunshan) Co., Ltd. holds a 2.25% equity interest in Jilin Perrit Biotech Limited in 2020. As Yung Shin Pharmaceutical Ind. (Kunshan) Co., Ltd. (its Chairman and President) has 2 of 5 directors of Jilin Perrit Biotech Limited, it has significant influence and is thus classified as an associate of the Group.

14. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and Structures	Machinery and Equipment	Transportation Equipment	Office Equipment	Other Equipment	Construction in Process	Total
<u>Cost</u>								
BALANCE AT JANUARY 1, 2019	\$ 2,116,018	\$ 3,585,527	\$ 3,640,221	\$ 41,655	\$ 212,731	\$ 749,171	\$ 236,636	\$ 10,581,959
Additions	236,556	39,338	74,241	5,339	4,293	32,265	316,315	708,347
Disposal	(22,197)	(5,161)	(38,854)	(766)	(1,202)	(31,734)	-	(99,914)
Reclassifications	(93,097)	(117,490)	187,502	(191)	(13,233)	6,794	(217,734)	(247,449)
Effects of foreign currency exchange differences	(2,030)	(25,350)	(47,042)	(293)	(1,277)	(23,805)	-	(99,797)
BALANCE AT DECEMBER 31, 2019	<u>\$ 2,235,250</u>	<u>\$ 3,476,864</u>	<u>\$ 3,816,068</u>	<u>\$ 45,744</u>	<u>\$ 201,312</u>	<u>\$ 732,691</u>	<u>\$ 335,217</u>	<u>\$ 10,843,146</u>
<u>Accumulated depreciation and impairment</u>								
BALANCE AT JANUARY 1, 2019	\$ 1,187	\$ 2,410,283	\$ 2,943,069	\$ 28,939	\$ 175,383	\$ 581,392	\$ -	\$ 6,140,253
Depreciation	-	112,657	171,382	3,943	14,471	54,579	-	357,032
Disposal	-	(4,810)	(37,971)	(689)	(971)	(19,569)	-	(64,010)
Reclassifications	(1,187)	(49,730)	(833)	(493)	(11,815)	(18)	-	(64,076)
Effects of foreign currency exchange differences	-	(14,041)	(30,654)	(171)	(1,007)	(17,484)	-	(63,357)
BALANCE AT DECEMBER 31, 2019	<u>\$ -</u>	<u>\$ 2,454,359</u>	<u>\$ 3,044,993</u>	<u>\$ 31,529</u>	<u>\$ 176,061</u>	<u>\$ 598,900</u>	<u>\$ -</u>	<u>\$ 6,305,842</u>
CARRYING AMOUNTS AT DECEMBER 31, 2019	<u>\$ 2,235,250</u>	<u>\$ 1,022,505</u>	<u>\$ 771,075</u>	<u>\$ 14,215</u>	<u>\$ 25,251</u>	<u>\$ 133,791</u>	<u>\$ 335,217</u>	<u>\$ 4,537,304</u>
<u>Cost</u>								
BALANCE AT JANUARY 1, 2020	\$ 2,235,250	\$ 3,476,864	\$ 3,816,068	\$ 45,744	\$ 201,312	\$ 732,691	\$ 335,217	\$ 10,843,146
Additions	-	124,361	83,100	2,897	4,567	36,126	65,311	316,362
Disposal	-	(9,169)	(94,126)	(4,499)	(5,197)	(32,520)	-	(145,511)
Reclassifications	-	140,841	159,583	2,016	473	23,092	(336,102)	(10,097)
Effects of foreign currency exchange differences	(5,773)	(12,090)	(6,624)	15	(20,011)	12,923	-	(31,560)
BALANCE AT DECEMBER 31, 2020	<u>\$ 2,229,477</u>	<u>\$ 3,720,807</u>	<u>\$ 3,958,001</u>	<u>\$ 46,173</u>	<u>\$ 181,144</u>	<u>\$ 772,312</u>	<u>\$ 64,426</u>	<u>\$ 10,972,340</u>
<u>Accumulated depreciation and impairment</u>								
BALANCE AT JANUARY 1, 2020	\$ -	\$ 2,454,359	\$ 3,044,993	\$ 31,529	\$ 176,061	\$ 598,900	\$ -	\$ 6,305,842
Depreciation	-	112,005	178,825	4,803	7,656	48,268	-	351,557
Disposal	-	(7,300)	(85,625)	(3,398)	(4,042)	(26,873)	-	(127,238)
Reclassifications	-	3,555	(4,332)	-	-	3,090	-	2,313
Effects of foreign currency exchange differences	-	(8,317)	(6,911)	(7)	(18,392)	13,517	-	(20,110)
BALANCE AT DECEMBER 31, 2020	<u>\$ -</u>	<u>\$ 2,554,302</u>	<u>\$ 3,126,950</u>	<u>\$ 32,927</u>	<u>\$ 161,283</u>	<u>\$ 636,902</u>	<u>\$ -</u>	<u>\$ 6,512,364</u>
CARRYING AMOUNT AT DECEMBER 31, 2020	<u>\$ 2,229,477</u>	<u>\$ 1,166,505</u>	<u>\$ 831,051</u>	<u>\$ 13,246</u>	<u>\$ 19,861</u>	<u>\$ 135,410</u>	<u>\$ 64,426</u>	<u>\$ 4,459,976</u>

As there was no indicator of impairment for the years ended December 31, 2020 and 2019, the Group did not conduct impairment assessment.

Depreciation expenses of property, plant and equipment are computed using the straight-line method over the following estimated useful lives:

Straight-line basis

Buildings and structures	1 to 45 years
Machinery and equipment	1 to 20 years
Transportation equipment	5 to 6 years
Office equipment	2 to 12 years
Other equipment	1 to 20 years

Property, plant and equipment pledged as collateral for short-term and long-term borrowings were set out in Note 32.

For the year ended December 31, 2019, the Group reclassified part of land as well as buildings and structures to non-current assets held for sale. Please refer to Note 17 for details.

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Carrying amount		
Land	\$ 49,930	\$ 63,226
Buildings	29,506	34,294
Transportation equipment	21,264	7,747
Machinery and equipment	2,237	3,375
Other equipment	-	858
	<u>\$102,937</u>	<u>\$109,500</u>
	<u>2020</u>	<u>2019</u>
Additions to right-of-use assets	<u>\$ 23,002</u>	<u>\$ 46,781</u>
Depreciation expenses on right-of-use assets		
Land	\$ 2,722	\$ 2,792
Buildings	15,641	6,640
Transportation equipment	8,297	8,674
Machinery and equipment	1,334	1,282
	<u>\$ 27,994</u>	<u>\$ 19,388</u>

b. Lease liabilities

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Carrying amount		
Current	\$ 29,248	\$ 27,133
Non-current	<u>36,246</u>	<u>47,924</u>
	<u>\$ 65,494</u>	<u>\$ 75,057</u>

The discount rate ranges for lease liabilities are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Carrying amount		
Land	0.95% to 1.05%	1.05%
Buildings	0.90% to 3.28%	1.05%
Transportation equipment	0.78% to 1.05%	1.05%
Machinery and equipment	0.80% to 1.05%	1.05%
Other equipment	-	1.05%

c. Material lease-in activities and terms

Prior to commencement of the lease, a subsidiary in the mainland region leased land for the use of plants from the People's Republic of China under prepaid rent with terms of 41 to 50 years, the right-of-use assets are transferred upon obtaining the land certificate with fixed amortization of installments during the lease period.

The Group leases a number of machines and transportation equipment for business use, and their lease terms range from 2 to 4 years. At the end of the lease term, the lease agreements do not entitle the Group to renew the lease agreements or to acquire the assets.

The Group also leases a number of land and buildings for use as plants and offices. The lease terms range from 2 to 10 years. At the end of the lease term, the Group has no preferential right to acquire the leased building.

d. Other lease information

Lease arrangements under operating leases for the leasing out of investment properties are set out in Note 16.

	<u>2020</u>	<u>2019</u>
Expenses relating to short-term leases and low-value asset leases	<u>\$ 7,594</u>	<u>\$ 10,872</u>
Total cash outflow for leases	<u>\$ 38,241</u>	<u>\$ 28,182</u>

The Group leases certain buildings, office equipment, and transportation equipment which qualify as short-term leases and certain office equipment which qualify as low-value asset leases. The Group has elected to apply the recognition exemption, and thus did not recognize right-of-use assets and lease liabilities for these leases.

16. INVESTMENT PROPERTIES

	<u>2020</u>	<u>2019</u>
<u>Cost</u>		
Balance at January 1	\$ 80,224	\$ 58,863
Reclassifications	-	23,594
Effects of foreign currency exchange differences	<u>765</u>	(<u>2,233</u>)
Balance at December 31	<u>\$ 80,989</u>	<u>\$ 80,224</u>
<u>Accumulated depreciation and impairment</u>		
Balance at January 1	\$ 40,265	\$ 32,890
Depreciation	2,652	1,769
Reclassifications	-	6,481
Effects of foreign currency exchange differences	<u>504</u>	(<u>875</u>)
Balance at December 31	<u>\$ 43,421</u>	<u>\$ 40,265</u>
Net on December 31	<u>\$ 37,568</u>	<u>\$ 39,959</u>

The buildings and decoration work of investment properties held by the Group are depreciated by the straight-line basis over the estimated useful lives of 4 to 34 years.

Investment properties are subject to a lease term of 2-3 years with an option to extend the lease term. When the lessee exercises the right to renew the lease, the rent is adjusted according to the prevailing market rent. The lessee has no preferential right to acquire the investment real estate at the end of the lease term.

The maturity analysis of lease payments receivable under operating leases of investment properties as of December 31, 2020 is as follows:

	<u>December 31, 2020</u>
Year 1	\$ 2,574
Year 2	1,750
Year 3	<u>486</u>
	<u>\$ 4,810</u>

Management of the Group used the valuation model that market participants would use in determining the fair value, and the fair value was measured using Level 3 inputs. The valuation was arrived at by reference to market evidence of transaction prices from the website of Department of Land Administration. The fair values were NT\$79,190 thousand and NT\$78,832 thousand as of December 31, 2020 and 2019, respectively.

17. NON-CURRENT ASSETS HELD FOR SALE

On March 11, 2019, the board of directors of the subsidiary, Carlsbad Technology, Inc. resolved to dispose of land as well as buildings and structures, and transferred the related assets to non-current assets held for sale, which were then sold for NT\$260,264 thousand on November 4, 2019 with book value amounting to NT\$173,925 thousand. All proceeds from the disposal have been collected. The transaction resulted in a total gain on disposal of NT\$86,339 thousand, of which a gain on disposal amounting to NT\$15,389 thousand was deferred as a portion of the abovementioned assets was sold and leased back for another three years for operational needs, and the remaining amount of NT\$70,950 thousand was recognized as a gain to the rights transferred from the sale and leaseback in 2019.

18. OTHER NON-CURRENT ASSETS

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Refundable deposits	\$ 59,479	\$125,143
Prepayments for equipment	45,021	66,256
Restricted assets	4,000	4,000
Other non-current assets	<u>22,810</u>	<u>56,068</u>
	<u>\$131,310</u>	<u>\$251,467</u>

Other non-current assets pledged as collateral for bank borrowings are set out in Note 32.

19. BORROWINGS

a. Short-term borrowings

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Secured borrowings (Note 32)</u>		
Bank loans	\$ 232,866	\$ 829,424
<u>Unsecured borrowings</u>		
Line of credit borrowings	<u>2,298,471</u>	<u>2,098,010</u>
	<u>\$ 2,531,337</u>	<u>\$ 2,927,434</u>

The ranges of weighted average effective interest rates on bank loans were 0.49% to 4.80% and 0.51% to 4.80% per annum at December 31, 2020 and December 31, 2019 respectively.

b. Long-term borrowings

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Secured borrowings (Note 32)</u>		
Bank loans	\$177,806	\$118,281
<u>Unsecured borrowings</u>		
Bank loans	<u>760,000</u>	<u>500,000</u>
Subtotal	937,806	618,281
Less: Current portions	(<u>16,167</u>)	(<u>306,250</u>)
Long-term borrowings	<u>\$921,639</u>	<u>\$312,031</u>
Interest rates		
Credit loans	0.78% to 0.90%	1.02% to 1.32%
Secured loans	0.85% to 1.10%	0.85% to 1.10%
Due date	March 2025	March 2025

21. NOTES PAYABLE AND ACCOUNTS PAYABLE

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Notes payable</u>		
Trade	<u>\$ 3,528</u>	<u>\$ 1,986</u>
<u>Accounts payable</u>		
Trade	<u>\$ 491,103</u>	<u>\$ 431,657</u>

No interest accrued on notes payable and accounts payable. The Group has financial risk management policies to ensure that all payables are paid within the pre-agreed credit terms.

21. OTHER PAYABLES

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Payables for salaries or bonuses	\$475,285	\$403,205
Compensation payable to employees	40,671	44,241
Remuneration payable to directors	14,703	15,793
Payables for research fee	5,850	7,940
Payables for purchases of equipment	11,213	11,193
Others	<u>442,287</u>	<u>493,523</u>
	<u>\$990,009</u>	<u>\$975,895</u>

22. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The pension system applicable to the Group under the "Labor Pension Act" is a defined contribution plan under government administration, to which the Group contributes 6% of employees' monthly salary and wages to their personal accounts at the Bureau of Labor Insurance. The pension costs recognized by the Group in accordance with the aforesaid pension regulations for the years ended December 31, 2020 and 2019 were NT\$46,100 thousand and NT\$56,446 thousand, respectively.

b. Defined benefit plans

The Group's pension system under the "Labor Standards Act" is a defined benefit pension plan managed by the government. Pension payment to an employee is calculated based on her/his number of service years and average salary/wage of the last 6 months prior to approved retirement. The Group contributes monthly an amount equal to 5% of the employees' monthly salaries and wages to a retirement fund that is deposited with Bank of Taiwan under the name of The Supervisory Committee of Workers' Retirement Fund. Before the end of year, if the balance at the retirement fund is not sufficient to pay employees who will meet the retirement criteria next year, a lump-sum deposit for the shortfall should be made before the end of March of the following year. The retirement fund is managed by the Bureau of Labor Funds, Ministry of Labor, and the Group does not have rights to influence its investment management strategy.

The funds for defined benefit plans included in the consolidated balance sheets are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Present Value of Defined Benefit		
Liabilities	\$461,975	\$440,393
Fair Value of Plan Assets	(<u>350,810</u>)	(<u>331,602</u>)
Net Defined Benefit Liabilities	<u>\$111,165</u>	<u>\$108,791</u>

Changes in net defined benefit liabilities are as follows:

	Present value of defined benefit liabilities	Fair value of plan assets	Net defined benefit liabilities
January 1, 2019	<u>\$ 466,830</u>	<u>\$ 334,562</u>	<u>\$ 132,268</u>
Service costs			
Service costs for the current period	3,481	-	3,481
Loss (gain) on pay-off	(15,725)	(15,725)	-
Interest expenses	<u>6,008</u>	<u>4,471</u>	<u>1,537</u>
Recognized in profit or loss	<u>6,236</u>	(<u>11,254</u>)	<u>5,018</u>
Remeasurement			
Return on plan assets (excluding amounts that are included in net interest)	-	10,968	(10,968)
Actuarial (gains) losses			
Changes in financial assumptions	4,932	-	4,932
Experience adjustments	<u>3,679</u>	<u>-</u>	<u>3,679</u>
Recognized in other comprehensive income	<u>8,611</u>	<u>10,968</u>	(<u>2,357</u>)
Employer contribution	-	25,770	(25,770)
Benefit payment	(<u>28,812</u>)	(<u>28,444</u>)	(<u>368</u>)
December 31, 2019	<u>\$ 440,393</u>	<u>\$ 331,602</u>	<u>\$ 108,791</u>
January 1, 2020	<u>\$ 440,393</u>	<u>\$ 331,602</u>	<u>\$ 108,791</u>
Service costs			
Service costs for the current period	2,366	-	2,366
Interest expenses	<u>4,839</u>	<u>3,800</u>	<u>1,039</u>
Recognized in profit or loss	<u>7,205</u>	<u>3,800</u>	<u>3,405</u>
Remeasurement			
Return on plan assets (excluding amounts that are included in net interest)	-	9,422	(9,422)
Actuarial (gains) losses			
Changes in financial assumptions	14,612	-	14,612
Experience adjustments	<u>21,057</u>	<u>-</u>	<u>21,057</u>
Recognized in other comprehensive income	<u>35,669</u>	<u>9,422</u>	<u>26,247</u>
Employer contribution		26,178	(26,178)
Benefit payment	(<u>21,292</u>)	(<u>20,192</u>)	(<u>1,100</u>)
December 31, 2020	<u>\$ 461,975</u>	<u>\$ 350,810</u>	<u>\$ 111,165</u>

Through the defined benefit plans under the "Labor Standards Act", the pension system is exposed to the following risks:

- 1) Investment risk: The pension funds are invested in local and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau of Labor Funds, Ministry of Labor, or through its designated agencies. However, the rate of return on plan assets shall not be less than the average interest rate on a two-year time deposit published by the local banks.
- 2) Interest rate risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation. However, the return on the debt investments of the plan assets will also increase. Those two will partially offset each other.
- 3) Payroll risk: The present value of the defined benefit obligation is calculated by reference to the future salary of plan participants. Therefore, an increase in salaries of the members of the plan will increase the present value of defined benefit obligations.

The present value of the Group's defined benefit obligations is calculated by certified actuaries and the major assumptions on the measurement date are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Discount rate	0.75%	1.00%~1.10%
Expected rate of salary increase	2.00%	2.00%

If reasonable changes occur in major actuarial assumptions respectively with other assumptions unchanged, the present value of defined benefit obligations will increase (decrease) as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Discount rate		
Increase by 0.25%	<u>(\$ 10,591)</u>	<u>(\$ 10,867)</u>
Decrease by 0.25%	<u>\$ 11,048</u>	<u>\$ 11,351</u>
Expected rate of salary increase		
Increase by 1%	<u>\$ 46,641</u>	<u>\$ 47,452</u>
Decrease by 1%	<u>(\$ 40,258)</u>	<u>(\$ 40,824)</u>

As actuarial assumptions may be related to one another, the likelihood of fluctuation in a single assumption is not high. Therefore, the aforementioned sensitivity analysis may not reflect the actual fluctuations of the present value of defined benefit obligations.

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Expected appropriation amount within 1 year		
Yung Shin Pharmaceutical	<u>\$ 26,178</u>	<u>\$ 27,600</u>

Vetnostrum Animal Health Co., Ltd.	\$ <u> </u> -	\$ <u> </u> -
Average maturity period of defined benefit obligations		
Yung Shin Pharmaceutical	12.4 years	13.2 years
Vetnostrum Animal Health Co., Ltd.	15.4 years	16.2 years

The Group makes monthly contributions to the pensions provided for its appointed managers at 1% of their gross salaries. Under the aforementioned pension regulations, the Group recognized pension costs of NT\$3,094 thousand and NT\$5,304 thousand for the years ended December 31, 2020 and 2019, respectively. As of December 31, 2020 and 2019, other employee benefit liabilities provided for appointed managers amounted to NT\$47,047 thousand and NT\$43,953 thousand, respectively.

23. EQUITY

a. Share capital

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Number of shares authorized (in thousands)	<u>310,000</u>	<u>310,000</u>
Shares authorized	<u>\$ 3,100,000</u>	<u>\$ 3,100,000</u>
Number of shares issued and fully paid (in thousands)	<u>266,423</u>	<u>266,423</u>
Shares issued	<u>\$ 2,664,230</u>	<u>\$ 2,664,230</u>
Surplus	<u>2,112,367</u>	<u>2,112,367</u>
	<u>\$ 4,776,597</u>	<u>\$ 4,776,597</u>

b. Capital surplus

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital</u>		
Unappropriated earnings before exchange of shares (Note 1)	\$ 829,732	\$ 829,732
Issuance of ordinary shares (Note 2)	1,282,635	1,282,635
Donations (Note 2)	530	530
Trading of treasury shares (Note 2)	94	-
<u>May only be used to offset a deficit</u>		
Changes in percentage of ownership interests in subsidiaries and associates (Note 3)	<u>33,310</u>	<u>31,022</u>
Total	<u>\$ 2,146,301</u>	<u>\$ 2,143,919</u>

Note 1: According to Paragraph 4, Article 30 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 Paragraph 1, Article 241 of the Company Act. Additionally, according to Order Jing-Shang-Zi 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 Order Tai-Cai-Rong-(1)-Zi No. 0910016280, as such capital reserve does not result from operation of a holding company, the above statement does not extend to employees' compensation and remuneration of directors and supervisors.

Note 2: Such capital surplus may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Corporation's capital surplus and to once a year).

Note 3: Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings

In accordance with the Corporation's Articles of Incorporation, the current year's earnings, if any, shall be distributed in the following order:

- 1) Pay all taxes under laws and decrees;
- 2) Offset prior years' losses;
- 3) Set aside 10% of remaining amount as legal reserve;
- 4) Special reserve is set aside under relevant regulations;
- 5) Dividend rate shall not be higher than 10% per annum; no dividend would be distributed if no earnings; and
- 6) 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% to 90% of the accumulated unappropriated retained earnings. Of the total dividends, cash dividends shall account for 20% or greater of the total dividends distributed. Please refer to Note 25 (7) (employees' compensation and remuneration of directors) for the policy on the distribution of employees' compensation and remuneration of directors as stipulated in the Articles of Incorporation.

The Corporation's dividend policy is described below:

As the Corporation 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 Corporation'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 Corporation's profitability.

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 Corporation's paid-in capital.

In accordance with the regulations, the Corporation 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.

The amounts previously set aside by the Corporation as special reserve on initial application of the IFRSs in accordance with Order Jin-Guan-Zheng-Zi No. 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.

The distribution of earnings for the years ended December 31, 2019 and 2018, which was proposed and approved in the shareholders' meetings on May 28, 2020 and June 20, 2019, respectively, is described below:

	Distribution of Earnings		Dividends per Share (NT\$)	
	2019	2018	2019	2018
Legal reserve	\$ 75,002	\$ 70,198	\$ -	\$ -
Special reserve	22,768	(18,092)	-	-
Cash dividends	586,130	586,131	2.20	2.20

On March 30, 2021, the Board of Directors' proposal to distribute earnings for the year ended December 31, 2020 is described below:

	2020
Legal reserve	\$ 77,499
Special reserve	\$ 38,040
Cash dividends	\$ 532,846
Earnings per share (NT\$)	\$ 2.00

The distribution of earnings for the year ended December 31, 2020 is subject to the resolution of the shareholders' meeting on May 26, 2021.

d. Non-controlling interests

	2020	2019
Balance at January 1	\$ 168,709	\$ 115,687
Attributable to non-controlling interests		
Net profit/(loss) for the year	(10,586)	5,410
Other comprehensive income (loss)	431	6,956
Cash dividends distributed by subsidiaries	(4,396)	-
Increase in non-controlling interests	18,782	40,656
Balance at End of Year	<u>\$ 172,940</u>	<u>\$ 168,709</u>

e. Treasury shares

(Shares in Thousands)

Purpose	Number of Shares on January 1	Increase during the Period	Decrease during the Period	Number of Shares on December 31
<u>2020</u>				
Shares held by subsidiaries	<u>58</u>	<u>-</u>	<u>-</u>	<u>58</u>
<u>2019</u>				
Shares held by subsidiaries	<u>58</u>	<u>-</u>	<u>-</u>	<u>58</u>

Angel Associates (Taiwan), Inc., the investee of the Corporation's subsidiary, Yung Shin Pharmaceutical Industrial Company Limited, acquired 55 thousand shares of Yung Shin Pharmaceutical Industrial Company Limited on November 12, 2001 before the amendments to the Company Act. The purpose of holding shares was solely for investing.

On January 3, 2011, Yung Shin Pharmaceutical Industrial Company Limited was established by the Corporation through share swap and Yung Shin Pharmaceutical Industrial Company Limited became a wholly-owned subsidiary of the Corporation. According to Order Tai-Cai-Zheng-3-Zi No. 0920124301, the shares of Yung Shin Pharmaceutical Industrial Company Limited held by Angel Associates (Taiwan), Inc. were exchanged into the shares of the Corporation through share swap.

A sub-subsidiary, Angel Associates (Taiwan) Inc., acquired the Corporation' s shares transferred from earnings on September 5, 2015, therefore holding a total of 58 thousand shares of the Corporation as of December 31, 2020 and 2019.

A sub-subsidiary, Angel Associates (Taiwan) Inc., acquired the Corporation' s shares with book value amounting to NT\$1,958 thousand. As of December 31, 2020 and 2019, the market value of treasury shares was NT\$2,595 thousand and NT\$2,488 thousand, respectively.

The subsidiaries holding treasury shares are bestowed shareholders' rights, except the rights to participate in any share issuance for cash and to vote.

24. OPERATING REVENUE

	<u>2020</u>	<u>2019</u>
Revenue from contracts with customers	<u>\$ 8,084,664</u>	<u>\$ 8,191,531</u>

Contract liabilities and refund liabilities

The Group recognizes contract assets and contract liabilities related to revenue from contracts with customers as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Contract liabilities - current		
Customer loyalty programs	\$ 8,549	\$ 5,571
Sales revenue received in advance	<u>9,114</u>	<u>12,578</u>
	<u>\$ 17,663</u>	<u>\$ 18,149</u>

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	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Refund liabilities (Note)	<u>\$ 23,785</u>	<u>\$128,524</u>
Contract liabilities - non-current Sales revenue received in advance	<u>\$253,867</u>	<u>\$ -</u>

Note: Refund liabilities are mainly due to estimated sales allowances.

25. NET PROFIT FROM CONTINUING OPERATIONS

a. Interest income

	<u>2020</u>	<u>2019</u>
Bank deposits	<u>\$ 3,917</u>	<u>\$ 3,935</u>

b. Other income

	<u>2020</u>	<u>2019</u>
Rental income	\$ 2,994	\$ 10,475
Development and testing income	7,536	13,935
Dividend income	979	-
Other income	<u>69,339</u>	<u>49,382</u>
	<u>\$ 80,848</u>	<u>\$ 73,792</u>

c. Other gains and losses

	<u>2020</u>	<u>2019</u>
Net foreign exchange losses	(\$ 21,066)	(\$ 9,896)
Loss on disposal of property, plant and equipment	(13,948)	(13,623)
Loss on disposal of subsidiaries	(2,596)	(24,291)
Gain on disposal financial assets at fair value through profit or loss	40	-
Gain on sale and leaseback	-	70,950
Gain on pay-off	-	15,725
Loss on cancellation of contracts	-	(12,095)
Others	<u>(25,103)</u>	<u>(12,520)</u>
	<u>(\$ 62,673)</u>	<u>\$ 14,250</u>

d. Finance costs

	2020	2019
Interest on bank loans	\$ 44,437	\$ 70,378
Interest on lease liabilities	<u>1,107</u>	<u>298</u>
	<u>\$ 45,544</u>	<u>\$ 70,676</u>

e. Depreciation and amortization

	2020	2019
Property, plant and equipment	\$351,557	\$357,032
Right-of-use assets	27,994	19,388
Investment properties	2,652	1,769
Intangible assets	<u>20,380</u>	<u>18,152</u>
	<u>\$402,583</u>	<u>\$396,341</u>

An analysis of depreciation by function

Operating costs	\$308,221	\$299,955
Operating expenses	70,663	76,465
Non-operating expenses	<u>3,319</u>	<u>1,769</u>
	<u>\$382,203</u>	<u>\$378,189</u>

An analysis of amortization by function

Operating costs	\$ 5,220	\$ 4,820
Operating expenses	<u>15,160</u>	<u>13,332</u>
	<u>\$ 20,380</u>	<u>\$ 18,152</u>

f. Employee benefits expenses

	2020	2019
Short-term employee benefits	<u>\$ 1,826,144</u>	<u>\$ 1,787,250</u>
Post-employment benefits		
Defined contribution plans (Note 22)	46,100	56,446
Defined benefit plans (Note 22)	<u>3,405</u>	<u>5,018</u>
	49,505	61,464
Other employee benefits	<u>223,157</u>	<u>179,688</u>
Total employee benefit expenses	<u>\$ 2,098,806</u>	<u>\$ 2,028,402</u>

An analysis of employee benefit expenses by function

Operating costs	\$ 773,666	\$ 762,602
Operating expenses	<u>1,325,140</u>	<u>1,265,800</u>
	<u>\$ 2,098,806</u>	<u>\$ 2,028,402</u>

g. Employees' compensation and remuneration of directors

The Corporation accrues employees' compensation and remuneration of directors at rates that are not lower than 0.3% and not higher than 2%, respectively, of net profit before income tax. The employees' compensation and remuneration of directors for the years ended December 31, 2020 and 2019 were resolved by the Board of Directors on March 30, 2021 and March 30, 2019, respectively, below:

Rate

	<u>2020</u>	<u>2019</u>
Employees' compensation	0.3%	0.3%
Remuneration of directors	2%	2%

Amount

	<u>2020</u>	<u>2019</u>
Employees' compensation	<u>\$ 2,475</u>	<u>\$ 2,369</u>
Remuneration of directors	<u>\$ 16,503</u>	<u>\$ 15,793</u>

If there is a change in the amounts after the annual consolidated financial statements are approved for issue, the differences shall be treated as a change in the accounting estimate in the following year.

The actual appropriations of employees' compensation and remuneration of directors for the years ended December 31, 2019 and 2018 at the Corporation were different from the amounts recognized in the annual consolidated financial statements, and the differences between the amounts had been adjusted in profit or loss for the years ended December 31, 2020 and 2019.

	<u>2019</u>		<u>2018</u>	
	<u>Employees' compensation</u>	<u>Remuneration of directors</u>	<u>Employees' compensation</u>	<u>Remuneration of directors</u>
Amount of appropriation resolved by the Board of Directors	<u>\$ 2,369</u>	<u>\$ 11,845</u>	<u>\$ 2,338</u>	<u>\$ 14,906</u>
Amount recognized in the annual financial statements	<u>\$ 2,369</u>	<u>\$ 15,793</u>	<u>\$ 2,243</u>	<u>\$ 14,277</u>

For information on the employees' compensation and remuneration of directors for the years ended December 31, 2020 and 2019 as resolved by the Corporation's Board of Directors, please visit the "Market Observation Post System" of Taiwan Stock Exchange Corporation.

26. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Major components of income tax expenses are as follows:

	<u>2020</u>	<u>2019</u>
Current income tax		
In respect of the current year	\$247,586	\$226,427
Income tax on unappropriated earnings	4,834	6,767
Adjustments for previous years	(<u>9,018</u>)	<u>499</u>
	234,402	233,693
Deferred tax		
In respect of the current year	3,050	24,194
Changes in tax rates	(<u>3,096</u>)	<u>-</u>
Income tax expenses recognized in profit or loss	<u>\$243,356</u>	<u>\$257,887</u>

The reconciliation for accounting income and income tax expenses is as follows:

	<u>2020</u>	<u>2019</u>
Profit before income tax from continuing operations	<u>\$ 1,024,490</u>	<u>\$ 1,011,898</u>
Income tax expenses at statutory rate	\$ 413,073	\$ 268,436
Non-deductible expenses in determining taxable income	6,385	-
Tax-exempt income	(167,830)	(23,634)
Effect of changes in tax rate	(3,096)	-
Effect of deferred income tax on subsidiary earnings		
Income tax on unappropriated earnings	4,834	6,767
Unrecognized temporary differences	(992)	6,817
Current income tax expenses from previous years	(<u>9,018</u>)	(<u>499</u>)
Income tax expenses recognized in profit or loss	<u>\$ 243,356</u>	<u>\$ 257,887</u>

b. Income tax recognized in other comprehensive income

	2020	2019
Deferred income tax		
Differences on translation of foreign operations	\$ 7,728	\$ 10,469
Remeasurement of defined benefit plans	<u>4,968</u>	(<u>471</u>)
Income tax recognized in other comprehensive income	<u>\$ 12,696</u>	<u>\$ 9,998</u>

c. Current tax assets and liabilities

	December 31, 2020	December 31, 2019
Current tax assets		
Tax refunds receivable	<u>\$ 570</u>	<u>\$ -</u>
Current tax liabilities		
Income tax payable	<u>\$ 150,784</u>	<u>\$ 146,237</u>

d. Deferred tax assets and liabilities

Changes in deferred tax assets and liabilities are as follows:

2020

	Balance on January 1	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Balance at End of Year
<u>Deferred tax assets</u>					
Temporary differences					
Differences on translation of foreign operations	\$ 28,247	\$ -	\$ 7,728	\$ -	\$ 35,975
Refund Liabilities	5,779	(227)	-	-	5,552
Provision of allowances	4,518	3,230	-	-	7,748
Write-downs of inventories	5,300	456	-	-	5,756
Contract liabilities	1,114	596	-	-	1,710
Actuarial profit or loss of pension	38,369	(734)	4,968	-	42,603
Provision of other employee benefit liabilities	-	9,409	-	-	9,409
Leave benefit payable	7,512	411	-	-	7,923
Defined benefit plans	1,246	(1,246)	-	-	-
Unrealized loss on exchange	58	(7)	-	-	51
Others	<u>2,732</u>	<u>3,456</u>	<u>-</u>	<u>2,906</u>	<u>9,094</u>
	<u>\$ 94,875</u>	<u>\$ 15,344</u>	<u>\$ 12,696</u>	<u>\$ 2,906</u>	<u>\$ 125,821</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Foreign long-term investment income	\$ 177,202	\$ 5,596	\$ -	\$ -	\$ 182,798
Defined benefit plans	10,710	9,743	-	-	20,453
Reserve for land value increment tax	100,359	-	-	-	100,359
Actuarial profit or loss of pension	358	(358)	-	-	-
Unrealized exchange gains or losses	1	362	-	-	363
Others	<u>3,085</u>	<u>(45)</u>	<u>-</u>	<u>(1,295)</u>	<u>1,745</u>
	<u>\$ 291,715</u>	<u>\$ 15,298</u>	<u>\$ -</u>	<u>(\$ 1,295)</u>	<u>\$ 305,718</u>

2019

	Balance on January 1	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Balance at End of Year
<u>Deferred tax assets</u>					
Temporary differences					
Differences on translation of foreign operations	\$ 17,778	\$ -	\$ 10,469	\$ -	\$ 28,247
Refund Liabilities	-	5,779	-	-	5,779
Provision of allowances	9,205	(4,687)	-	-	4,518
Write-downs of inventories	7,295	(1,995)	-	-	5,300
Contract liabilities	1,114	-	-	-	1,114
Actuarial profit or loss of pension	38,701	-	(332)	-	38,369
Leave benefit payable	7,104	408	-	-	7,512
Defined benefit plans	1,113	133	-	-	1,246
Unrealized loss on exchange	-	58	-	-	58
Others	<u>2,023</u>	<u>709</u>	<u>-</u>	<u>-</u>	<u>2,732</u>
	<u>\$ 84,333</u>	<u>\$ 405</u>	<u>\$ 10,137</u>	<u>\$ -</u>	<u>\$ 94,875</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Foreign long-term investment income	\$ 156,553	\$ 20,649	\$ -	\$ -	\$ 177,202
Defined benefit plans	7,457	3,253	-	-	10,710
Reserve for land value increment tax	100,359	-	-	-	100,359
Actuarial profit or loss of pension	219	-	139	-	358
Unrealized exchange gains or losses	9	(8)	-	-	1
Others	<u>2,380</u>	<u>705</u>	<u>-</u>	<u>-</u>	<u>3,085</u>
	<u>\$ 266,977</u>	<u>\$ 24,599</u>	<u>\$ 139</u>	<u>\$ -</u>	<u>\$ 291,715</u>

e. Income tax assessment

The income tax returns filed as at December 31, 2018 by the Corporation, Yung Shin Pharmaceutical Industrial Co., Ltd., Vetrone Animal Health Co. Ltd., and Angel Associates (Taiwan), Inc. have been approved by the revenue service authority.

27. EARNINGS PER SHARE

	(In NT\$ per Share)	
	2020	2019
Basic earnings per share		
Total basic earnings per share	<u>\$ 2.97</u>	<u>\$ 2.81</u>
Diluted earnings per share		
Total diluted earnings per share	<u>\$ 2.97</u>	<u>\$ 2.81</u>

Earnings and the weighted average number of shares of common stock used for calculation of earnings per share are as follows:

Net profit for the year

	2020	2019
Net profit attributable to owners of the Corporation	\$791,720	\$748,601
Effect of potentially dilutive ordinary shares:		
Bonuses issued to employees	<u>-</u>	<u>-</u>
Earnings used in the computation of diluted earnings per share from continuing operations	<u>\$791,720</u>	<u>\$748,601</u>

Number of shares

	(In Thousands of Shares)	
	2020	2019
Weighted average number of ordinary shares in computation of basic earnings per share	266,365	266,365
Effect of potentially dilutive ordinary shares:		
Bonuses issued to employees	<u>69</u>	<u>69</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>266,434</u>	<u>266,434</u>

If the Group may choose between stocks or cash for distribution for employees' compensation, it shall assume stocks would be distributed in the calculation of diluted earnings per share. The potential shares of common stock with dilutive effect shall be incorporated in the weighted average number of shares outstanding when the Group calculates the diluted earnings per share. Such dilutive effect of the potential shares is included in the computation

of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

28. DISPOSAL OF SUBSIDIARIES

- a. The Group signed an agreement to dispose of isRed Pharma & Biotech Research Co., Ltd., which was responsible for the testing and sale of pharmaceuticals and cosmetics and the sale of medicines. The Group completed the disposal of the subsidiary on September 1, 2019 and lost control over the subsidiary.

1) Consideration received

	isRed Pharma & Biotech Research Co., Ltd.
Total consideration received	<u>\$ 10,000</u>

2) Analysis of assets and liabilities over which the Group lost control

	isRed Pharma & Biotech Research Co., Ltd.
Current assets	
Cash and cash equivalents	\$ 39,978
Accounts receivable	1,353
Accounts receivable from related parties	1,170
Prepayments	472
Non-current assets	
Property, plant and equipment	14,158
Deferred tax assets	407
Intangible assets	39
Other non-current assets	567
Current liabilities	
Other payables	(2,118)
Other current liabilities	(34,462)
Net assets disposed of	<u>\$ 21,564</u>

3) Loss on disposal of subsidiaries

	isRed Pharma & Biotech Research Co., Ltd.
Consideration received	\$ 10,000
Decrease in capital surplus	(12,727)
Net assets disposed of	(21,564)
Loss on disposal	<u>(\$ 24,291)</u>

4) Net cash generated from disposal of subsidiaries

	isRed Pharma & Biotech Research Co., Ltd.
Consideration received in cash and cash equivalents	\$ 10,000
Less: Balance of cash and cash equivalents disposed of	(<u>39,978</u>) (<u>\$ 29,978</u>)

- b. Ashin Company Limited completed the liquidation process in February 2020, and the loss on disposal of subsidiaries amounted to NT\$4,080 thousand, which was the cumulative exchange difference from the reclassification of equity to profit or loss.
- c. Chung Shin (JiangSu) Clinical Research Co., Ltd. completed the liquidation process in December 2020, and the gain on disposal of subsidiaries amounted to NT\$1,484 thousand, which was the cumulative exchange difference from reclassification of equity to profit or loss.

29. CAPITAL MANAGEMENT

The Group's objectives when managing capital are based on the industrial scale , considering future growth and product development in the industry, and setting appropriate market share, as well as plan for 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.

30. FINANCIAL INSTRUMENTS

- a. Fair value of financial instruments that are not measured at fair value

The disclosures of fair value are not required for financial instruments that are not measured at fair value with carrying amount approximating fair value.

- b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2020

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at fair value through profit or loss				
Non-financial assets				
Product development investment agreements	\$ -	\$ -	\$ 23,868	\$ 23,868
Financial assets at fair value through other comprehensive income				
Investments in equity instruments				
Listed shares	\$ 7,234	\$ -	\$ -	\$ 7,234
Unlisted shares	-	-	42,809	42,809
Total	<u>\$ 7,234</u>	<u>\$ -</u>	<u>\$ 42,809</u>	<u>\$ 50,043</u>

December 31, 2019

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at fair value through other comprehensive income				
Investments in equity instruments				
Listed shares	\$ 10,586	\$ -	\$ -	\$ 10,586
Unlisted shares	-	-	59,660	59,660
Total	<u>\$ 10,586</u>	<u>\$ -</u>	<u>\$ 59,660</u>	<u>\$ 70,246</u>

There were no transfers between Levels 1 and 2 for the year ended December 31, 2020 and 2019.

2) Reconciliation of Level 3 fair value measurements of financial instruments

2020

Financial Assets	Financial Assets at Fair Value through Profit or Loss	Financial Assets at Fair Value through Other Comprehensive Income	Total
Balance on January 1	\$ -	\$ 59,660	\$ 59,660
Additions	23,868	-	23,868
Disposal	-	(10,020)	(10,020)
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at fair value through other comprehensive income)	-	(6,831)	(6,831)
Balance on December 31	<u>\$ 23,868</u>	<u>\$ 42,809</u>	<u>\$ 66,677</u>

2019

Financial Assets	Financial Assets at Fair Value through Profit or Loss	Financial Assets at Fair Value through Other Comprehensive Income	Total
Balance on January 1	\$ -	\$ 43,714	\$ 43,714
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at fair value through other comprehensive income)	-	15,946	15,946
Balance on December 31	<u>\$ -</u>	<u>\$ 59,660</u>	<u>\$ 59,660</u>

3) Valuation techniques and inputs applied for Level 3 fair value measurement

	Fair Value on December 31, 2020	Valuation Technique	Significant Unobservable Input	Range (Average Weighted)	Relationship between Inputs and Fair Value
Financial assets at fair value through profit or loss					
Investments in non-derivative financial assets	\$ 23,868	Recent investment price	-	-	-
Financial assets at fair value through other comprehensive income					
Investments in equity instruments	42,809	Comparable companies in the market	P/B Lack of liquidity discount	0.54 to 4.43 35	The higher the multiple and control premium, the higher the fair value

	Fair Value at December 31, 2019	Valuation Technique	Significant Unobservable Input	Range (Average Weighted)	Relationship between Inputs and Fair Value
Financial assets at fair value through other comprehensive income					
Investments in equity instruments	\$ 59,660	Comparable companies in the market	P/B Lack of liquidity discount	0.06 to 2.38 35	The higher the multiple and control premium, the higher the fair value

c. Categories of financial instruments

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Mandatorily classified as fair value through profit or loss	\$ 23,868	\$ -
Financial assets at amortized cost (Note 1)	3,434,931	3,468,110
Financial assets at fair value through other comprehensive income (Note 2)	50,043	70,246
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (Note 3)	4,973,824	4,985,362

Note 1: The balance included financial assets at amortized cost, which comprised cash and cash equivalents, financial assets at amortized cost, notes receivable, accounts receivable, accounts receivable from related parties, other receivables, restricted assets and refundable deposits (classified as other non-current assets).

Note 2: The balance included financial assets at fair value through other comprehensive income - non-current.

Note 3: The balance included financial liabilities at amortized cost, which comprised short-term borrowings, notes payable, accounts payable, accounts payable to related parties, other payables, and long-term borrowings (included current portion).

d. Financial risk management objectives and policies

The Group's day-to-day business 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 policy focuses on steady management and does not seek to minimize 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.

1) Market risk

Due to the Group's business activities, the main financial risks borne by the Group are currency risk (see (1) below) and interest rate risk (see (2) below).

The Group's exposure to market risk of financial instruments and its management and measurement of such exposure remain unchanged.

(1) Currency risk

Please refer to Note 35 for the carrying amounts of significant monetary assets and monetary liabilities denominated in currencies other than the Group's functional currency on the balance sheet date.

Sensitivity analysis

The Group is exposed mainly to RMB, USD, and JPY fluctuations.

The sensitivity analysis includes only outstanding monetary items denominated in foreign currencies and is used to adjust the translation at the end of the period to a 1% change in the exchange rate.

A positive number below the following table indicates a decrease in pre-tax profit and other equity associated with the New Taiwan dollar strengthening 1% against the relevant currency.

For a 1% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit and other equity, and the balances below would be negative.

Effect on Profit or Loss	2020	2019
USD	\$ 1,495	\$ 2,561
RMB	252	895
JPY	261	321

In management's opinion, sensitivity analysis was unrepresentative of the inherent foreign exchange risk. The exposure at the end of the reporting period did not reflect the exposure during the period because sales were seasonal.

(2) Interest rate risk

By taking out loans at both the fixed rate and the floating rate at the same time, the Group is exposing to interest rate risk.

Sensitivity analysis

The sensitivity analysis below is prepared based on the risk exposure of derivative and non-derivative instruments to the interest rates at the balance sheet date. For floating rate liabilities, the analysis is prepared assuming the amount of each liability outstanding at the end of the reporting period is outstanding for the whole year.

If the interest rate increases/decreases by 10 basis points, with other variables held constant, the Group's profit before income tax will decrease by NT\$1,998 thousand and NT\$2,306 thousand for the years ended December 31, 2020 and 2019, respectively.

(3) Other price risks

The Group is exposed to equity price risk through its investments in listed equity securities. Equity investments are held for strategic rather than trading purposes. The Group does not actively trade these investments. The Group adopts sensitivity analysis to measure the equity price risk.

Sensitivity analysis

The sensitivity analysis below is determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 1% higher/lower, the pre-tax other comprehensive income for the year ended December 31, 2020 and 2019 would increase/decrease by NT\$623 thousand and NT\$702 thousand, respectively, as a result of the changes in financial assets at fair value through other comprehensive income.

2) Credit risk

Credit risk refers to the risk of financial loss of the Group caused by the counterparty's default of contractual obligations. As at the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation could arise from the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

The accounts receivable of the Group cover a large number of customers and spread across different industries and geographical regions. The Group continuously evaluates the business and financial status of the customers and monitors the collection of accounts receivable.

The credit risk on liquid funds and derivatives is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Group manages its 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 analyzing 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 utilization of credit limits is regularly monitored.

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 more than 60 days past due based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

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.

The Group adopts the assumptions under IFRS 9, the default occurs when the contract payments are more than 90 days past due.

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.

The Group uses the forecast ability to adjust historical and timely information to assess the default possibility of accounts receivable and contract assets. As of December 31, 2020 and 2019, the loss rate methodology is as follows:

	December 31, 2020		
	Individual	Group	Total
Expected loss rate	-	1.26%	-
Total book value	\$ -	\$ 1,386,058	\$ 1,386,058
Loss allowance	-	17,419	17,419
	December 31, 2019		
	Individual	Group	Total
Expected loss rate	-	0.95%	-
Total book value	\$ -	\$ 1,601,259	\$ 1,601,259
Loss allowance	-	15,212	15,212

Information regarding changes in the allowance for doubtful accounts of notes and accounts receivable is as follows:

	2020			2019		
	Notes Receivable	Accounts Receivable	Total	Notes Receivable	Accounts Receivable	Total
Balance on January 1	\$ 1,608	\$15,212	\$16,820	\$ 1606	\$22,180	\$23,786
Impairment loss (gain on reversal) in the current year	(374)	2,577	2,203	-	(5,369)	(5,369)
Actual write-off in the current year	-	(480)	(480)	-	(1,156)	(1,156)
Difference of foreign exchange	(13)	110	97	2	(443)	(441)
Balance at End of Year	<u>\$1,221</u>	<u>\$17,419</u>	<u>\$18,640</u>	<u>\$1,608</u>	<u>\$15,212</u>	<u>\$16,820</u>

3) Liquidity risk

Financing line

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Bank overdraft (reviewed annually)		
- Amount utilized	\$ 3,469,143	\$ 3,545,715
- Amount unutilized	<u>2,169,911</u>	<u>2,334,988</u>
	<u>\$ 5,639,054</u>	<u>\$ 5,880,703</u>

Cash flow forecasting is performed by each operating entity of the Group and compiled by the Group's finance department. The Group's finance department 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, and compliance with internal balance sheet ratio targets.

Liquidity and interest rate risks

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables are drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay.

December 31, 2020

	Less than 1 Year	1 to 2 Years	2 to 5 Years	Above 5 Years	Total
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$1,504,681	\$ -	\$ -	\$ -	\$1,504,681
Lease liabilities	31,970	28,535	8,943	49	69,497
Short-term borrowings	2,540,067	-	-	-	2,540,067
Long-term borrowings (included current portion)	<u>20,092</u>	<u>813,061</u>	<u>118,115</u>	<u>-</u>	<u>951,268</u>
	<u>\$4,096,810</u>	<u>\$841,596</u>	<u>\$127,058</u>	<u>\$ 49</u>	<u>\$5,065,513</u>

December 31, 2019

	Less than 1 Year	1 to 2 Years	2 to 5 Years	Above 5 Years	Total
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$1,439,647	\$ -	\$ -	\$ -	\$1,439,647
Lease liabilities	29,120	24,783	23,789	-	77,692
Short-term borrowings	2,955,388	-	-	-	2,955,388
Long-term borrowings (included current portion)	<u>313,461</u>	<u>208,312</u>	<u>107,481</u>	<u>-</u>	<u>629,254</u>
	<u>\$4,737,616</u>	<u>\$233,095</u>	<u>\$131,270</u>	<u>\$ -</u>	<u>\$5,101,981</u>

31. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Group and its related parties have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

a. The Group related parties and their relationship

<u>Related Party</u>	<u>Relationship with the Group</u>
Yung Zip Chemical Ind. Co., Ltd.	Associate
Y.S.P. Southeast Asia Holding Bhd.	Associate
Y.S.P. Industries(M) Sdn. Bhd.	Associate
Taiwan Way Chein Industrial Co., Ltd.	Associate
Fang-Chen Lee, Fang-Yu Lee, etc.	Substantial related party
Yung Shin Amusement Co., Ltd.	Substantial related party
Yung Shin Social Welfare Foundation	Substantial related party
TienTe Lee Biomedical Foundation	Substantial related party
Yung Shin Elderly Nursing Home	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
Wei-Chen Tang, etc.	Substantial related party

b. Operating revenue

<u>Financial Statement Account</u>	<u>Relationship with the Group</u>	<u>2020</u>	<u>2019</u>
Sale of goods	Associate	\$ 182,779	\$ 173,399
	Substantial related party	<u>3,284</u>	<u>11,068</u>
		<u>\$ 186,063</u>	<u>\$ 184,467</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 are 135 days after sale of goods.

c. Purchases

<u>Relationship with the Group</u>	<u>2020</u>	<u>2019</u>
Associate	\$ 80,607	\$ 67,241
Substantial related party	<u>3,756</u>	<u>1,447</u>
	<u>\$ 84,363</u>	<u>\$ 68,688</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 becomes due in 180 days.

d. Operating expenses

Relationship with the Group	2020	2019
Associate	\$ 279	\$ 524
Substantial related party	<u>7,167</u>	<u>7,998</u>
	<u>\$ 7,446</u>	<u>\$ 8,522</u>

e. Other revenue

Relationship with the Group	2020	2019
Associate	\$ 3,256	\$ 1,954
Substantial related party	<u>1,690</u>	<u>648</u>
	<u>\$ 4,946</u>	<u>\$ 2,602</u>

f. Contribution expenses (classified as operating expenses)

Relationship with the Group	2020	2019
Substantial related party	<u>\$ 8,300</u>	<u>\$ 8,870</u>

g. Receivables from related parties

Financial Statement Account	Relationship with the Group/ related party	December 31, 2020	December 31, 2019
Accounts receivable	Y.S.P. Industries(M) Sdn. Bhd.	\$ 24,112	\$ 54,731
	Associate	2,702	3,841
	Substantial related party	<u>18</u>	<u>1,081</u>
		<u>26,832</u>	<u>59,653</u>
Other receivables	Yung Shin (Meishan) Forest Trading Co., Ltd.	11,333	11,333
	Associate	75	-
	Substantial related party	<u>19</u>	<u>-</u>
		<u>11,427</u>	<u>11,333</u>
		<u>\$ 38,259</u>	<u>\$ 70,986</u>

h. Payables to related parties

Financial Statement Account	Relationship with the Group/ related party	December 31, 2020	December 31, 2019
Accounts payable	Yung Zip Chemical Ind. Co., Ltd.	\$ 19,186	\$ 29,720
	Associate	144	353
	Substantial related party	<u>711</u>	<u>36</u>
		<u>20,041</u>	<u>30,109</u>
Other payables	TienTe Lee		
	Biomedical Foundation	1,000	-
	Associate	<u>104</u>	<u>-</u>
		<u>1,104</u>	<u>-</u>
		<u>\$ 21,145</u>	<u>\$ 30,109</u>

i. Borrowings from related parties (classified as other payables)

Relationship with the Group	December 31, 2020	December 31, 2019
Substantial related party	<u>\$ -</u>	<u>\$ 240</u>

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

j. Disposal of subsidiaries

In the third quarter of 2019, the Board of Directors approved the sale of 100% equity of isRed Pharma & Biotech Research Co., Ltd. to the related party, Director Fang-Yu Lee, and others, and completed the transaction in the third quarter of 2019. isRed Pharma & Biotech Research Co., Ltd. is currently not a subsidiary of the Corporation. Please refer to Note 28 (a) for more details.

k. Lease arrangements

The Group leases out investment properties of land and buildings to associates and substantial related parties. The Group receives fixed monthly lease payments according to rental rate for similar assets.

Relationship with the Group	2020	2019
Associate	\$ 656	\$ 656
Substantial related party	<u>181</u>	<u>181</u>
	<u>\$ 837</u>	<u>\$ 837</u>

1. Disposal of property, plant and equipment

Relationship with the Group	Proceeds from Disposal	
	2020	2019
Associate	\$ <u>3</u>	\$ <u>-</u>

Relationship with the Group	Gain on Disposal	
	2020	2019
Associate	\$ <u>3</u>	\$ <u>-</u>

m. Key management compensation

Relationship with the Group	2020	2019
Short-term employee benefits	\$ 21,261	\$ 41,025
Post-employment benefits	<u>83</u>	<u>35</u>
	\$ <u>21,344</u>	\$ <u>41,060</u>

The remuneration of directors and key management compensation are determined by the Remuneration Committee based on the individual performances.

32. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets have been provided as collateral for certain short-term borrowings, long-term borrowings, performance guarantees, and other credit accommodations:

	December 31, 2020	December 31, 2019
Land	\$ 608,243	\$ 694,355
Buildings and structures	153,459	205,153
Refundable deposits	59,479	125,143
Restricted assets (classified as other non-current assets)	<u>4,000</u>	<u>4,000</u>
	\$ <u>825,181</u>	\$ <u>1,028,651</u>

33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

a. Capital expenditures contracted for at the balance sheet date but unrecognized are as follows:

	December 31, 2020	December 31, 2019
Property, plant and equipment	\$ <u>63,055</u>	\$ <u>135,421</u>

- b. The subsidiary, Yung Shin Pharmaceutical Industrial Company Limited, appointed other biotechnology companies to authorize and transfer technology and research and development. Expenses that have not been recognized from signed contracts are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Authorization and transfer of technology and research and development	<u>\$ 67,470</u>	<u>\$ 76,596</u>

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

- c. The Group preventively withdrew 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 contained genotoxicity ingredients. As of March 30, 2021, there was no lawsuit related to this event.
- d. As to 7 real estates at issue, No. 311, 314, 315, 316, 316-1, 317 and 325, Xianren Rd., Dajia Dist., Taichung City, Taiwan (R.O.C.), which were under the joint ownership of Yung Shin Pharmaceutical Industrial Company Limited (the appellant) and others. One of the joint owners filed a lawsuit of partition of common property with the Taiwan Taichung District Court. On May 24, 2018, the Court held that the estates at issue should be under the sole ownership of Yung Shin Pharmaceutical Industrial Company Limited, and the rest of the joint owners should be compensated. Yung Shin Pharmaceutical Industrial Company Limited 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. Yung Shin Pharmaceutical Industrial Company Limited appealed during the peremptory period. On June 24, 2019, the Taiwan High Court Taichung Branch Court affirmed the decision of the District Court of Taichung, concluding that Yung Shin Pharmaceutical Industrial Company Limited was entitled to the sole ownership of the estates at issue, and that the rest of the joint owners should be compensated. No appeal had been filed during the peremptory period, so the case had been affirmed. The title of the estates had been transferred and the payment was made.

34. OTHER MATTERS

The Group evaluated the economic impact caused by the COVID-19 pandemic, and as of the date of publication of the consolidated financial statements, there had been no significant impact on the Group. The Group will continue to observe the relevant pandemic situation and evaluate its impact.

35. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information is expressed in aggregate in foreign currencies other than the individual functional currency of the Group, and the disclosed exchange rate refers to the conversion rate of such foreign currencies into the functional currency. Significant assets and liabilities denominated in foreign currencies are as follows:

December 31, 2020

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 8,072	28.48 (USD:NTD)	\$ 229,891
RMB	5,784	4.36 (RMB:NTD)	25,246
JPY	95,735	0.28 (JPY:NTD)	<u>26,452</u>
			<u>\$ 281,589</u>
<u>Non-monetary items</u>			
Investments accounted for using the equity method			
MYR	127,445	6.99 (MYR:NTD)	<u>\$ 891,417</u>
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	2,821	28.48 (USD:NTD)	\$ 80,342
JPY	1,396	0.28 (JPY:NTD)	<u>386</u>
			<u>\$ 80,728</u>

December 31, 2019

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assests</u>			
<u>Monetary items</u>			
USD	\$ 13,852	29.98 (USD:NTD)	\$ 415,283
RMB	20,755	4.31 (RMB:NTD)	89,454
HKD	8,325	3.85 (HKD:NTD)	32,051
			<u>\$ 536,788</u>
<u>Non-monetary items</u>			
Investments accounted for using the equity method			
MYR	123,121	7.33 (MYR:NTD)	<u>\$ 902,477</u>
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	5,311	29.98 (USD:NTD)	<u>\$ 159,224</u>

For the years ended December 31, 2020 and 2019, the Group generated the currency exchange losses of NT\$21,066 thousand and NT\$9,896 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the group entities.

36. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and b. Investees:

- 1) Financing provided to others. (Table 1)
- 2) Endorsements/guarantees provided. (Table 2)
- 3) Marketable securities held (excluding investments in subsidiaries, associates, and joint ventures). (Table 3)
- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital. (None)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital. (None)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital. (None)

- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 4)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (None)
- 9) Trading in derivative instruments: As of December 31, 2020, the carrying amount of trading in derivative instruments is NT\$0. Please refer to Note 25 (c) for more details.
- 10) Intercompany relationships and significant intercompany transactions. (Table 5)
- 11) Information on investees. (Table 6)

c. Information on investments in mainland China

- 1) Information on invested companies in mainland China, including the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, gain or loss on investments, carrying amount of investment at the end of the period, gain or loss on repatriated investment and limit of investments in mainland China. (Table 7)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year. (None)
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year. (None)
 - c) The amount of property transactions and the amount of the resultant gains or losses. (None)
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes. (Table 2)
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds. (Table 1)

- f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receiving of services.
(None)

- d. Information on major shareholders: The name of major shareholders, number of shares, and percentage of ownership for those who holds 5% or more of ownership. (None)

37. SEGMENT 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, USA, mainland China, and Japan. The Group derives its revenue primarily from the manufacturing and sale of pharmaceuticals and cosmetics.

a. Segment revenue and results

	2020				
	Taiwan	USA	Mainland China	Japan	Total
Segment revenue	<u>\$5,535,189</u>	<u>\$ 620,737</u>	<u>\$1,371,694</u>	<u>\$ 557,044</u>	<u>\$8,084,664</u>
Segment profit or loss	<u>\$ 922,597</u>	<u>(\$ 36,809)</u>	<u>\$ 27,504</u>	<u>\$ 47,814</u>	\$ 961,106
Interest income					3,917
Other income					80,848
Other gains and losses					(62,673)
Finance costs					(45,544)
Share of profit or loss of associates accounted for using the equity method					<u>86,836</u>
Profit before income tax					<u>\$1,024,490</u>
Depreciation and amortization					<u>\$ 402,583</u>

	2019				
	Taiwan	USA	Mainland China	Japan	Total
Segment revenue	<u>\$5,454,976</u>	<u>\$ 624,705</u>	<u>\$1,403,418</u>	<u>\$ 708,432</u>	<u>\$8,191,531</u>
Segment profit or loss	<u>\$ 885,048</u>	<u>\$ 78,177</u>	<u>(\$ 143,398)</u>	<u>\$ 72,077</u>	\$ 891,904
Interest income					3,935
Other income					73,792
Other gains and losses					14,250
Finance costs					(70,676)
Share of profit or loss of associates accounted for using the equity method					<u>98,693</u>
Profit before income tax					<u>\$1,011,898</u>
Depreciation and amortization					<u>\$ 396,341</u>

The measurement of inter-segment sales was based on market value.

Segment profit represented the profit before income tax earned by each geographical segment without the allocation of interest income, other income, other gains and losses, finance costs, share of profit or loss of associates accounted for using the equity method, and income tax expenses. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Total segment assets and liabilities

Information on the measure of assets and liabilities of the Group is not provided for the chief operating decision maker, so no disclosure is required.

c. Main operating revenue

The analysis of the main operating revenue of the Group's continuing operations is as follows:

	2020	2019
Pharmaceuticals and cosmetics	<u>\$ 8,084,664</u>	<u>\$ 8,191,531</u>

The Group is principally engaged in the manufacture and trading of pharmaceuticals and cosmetics. As it operates in a single industry, no financial information by industry is disclosed.

d. Regional information

The Group mainly operates in Taiwan.

The Group's revenue made by continuing operations from external customers classified by the location of the business and the non-current assets are as follows:

	Revenue from External Customers		Non-current Assets	
	2020	2019	December 31, 2020	December 31, 2019
Taiwan	\$ 4,803,482	\$ 5,454,976	\$ 3,862,257	\$ 3,967,411
USA	662,807	624,705	281,681	342,700
Mainland China	1,626,747	1,403,418	501,861	530,594
Others	<u>991,628</u>	<u>708,432</u>	<u>150,878</u>	<u>138,777</u>
	<u>\$ 8,084,664</u>	<u>\$ 8,191,531</u>	<u>\$ 4,796,677</u>	<u>\$ 4,979,482</u>

Non-current assets do not include assets classified as financial instruments, investments accounted for using the equity method, and deferred income tax assets.

e. Information on major customers

No revenue from a single customer had exceeded 10% of the Group's total revenue for the years ended December 31, 2020 and 2019.

YUNGSHIN GLOBAL HOLDING CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2020

Table 1 (In Thousands of New Taiwan Dollars and Foreign Currencies)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Balance at End of Period (Note 3)	Actual Amount Used	Interest Rate	Nature of Financing	Business Transaction Amount	Reason for Short- term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 2)	Aggregate Financing Limit (Note 2)	Remark
													Name	Value			
1	Shanghai Yung Zip Pharmaceutical Trading Co., Ltd.	Chung Shin (JiangSu) Clinical Research Co., Ltd.	Other receivables	Yes	\$ 21,898 (RMB 5,000)	\$ 21,824 (RMB 5,000)	\$ - (RMB -)	-	Short-term financing	\$ -	Operating working capital	\$ -	-	\$ -	\$ 35,313	\$ 35,313	-
1	Shanghai Yung Zip Pharmaceutical Trading Co., Ltd.	Yung Shin Pharmaceutical Ind. (Kunshan) Co., Ltd.	Other receivables	Yes	8,759 (RMB 2,000)	8,730 (RMB 2,000)	- (RMB -)	-	Short-term financing	-	Operating working capital	-	-	-	35,313	35,313	-

Note 1: The numbers filled in for financing provided are described as follows:

- (1) The Corporation is “0.”
- (2) The investee companies are numbered in order starting from “1.”

Note 2: The aggregate financing limit is 40% of the Corporation’s net worth.

Note 3: The outstanding loan amounts are converted at the spot exchange rates prevailing at December 31, 2020.

Note 4: The consolidated subsidiaries’ ending balances were excluded from the consolidation.

YUNGSHIN GLOBAL HOLDING CORPORATION AND SUBSIDIARIES
ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2020

Table 2 (In Thousands of New Taiwan Dollars)

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed/Guaranteed for the Period	Outstanding Endorsement/Guarantee at the End of the Period (Note 5)	Actual Amount Used	Amount Endorsed/Guaranteed by Collateral	Ratio of Accumulated Endorsement/Guarantee to Net Equity in Latest Financial Statements	Aggregate Endorsement/Guarante e Limit (Note 4)	Endorsement/G uarantee Given by Parent on Behalf of Subsidiaries	Endorsement/G uarantee Given by Subsidiaries on Behalf of Parent	Endorsement/G uarantee Given on Behalf of Companies in Mainland China	Remark
		Name	Relationship (Note 2)											
0	YungShin Global Holding Corporation	Chemix Inc.	2	\$ 1,257,154	\$ 326,624	\$ 326,034	\$ 138,150	\$ -	5.19%	\$ 3,142,884	Yes	No	No	-
		Yung Shin Pharmaceutical Ind. (Kunshan) Co., Ltd.	2	1,257,154	864,300	854,400	-	-	13.59%	3,142,884	Yes	No	Yes	-
1	Vetnostrum Animal Health Co., Ltd.	Carlsbad Technology, Inc.	2	1,257,154	1,740,124	1,720,192	734,471	-	27.37%	3,142,884	Yes	No	No	(Note 7)
		Vetnostrum Animal Health Co., Ltd.	-	180,100	10,000	10,000	5,000	-	1.11%	450,251	No	No	No	Note 6

Note 1: The numbers filled in for endorsements/guarantees provided are described as follows:
(1) The Corporation is “0.”
(2) The subsidiaries are numbered in order starting from “1.”

Note 2: The relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; the number of category in each case belongs to:
(1) Having a 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 limit for endorsement/guarantee cannot exceed 20% of the Corporation’ s net worth for single business being endorsed.

Note 4: The upper limit for endorsement/guarantee cannot exceed 50% of the Corporation’ s net worth for total outside party being endorsed/guaranteed.

Note 5: The outstanding endorsement/guarantee amounts are converted at the spot exchange rates prevailing at December 31, 2020.

Note 6: The letter of guarantee was provided to customs (Taipei customs, Customs Administration, Ministry of Finance) by the bank for the importation of goods.

Note 7: Due to the early convention of the Board of Directors, the amount of endorsement/guarantee was calculated repeatedly. The actual endorsement/guarantee was provided within the limit.

YUNGSHIN GLOBAL HOLDING CORPORATION AND SUBSIDIARIES
MARKETABLE SECURITIES HELD
DECEMBER 31, 2020

Table 3

(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Remark
				Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value (Note 1)	
Chemix Inc.	Stock - Sawai Pharmaceutical Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	5,108	\$ 6,605	-	\$ 6,605	-
	Stock - Ana Holding Inc.	None	Financial assets at fair value through other comprehensive income - non-current	1,000	629	-	629	-
Yung Shin Pharmaceutical Industrial Co., Ltd.	Stock - Missioncare Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	3,161,052	31,081	2.17%	31,081	-
	Stock - Missioncare Asset Management Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	1,338,947	11,706	2.11%	11,706	-
	Stock - Limited Liability Fengyuan Medical Waste Disposal Equipment Used Cooperatives	None	Financial assets at fair value through other comprehensive income - non-current	1,000	8	0.07%	8	-
	Stock - International Green Handle Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	1,567	14	0.07%	14	-
Angel Associates (Taiwan), Inc.	Stock - YungShin Global Holding Corporation	Parent company	Financial assets at fair value through other comprehensive income - non-current	58,059	1,958	0.02%	2,595	Note 2

Note 1: Unlisted shares were measured by valuation techniques and inputs applied for Level 3 fair value. Please refer to Note 30.
Note 2: The book value of this security was transferred to treasury stock.

YUNGSHIN GLOBAL HOLDING CORPORATION AND SUBSIDIARIES
TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020

Table 4

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Counterparty	Relationship	Transaction Details				Payment Terms and Reason for Abnormal Transaction		Accounts/Notes Receivable or Payable		Remark
			Purchases or Sales	Amount	% to Total Purchases or Sales	Credit Period	Unit Price	Credit Period	Balance	% to Total Notes/Accounts Receivable or Payable	
Yung Shin Pharmaceutical Industrial Co., Ltd.	Vetnostrum Animal Health Co., Ltd.	The same ultimate parent company	Sales	\$ 217,482	4.60%	Payment due within 60 to 120 days upon delivery	Negotiated by both parties	Payment due within 60 to 120 days upon delivery	\$ 84,422	10.31%	-

Note 1: The consolidated subsidiaries' ending balances were excluded from the consolidation.

YUNGSHIN GLOBAL HOLDING CORPORATION AND SUBSIDIARIES
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2020

Table 5 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Company Name	Counterparty	Relationship (Note 2)	Transaction Details (Notes 3 and 5)			
				Financial Statement Account	Amount	Payment Terms	% to Total Revenue or Assets
1	Yung Shin Pharmaceutical Industrial Co., Ltd.	Vetnostrum Animal Health Co., Ltd.	3	Sales	\$ 217,482	(Note 4)	3%
1	Yung Shin Pharmaceutical Industrial Co., Ltd.	Vetnostrum Animal Health Co., Ltd.	3	Accounts receivable	84,422	(Note 4)	1%
1	Yung Shin Pharmaceutical Industrial Co., Ltd.	Chemix Inc.	3	Sales	46,599	(Note 4)	1%
1	Yung Shin Pharmaceutical Industrial Co., Ltd.	Chemix Inc.	3	Accounts receivable	11,995	(Note 4)	-
1	Yung Shin Pharmaceutical Industrial Co., Ltd.	Carlsbad Technology, Inc.	3	Sales	15,299	(Note 4)	-
1	Yung Shin Pharmaceutical Industrial Co., Ltd.	Carlsbad Technology, Inc.	3	Accounts receivable	17,723	(Note 4)	-
2	Shanghai Yung Zip Pharmaceutical Trading Co., Ltd.	Yung Shin Pharmaceutical Industrial Co., Ltd.	3	Sales	49,888	(Note 4)	1%
3	Yung Shin Pharmaceutical Ind. (Kunshan) Co., Ltd.	Carlsbad Technology, Inc.	3	Sales	45,610	(Note 4)	1%

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: The relationship between a company and its counterparty is classified into the following three categories, the number of category in each case belongs to:
(1) Parent company to subsidiary.
(2) Subsidiary to parent company.
(3) Subsidiary to subsidiary.

Note 3: Regarding the percentage of transaction amount to consolidated total operating revenue or total assets, it is computed based on period-end balance of transaction to consolidated total assets of balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues of income statement accounts.

Note 4: The transaction terms are comparable with those for third parties.

Note 5: A transaction is disclosed if it amounts to more than NT\$10,000 thousand.

Note 6: The consolidated subsidiaries’ ending balances were excluded from the consolidation.

YUNGSHIN GLOBAL HOLDING CORPORATION AND SUBSIDIARIES
INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2020

Table 6 (In Thousands of New Taiwan Dollars and Foreign Currencies)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2020			Net Profit or Loss of the Investee (Note 1)	Share of Profit or Loss (Note 1)	Remark
				December 31, 2020	December 31, 2019	Number of Shares	Percentage of Ownership (%)	Carrying Amount (Note 1)			
YungShin Global Holding Corporation	Yung Shin Pharmaceutical Industrial Co., Ltd.	Taiwan	Manufacturing and trading of medicine and cosmetics	\$ 4,151,196	\$ 5,405,799	66,648,417	100.00	\$ 3,314,711	\$ 744,366	\$ 750,022	Subsidiary
	YSP International Company Limited	British Virgin Islands	Trade, investment, and other related businesses	1,208,096	1,208,096	10,000	100.00	1,845,716	(8,372)	26,753	Subsidiary
	Vetnostrum Animal Health Co., Ltd.	Taiwan	Manufacturing and trading of medicine	1,254,603	-	55,000,000	100.00	1,227,945	103,659	55,843	Subsidiary
	Chemix Inc.	Japan	Trading of medicine	JPY880,000 ≒270,248	JPY880,000 ≒270,248	192	100.00	369,072	JPY34,829 ≒9,644	9,098	Subsidiary
	Yung Zip Chemical Ind. Co., Ltd.	Taiwan	Manufacturing and sale of active pharmaceutical ingredients	152,968	152,968	8,817,302	20.81	165,065	30,742	5,144	Associate (Note 3)
	Antec Biotech Co., Ltd.	Taiwan	Extraction, manufacturing, and sale of wood products	170,095	170,095	17,200,000	100.00	52,668	2	2	Subsidiary
	Ashin Company Limited	Japan	Manufacturing and trading of medicine	-	JPY50,000 ≒18,729	-	-	-	(JPY563) ≒(158)	(158)	Subsidiary
Yung Shin Pharmaceutical Industrial Co., Ltd.	Vetnostrum Animal Health Co., Ltd.	Taiwan	Manufacturing and trading of medicine	-	805,555	-	-	-	103,659	-	Subsidiary (Note 8)
	Angel Associates (Taiwan), Inc.	Taiwan	Import/export trade	3,675	3,675	3,675	73.50	9,627	2,029	-	Sub-subsiary (Note 4)
	Biotrust International Corporation Ltd.	Taiwan	Biopharmaceutical research and technical services	66,500	66,500	8,750,000	35.00	195,451	69,012	-	Associate (Note 3)
	Yung Shin China Holding Co., Ltd.	Cayman Islands	Trade, investment, and other related businesses	894,016	894,016	29,541,265	89.81	748,786	(1,458)	-	Sub-subsiary (Notes 4 and 6)
YSP International Company Limited	Carlsbad Technology, Inc.	USA	Manufacturing and trading of medicine	USD20,515 ≒621,193	USD20,515 ≒621,193	1,002,874	82.60	20,208	(USD2,307) ≒(68,175)	-	Sub-subsiary (Notes 4 and 5)
	Y.S.P. Southeast Asia Holding Bhd.	Malaysia	Biopharmaceutical research and technical services	MYR52,366 ≒500,615	MYR52,366 ≒500,615	52,365,605	37.20	891,417	MYR21,975 ≒154,051	-	Associate (Notes 3 and 4)
	Yung Shin Company Limited	Hong Kong	Sale of medicine	HKD7,720 ≒30,087	HKD7,720 ≒30,087	7,720	96.50	46,011	HKD448 ≒1,708	-	Sub-subsiary (Note 4)

Note 1: The amount of net profit or loss of the investee is converted at the average exchange rates for the year ended December 31, 2020, while other amounts are converted at the spot exchange rates prevailing at December 31, 2020.

Note 2: Please refer to Table 7 for information on investees in mainland China.

Note 3: The associate is a reinvestment accounted for using the equity method.

Note 4: Investment income (loss) is recognized through subsidiaries.

Note 5: The Corporation and Yung Zip Chemical Ind. Co., Ltd. hold a 82.60% and 2.82% equity interest in Carlsbad Technology, Inc., respectively. The group’ s consolidated ownership in Carlsbad Technology, Inc. is 83.19%.

Note 6: The Corporation and Yung Zip Chemical Ind. Co., Ltd. hold a 89.81% and 10.19% equity interest in Yung Shin China Holding Co., Ltd., respectively. The group’ s consolidated ownership in Yung Shin China Holding Co., Ltd. is 91.93%.

Note 7: The profit or loss of investments between investee companies, long-term equity investments, and the net equity of investee companies were all eliminated during the preparation of the consolidated financial statements except for Yung Zip Chemical Ind. Co., Ltd., Biotrust International Corporation Ltd., and Y.S.P. Southeast Asia Holding Bhd.

Note 8: On May 7, 2020, under the approval of the Board of Director that had been authorized to exercise the rights on behalf of the shareholders’ meeting, Yung Shin Pharmaceutical Industrial Co., Ltd. underwent capital reduction by returning cash to shareholders in exchange for long-term equity. The recorded capital reduction date was set on July 1, 2020, Yung Shin Pharm. Ind. Co., Ltd. refund to the only shareholder (the Corporation) with 100% equity of its subsidiary, Vetnostrum Animal Health Co., Ltd. After the capital reduction, the Corporation holds 100% ownership of Vetnostrum Animal Health Co., Ltd.

YUNGSHIN GLOBAL HOLDING CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA

FOR THE YEAR ENDED DECEMBER 31, 2020

Table 7 (In Thousands of New Taiwan Dollars and Foreign Currencies)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investments from Taiwan as of January 1, 2020	Investment Flows		Accumulated Outward Remittance for Investments from Taiwan as of December 31, 2020	Net Income (Loss) of the Investee	Percentage of Ownership in Direct or Indirect Investment	Investment Income (Loss)	Carrying Amount as of December 31, 2020	Accumulated Repatriation of Investment Income as of December 31, 2020	Remark
					Outflow	Inflow							
Yung Shin Pharmaceutical Ind. (Kunshan) Co., Ltd.	Production and sale of Western medicine, finished pharmaceuticals, APIs, and chemical intermediates	RMB126,271 ≈ 468,483	2	RMB113,209 ≈ 409,904	\$ -	\$ -	RMB113,209 ≈ 409,904	RMB8,591 ≈ 36,791	82.42%	\$ 30,323	\$ 613,161	\$ -	Note 2
Shanghai Yung Zip Pharmaceutical Trading Co., Ltd.	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	RMB33,525 ≈ 121,120	2	USD4,000 ≈ 121,120	-	-	USD4,000 ≈ 121,120	(RMB71) ≈ (305)	91.93%	(280)	87,541	-	Note 2
Farmtec Research Co., Ltd.	Trading based on contracts for technology and pharmaceutical related technology development, patent rights, verification registration, and clinical regulatory appointments	RMB17,087 ≈ 75,700	2	-	-	-	-	(RMB1,115) ≈ (4,775)	91.93%	(4,390)	4,643	-	Note 2
Globecare Trading (Shanghai) Co., Ltd.	Sale of health and beauty products, cosmetics, medicines, and raw material drugs, and trading of production equipment	RMB17,667 ≈ 78,844	2	-	-	-	-	(RMB1,249) ≈ (5,347)	70.04%	(3,745)	11,729	-	Note 3
Chung Shin (JiangSu) Clinical Research Co., Ltd.	Technology research and development, transfer, consultation, and technology import/export in the medicinal chemistry, biotechnology, and health industries	RMB29,123 ≈ 128,358	2	USD4,200 ≈ 128,358	-	-	USD4,200 ≈ 128,358	(RMB5,997) ≈ (25,682)	91.93%	(23,609)	-	-	Note 2
Jilin Perrit Biotech Limited	Production of pharmaceutical intermediates, production and sale of active pharmaceutical ingredients, sale of chemical products, and development and service of chemical technology and biotechnology	RMB36,668 ≈ 160,047	3	-	-	-	-	RMB3,859 ≈ 16,526	2.25%	-	12,221	-	Note 7

	Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2020 (Note 4)	Investment Amounts Authorized by Investment Commission, M.O.E.A. (Note 5)	Upper Limit on the Amount of Investment Stipulated by the Investment Commission, M.O.E.A. (Note 6)
YungShin Global Holding Corporation	\$ 659,382	\$ 834,179	\$ 3,945,757

Note 1: Investment methods are classified into the following three categories, the number of category in each case belongs to:
(1) Directly invest in a company in mainland China.
(2) Invest in an existing company in the third area, which then invests in the investee in mainland China.
(3) Others.

Note 2: The Corporation and Yung Zip Chemical Ind. Co., Ltd. hold a 89.81% and 10.19% equity interest in YungShin China Holding Co., Ltd. respectively. The group’ s consolidated ownership in YungShin China Holding Co., Ltd. is 91.93%. YungShin China Holding Co., Ltd. hold a 89.66% equity interest in YungShin Pharmaceutical Ind. (KunShan) Co., Ltd. The group’ s consolidated ownership in YungShin Pharmaceutical Ind. (KunShan) Co., Ltd. is 82.42%.

Note 3: The Corporation and Yung Zip Chemical Ind. Co., Ltd. hold a 89.81% and 10.19% equity interest in YungShin China Holding Co., Ltd., respectively. YungShin China Holding Co., Ltd. and Y.S.P. Southeast Asia Holding Bhd. (an investment accounted for using the equity method) hold a 60.00% and 40.00% equity interest in Globecare Trading Co., Ltd., respectively. The group’ s consolidated ownership in Globecare Trading Co., Ltd. is 70.04%.

Note 4: The amount remitted from Taiwan was USD22,160 thousand.

Note 5: The approved investment amount by the Ministry of Economic Affairs, R.O.C. amounting to US\$29,290 thousand was converted at the spot exchange rate of 28.48:1 (NTD:USD) prevailing on December 31, 2020.

Note 6: Calculated in accordance with the “Rules on Review of Investment and Technology Cooperation in mainland China” of the Ministry of Economic Affairs (60% of net worth).

Note 7: The Group holds a 2.25% equity interest in Jilin Perrit Biotech Limited. As the Group has 2 of 5 directors of Jilin Perrit Biotech Limited, it has significant influence and is thus classified as an associate.

Note 8: The profit or loss of investments between investee companies, long-term equity investments, and the net equity of investee companies were all eliminated during the preparation of the consolidated financial statements.

V. Individual financial report for the latest year audited and approved by accountants

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders of YungShin Global Holding Corporation

Opinion

We have audited the accompanying financial statement of YungShin Global Holding Corporation (the “Corporation”) which comprise the balance sheets as of December 31, 2020, the statements of comprehensive income, changes in equity, and cash flows for the year then ended, and the related notes to the financial statements, including a summary of significant accounting policies.

In our opinions, based on our audit results and the audit reports of other auditors (please refer to the Other Matters section of our report), the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with the Regulations Governing 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 (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Corporation 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 responsibilities in accordance with the Code. Based on our audit results and the audit reports of other auditors, 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 judgment, were of most significance in our audit of the Corporation's financial statements for the year ended December 31, 2020. These

matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Corporation's financial statements for the year ended December 31, 2020 are stated as follows:

Investment under equity method - subsidiaries' operating revenue

The net operating revenue for the year ended December 31, 2020 was mainly attributable to the share of profit or loss of subsidiaries accounted for using equity method amounting to NT\$841,560 thousand, representing 98.33% of the net operating revenue. The effect of share of profit or loss of corporation was mainly attributable from the operating revenue of subsidiaries. For the year ended December 31, 2020, subsidiaries' operating revenue from major growing customers amounted to NT\$2,780,607 thousand, accounting for 34.39% of consolidated operating revenue. As the amount of revenue from major growing customers was significant, revenue from major growing customers was identified as a key audit matter for the year ended December 31, 2020. Please refer to Note 4 to the consolidated financial statements for an explanation of the accounting policy on revenue recognition.

The main audit procedures for the aforementioned key audit matters are as follows:

1. Understood and tested the design and effectiveness of internal controls for operating revenue.
2. Sampling basis, whether freight bill were signed to acknowledge the receipt and were consistent with the invoices in terms of products and quantities and the amounts of revenue recognized.
3. Reviewed the reasonableness of the collection of accounts receivable and confirmed whether the accounts and amounts of receivable were consistent with the recognition of revenue.

Other Matters

Included in the financial statements above, the financial statements of some associates for the year ended December 31, 2020 were audited by other auditors. Therefore, our opinion on the parts in relation to investments in the aforementioned associates accounted for using equity method, share of profit or loss of associates accounted for using equity method, and share of comprehensive income of associates accounted for using equity method, and information on investees was solely based on the audit opinion of other auditors. As of December 31, 2020, the balance of investments

in the aforementioned associates using equity method was NT\$1,667,015 thousand, accounting for 23.51% of the total assets, and comprehensive income of the associates for the year then ended amounted to NT\$97,449 thousand, accounting for 13.22% of the total comprehensive income.

The Corporation's financial statements for the year ended December 31, 2019 were audited by other auditors, who then issued an audit report containing the unqualified opinion and the Other Matters section on March 30, 2020.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 ensure the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

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

Those charged with governance, including the Audit Committee, are responsible for overseeing the Corporation's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditors' 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 the 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 the financial statements.

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

1. Identify and assess the risks of material misstatements of the 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 Corporation's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and relevant 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 Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
5. Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Corporation to express an opinion on the 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 financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our audit 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.

Deloitte & Touche

CPA Tung-Feng Lee

CPA Chih-Yuan Chen

Securities and Futures Bureau Approval
Document No.

Tai-Cai-Zheng-Liu-Zi No. 0930128050

Financial Supervisory Commission Approval
Document No.

Jin-Guan-Zheng-Shen-Zi No. 1060023872

March 30, 2021

Notice to Readers

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

For the convenience of readers, the independent auditors' audit report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' audit report and financial statements shall prevail.

YUNGSHIN GLOBAL HOLDING CORPORATION

BALANCE SHEETS

DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

Code	ASSETS	December 31, 2020		December 31, 2019	
		Amount	%	Amount	%
	CURRENT ASSETS				
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 54,608	1	\$ 69,997	1
1200	Other receivables - related parties (Notes 4 and 21)	17,326	-	12,202	-
1220	Current tax assets (Notes 4 and 16)	556	-	-	-
1410	Prepayments	2,176	-	1,340	-
11XX	Total current assets	<u>74,666</u>	<u>1</u>	<u>83,539</u>	<u>1</u>
	NON-CURRENT ASSETS				
1550	Investments accounted for using the equity method (Notes 4 and 7)	6,975,177	98	6,805,936	98
1600	Property, plant and equipment (Notes 4 and 8)	1,517	-	2,037	-
1755	Right-of-use assets (Notes 4 and 9)	2,139	-	3,767	-
1780	Intangible assets (Note 4)	1,948	-	4,119	-
1840	Deferred tax assets (Notes 4 and 16)	36,027	1	28,740	1
1990	Other non-current assets	3	-	3	-
15XX	Total non-current assets	<u>7,016,811</u>	<u>99</u>	<u>6,844,602</u>	<u>99</u>
1XXX	TOTAL ASSETS	<u>\$ 7,091,477</u>	<u>100</u>	<u>\$ 6,928,141</u>	<u>100</u>
	LIABILITIES AND EQUITY				
	CURRENT LIABILITIES				
2100	Short-term borrowings (Note 10)	\$ -	-	\$ 160,000	2
2219	Other payables (Note 11)	22,929	1	20,360	-
2230	Current tax liabilities (Notes 4 and 16)	7,199	-	3,687	-
2280	Lease liabilities - current (Notes 4 and 9)	1,458	-	2,244	-
2320	Current portion of long-term borrowings (Note 10)	-	-	300,000	5
2399	Other current liabilities (Note 21)	12,942	-	12,529	-
21XX	Total current liabilities	<u>44,528</u>	<u>1</u>	<u>498,820</u>	<u>7</u>
	NON-CURRENT LIABILITIES				
2540	Long-term borrowings (Note 10)	460,000	6	-	-
2570	Deferred tax liabilities (Notes 4 and 16)	182,910	3	177,203	3
2580	Lease liabilities - non-current (Notes 4 and 9)	717	-	1,883	-
2640	Net defined benefit liabilities (Note 4)	-	-	119	-
25XX	Total non-current liabilities	<u>643,627</u>	<u>9</u>	<u>179,205</u>	<u>3</u>
2XXX	TOTAL LIABILITIES	<u>688,155</u>	<u>10</u>	<u>678,025</u>	<u>10</u>
	EQUITY (Note 13)				
3110	Share capital	2,664,230	37	2,664,230	38
3200	Capital surplus	2,146,301	30	2,143,919	31
	Retained earnings				
3310	Legal reserve	648,691	9	573,689	8
3320	Special reserve	265,965	4	243,197	4
3350	Unappropriated earnings	983,579	14	892,485	13
3300	Total retained earnings	<u>1,898,235</u>	<u>27</u>	<u>1,709,371</u>	<u>25</u>
3400	Other equity	(304,005)	(4)	(265,965)	(4)
3500	Treasury shares	(1,439)	-	(1,439)	-
3XXX	TOTAL EQUITY	<u>6,403,322</u>	<u>90</u>	<u>6,250,116</u>	<u>90</u>
	TOTAL LIABILITIES AND EQUITY	<u>\$ 7,091,477</u>	<u>100</u>	<u>\$ 6,928,141</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated March 30, 2021)

Chairman: Fang-Hsin Lee

President: Fang-HsinLee

Accounting Manager: Yu-Yi Lee

YUNGSHIN GLOBAL HOLDING CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code		2020		2019	
		Amount	%	Amount	%
4000	NET OPERATING REVENUE (Notes 4, 14 and 21)	\$ 855,830	100	\$ 917,231	100
6000	OPERATING EXPENSES (Notes 15 and 21)	<u>48,152</u>	<u>6</u>	<u>87,199</u>	<u>10</u>
6900	INCOME FROM OPERATIONS	<u>807,678</u>	<u>94</u>	<u>830,032</u>	<u>90</u>
	NON-OPERATING INCOME AND EXPENSES (Notes 15 and 21)				
7100	Interest income	249	-	719	-
7010	Other income	9,160	1	2,567	1
7020	Other gains and losses	(6,140)	(1)	(55,108)	(6)
7050	Finance costs	(4,797)	-	(6,702)	(1)
7000	Total non-operating income and expenses	(1,528)	-	(58,524)	(6)
7900	PROFIT BEFORE INCOME TAX	806,150	94	771,508	84
7950	INCOME TAX EXPENSE (Notes 4 and 16)	<u>14,430</u>	<u>2</u>	<u>22,907</u>	<u>3</u>
8200	NET PROFIT (LOSS) FOR THE YEAR	<u>791,720</u>	<u>92</u>	<u>748,601</u>	<u>81</u>
	OTHER COMPREHENSIVE INCOME (LOSS)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8330	Share of other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method - items that will not be reclassified to profit or loss	(23,848)	(3)	20,528	2

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Code		2020		2019	
		Amount	%	Amount	%
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translating the financial statements of foreign operations	(\$ 16,546)	(2)	(\$ 30,902)	(3)
8380	Share of other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method - items that may be reclassified subsequently to profit or loss	(22,100)	(2)	(21,445)	(2)
8399	Income tax relating to items that may be reclassified subsequently to profit or loss (Note 16)	<u>7,728</u>	<u>1</u>	<u>10,469</u>	<u>1</u>
8300	Other comprehensive income (loss) for the period, net of income tax	(<u>54,766</u>)	(<u>6</u>)	(<u>21,350</u>)	(<u>2</u>)
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 736,954</u>	<u>86</u>	<u>\$ 727,251</u>	<u>79</u>
	EARNINGS PER SHARE (Note 17)				
	From continuing operations				
9750	Basic	<u>\$ 2.97</u>		<u>\$ 2.81</u>	
9850	Diluted	<u>\$ 2.97</u>		<u>\$ 2.81</u>	

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

(With Deloitte & Touche auditors' report dated March 30, 2021)

Chairman: Fang-Hsin Lee

President: Fang-Hsin Lee

Accounting Manager: Yu-Yi Lee

YUNGSHIN GLOBAL HOLDING CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

Code		Share Capital	Capital Surplus	Retained Earnings (Note 13)				Other Equity		Total	Treasury Shares	Total
		(Note 13)	(Note 13)	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income			
A1	BALANCE ON JANUARY 1, 2019	<u>\$ 2,664,230</u>	<u>\$ 2,118,665</u>	<u>\$ 503,491</u>	<u>\$ 261,289</u>	<u>\$ 780,703</u>	<u>\$ 1,545,483</u>	<u>(\$ 245,562)</u>	<u>\$ 2,365</u>	<u>(\$ 243,197)</u>	<u>(\$ 1,439)</u>	<u>\$ 6,083,742</u>
	Appropriation of 2018 earnings											
B1	Legal reserve	-	-	70,198	-	(70,198)	-	-	-	-	-	-
B3	Special reserve reversed	-	-	-	(18,092)	18,092	-	-	-	-	-	-
B5	Cash dividends distributed by the Corporation	-	-	-	-	(586,131)	(586,131)	-	-	-	-	(586,131)
	Subtotal	-	-	70,198	(18,092)	(638,237)	(586,131)	-	-	-	-	(586,131)
C7	Changes in capital surplus from investments in associates accounted for using the equity method	-	25,254	-	-	-	-	-	-	-	-	25,254
D1	Net profit for year ended 2019	-	-	-	-	748,601	748,601	-	-	-	-	748,601
D3	Other comprehensive income (loss) for year ended 2019	-	-	-	-	1,418	1,418	(41,878)	19,110	(22,768)	-	(21,350)
D5	Total comprehensive income (loss) for year ended 2019	-	-	-	-	750,019	750,019	(41,878)	19,110	(22,768)	-	727,251
Z1	BALANCE ON DECEMBER 31, 2019	<u>2,664,230</u>	<u>2,143,919</u>	<u>573,689</u>	<u>243,197</u>	<u>892,485</u>	<u>1,709,371</u>	<u>(287,440)</u>	<u>21,475</u>	<u>(265,965)</u>	<u>(1,439)</u>	<u>6,250,116</u>
	Appropriation of 2019 earnings											
B1	Legal reserve	-	-	75,002	-	(75,002)	-	-	-	-	-	-
B3	Special reserve appropriated	-	-	-	22,768	(22,768)	-	-	-	-	-	-
B5	Cash dividends distributed by the Corporation	-	-	-	-	(586,130)	(586,130)	-	-	-	-	(586,130)
	Subtotal	-	-	75,002	22,768	(683,900)	(586,130)	-	-	-	-	(586,130)
C7	Changes in capital surplus from investments in associates accounted for using the equity method	-	2,288	-	-	-	-	-	-	-	-	2,288
M1	Adjustment to capital surplus from dividends paid to subsidiary	-	94	-	-	-	-	-	-	-	-	94
Q1	Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	5,442	5,442	-	(5,442)	(5,442)	-	-
D1	Net profit for year ended 2020	-	-	-	-	791,720	791,720	-	-	-	-	791,720
D3	Other comprehensive income (loss) for year ended 2020	-	-	-	-	(22,168)	(22,168)	(30,918)	(1,680)	(32,598)	-	(54,766)
D5	Total comprehensive income (loss) for year ended 2020	-	-	-	-	769,552	769,552	(30,918)	(1,680)	(32,598)	-	736,954
Z1	BALANCE ON DECEMBER 31, 2020	<u>\$ 2,664,230</u>	<u>\$ 2,146,301</u>	<u>\$ 648,691</u>	<u>\$ 265,965</u>	<u>\$ 983,579</u>	<u>\$ 1,898,235</u>	<u>(\$ 318,358)</u>	<u>\$ 14,353</u>	<u>(\$ 304,005)</u>	<u>(\$ 1,439)</u>	<u>\$ 6,403,322</u>

The accompanying notes are an integral part of the parent company only financial statements.
(With Deloitte & Touche auditors' report dated March 30, 2021)

Chairman: Fang-HsinLee

President: Fang-HsinLee

Accounting Manager: Yu-Yi Lee

YUNGSHIN GLOBAL HOLDING CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

Code		2020	2019
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Profit before income tax	\$ 806,150	\$ 771,508
A20010	Adjustments for:		
A20100	Depreciation	2,325	7,665
A20200	Amortization	2,171	2,471
A20900	Finance costs	4,797	6,702
A21200	Interest income	(249)	(719)
A22300	Share of profit or loss of subsidiaries and associates accounted for using the equity method	(846,704)	(906,764)
A22500	Net loss on disposal of property, plant and equipment	-	3,694
A29900	Loss on disposal of subsidiaries	4,080	24,291
A30000	Changes in operating assets and liabilities		
A31180	Other receivables - related parties	(5,124)	(1,429)
A31230	Prepayments	(836)	1,337
A32180	Other payables	2,702	(20,665)
A32230	Other current liabilities	579	11,347
A32240	Net defined benefit liabilities	(119)	-
A33000	Cash generated from operations	(30,228)	(100,562)
A33100	Interest received	249	719
A33200	Cash dividends received from investments accounted for using the equity method	604,936	766,806
A33300	Interest paid	(4,930)	(6,712)
A33500	Income tax paid	(5,326)	(153)
AAAA	Net cash generated from operating activities	<u>564,701</u>	<u>660,098</u>
	CASH FLOWS FROM INVESTING ACTIVITIES		
B01800	Acquisition of investments accounted for using the equity method	-	(70,000)
B02300	Net cash generated from disposal of subsidiaries	8,234	10,000
B02700	Acquisition of property, plant and equipment	-	(873)
B03800	Decrease in refundable deposits	-	1,238
B04400	Decrease in other receivables from related parties	-	45,000
B04500	Payments for intangible assets	-	(2,092)
BBBB	Net cash generated from (used in) investing activities	<u>8,234</u>	<u>(16,727)</u>

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Code		2020	2019
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00100	Proceeds from short-term borrowings	\$ -	\$ 310,000
C00200	Repayments of short-term borrowings	(160,000)	(430,000)
C01600	Proceeds from long-term borrowings	460,000	-
C01700	Repayments of long-term borrowings	(300,000)	-
C04020	Repayment of the principal portion of lease liabilities	(2,194)	(5,082)
C04500	Cash dividends paid	(586,130)	(586,131)
CCCC	Net cash used in financing activities	(588,324)	(711,213)
EEEE	NET DECREASE IN CASH AND CASH EQUIVALENTS	(15,389)	(67,842)
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>69,997</u>	<u>137,839</u>
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 54,608</u>	<u>\$ 69,997</u>

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

(With Deloitte & Touche auditors' report dated March 30, 2021)

Chairman: Fang-Hsin Lee

President: Fang-Hsin Lee

Accounting Manager: Yu-Yi Lee

YUNGSHIN GLOBAL HOLDING CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

YungShin Global Holding Corporation (the "Corporation") was established in January 2011. The Corporation is mainly engaged in investing.

The Corporation was incorporated on January 3, 2011, through a share swap with YungShin Pharmaceutical Industrial Company Limited, and the Corporation'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 Corporation.

On July 1, 2020, YungShin Pharmaceutical Industrial Company Limited refunded to the Corporation 100% equity of its subsidiary, Vetnostrum Animal Health Co., Ltd., through capital reduction. Vetnostrum Animal Health Co., Ltd. is now a wholly-owned subsidiary of the Corporation.

The financial statements are presented in the Corporation's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Corporation's Board of Directors on March 30, 2021.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (the FSC)

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Corporation's accounting policies.

b. The IFRSs endorsed by the FSC and effective from 2021

New, Amended and Revised IFRSs	Effective Date Announced by the IASB
Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”	Effective immediately upon announcement by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - “Interest Rate Benchmark Reform - Phase 2”	Effective for annual reporting periods beginning on January 1, 2021
Amendments to IFRS 16 "Covid-19-Related Rent Concessions"	Effective for annual reporting periods beginning on June 1, 2020

As of the date of publication of the financial statements, the Corporation has been assessing the effects on its financial position and financial performance of other amendments to the standards and interpretations. Any relevant effects will be disclosed when the assessment is completed.

c. The IFRSs in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised IFRSs	Effective Date Announced by the IASB (Note 1)
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 2)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 6)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 7)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 4)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 5)

Note 1: Unless stated otherwise, the above new, amended and revised IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The amendments to IFRS 9 are applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting

periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” are applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” are applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Note 6: These amendments are applicable prospectively to the annual reporting periods beginning on or after January 1, 2023.

Note 7: These amendments are applicable prospectively to accounting estimates and accounting policies changed in the annual reporting periods beginning on or after January 1, 2023.

As of the date of publication of the financial statements, the Corporation has been assessing the effects on its financial position and financial performance of the aforementioned amendments to the standards and interpretations. Any relevant effects will be disclosed when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

The financial statements have been prepared on the historical cost basis.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for the asset or liability.

The Corporation accounts for investments in subsidiaries using the equity method in the preparation of the financial statements. In order for the amounts of net profit for the year, other comprehensive income for the year, and equity in the financial statements to be the same with the amount attributable to owners of the Corporation in the Corporation's consolidated financial statements, accounting treatment differences between the cooperation and consolidated basis were adjusted through "Equity-accounted investments," "Share of profits of subsidiaries accounted for using equity method," and "Share of other comprehensive income of subsidiaries accounted for using equity method" and other related equity items.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for trading purposes;
- 2) Assets expected to be realized within 12 months after the balance sheet date; and
- 3) Cash and cash equivalents, excluding those that are restricted for being used to exchange or settle liabilities beyond 12 months after the balance sheet date.

Current liabilities include:

- 1) Liabilities held primarily for trading purposes;
- 2) Liabilities due to be settled within 12 months after the balance sheet date (liabilities with long-term refinancing or rearrangement of payment terms completed after the balance sheet date and before the publication of the financial statements are also deemed as current liabilities); and
- 3) Liabilities with a repayment deadline that cannot be unconditionally deferred for at least 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 issuance of equity instruments, do not affect its classification.

The Corporation classifies all other assets or liabilities that are not specified above as non-current.

d. Foreign currencies

The Corporation prepares financial statements, traders of currencies (foreign currencies) other than the functional currency of the Corporation shall convert them into functional currency records according to the exchange rate of the trading date.

Monetary items denominated in foreign currencies are translated at the closing rates on the balance sheet date. Exchange differences arising on the settlement or on translating of monetary items are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are translated at the exchange rates prevailing at the date when the fair value was determined. The resulting exchange difference is recognized in profit or loss, except for items whose changes in fair value are recognized in other comprehensive income, where the resulting exchange difference is recognized in other comprehensive income.

Non-monetary items measured at historical cost that are denominated in foreign currencies are translated at the exchange rates prevailing on the transaction dates and are not re-translated.

The assets and liabilities of foreign operations (including foreign subsidiaries or subsidiaries using a currency different from the Corporation's) are translated into New Taiwan dollars at the rate of exchange prevailing on the balance sheet date. Income and expenses are translated at the average rate of the year. The exchange differences arising are recognized in other comprehensive income.

e. Investments in subsidiaries

The Corporation accounts for investments in subsidiaries using the equity method.

Subsidiaries are entities controlled by the Corporation.

Under the equity method, the investment is initially treated at cost and adjusted thereafter for the post-acquisition changes in the Corporation's share of profit or loss, share of other comprehensive income in subsidiaries, and changes in earnings distribution from subsidiaries. In addition, changes in other equity of the subsidiary attributable to the Corporation shall be recognized in accordance with the Corporation's shareholding percentage.

When a change in the Corporation's ownership interests in a subsidiary does not cause a loss of control over the subsidiary, it shall be treated as an equity transaction. The difference between the carrying amount of the investment and the fair value of consideration paid or collected shall be directly recognized in equity.

When the Corporation's share of losses of a subsidiary equals or exceeds its interest in that subsidiary (including any carrying amount of the investment accounted for by the equity method and long-term interests that, in substance, form part of the Corporation's net investment in the subsidiary), the Corporation shall continue to recognize losses based on the shareholding percentage.

Any excess of the cost of acquisition over the Corporation's share of the net fair value of the identifiable assets and liabilities of a subsidiary recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and shall not be amortized. Any excess of the Corporation's share of the net fair value of the identifiable assets and liabilities of a subsidiary over the cost of acquisition is recognized immediately in profit or loss.

When the Corporation assesses impairment, the test shall be performed on the basis of cash generating unit within the financial statements. The recoverable amount and the carrying amount of cash generating unit shall be compared. If the recoverable amount of the asset later increases, the reversal of the impairment loss shall be recognized as profits, but the carrying amount of the asset after reversal of impairment loss shall not exceed the carrying amount of the asset before recognizing the impairment loss, net of amortization. Impairment loss attributable to goodwill shall not be reversed in subsequent periods.

In the event of the Corporation losing control of a subsidiary, the Corporation shall recognize the difference between the remaining investment in the subsidiary calculated through fair value on the date of the loss of control, the fair value of the remaining investment, and any disposal prices and fees, and the carrying amount of the investment on the date of the loss of control in profit or loss of the period. In addition, the accounting practices for amounts of the subsidiary shown in other comprehensive profit or loss shall follow the same basis as that followed by the Corporation for direct disposal of related assets or liabilities.

The unrealized profit or loss in downstream transactions between the Corporation and the subsidiary shall be eliminated in the financial statements. Profit or loss generated in upstream transactions between the Corporation and subsidiaries or transactions between subsidiaries shall only be recognized in the financial statements when it is not related to the Corporation's interest in the subsidiaries.

f. Investment in associates

Associates are companies on which the Corporation has significant influence, but they are not the Corporation's subsidiaries.

The Corporation follows the equity method for investments in associates.

Under the equity method, the investment is initially treated at cost and adjusted thereafter for the post-acquisition changes in the Corporation's share of profit or loss, share of other comprehensive income in associates, and changes in earnings distribution from associates. In addition, changes in the interests in associates are recognized based on the shareholding percentage.

Any excess of the cost of acquisition over the Corporation's share of the net fair value of the identifiable assets and liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and shall not be amortized. Any excess of the Corporation's share of the net fair value of the identifiable assets and liabilities of an associate over the cost of acquisition is recognized immediately in profit or loss.

When an associate issues new shares, if the Corporation fails to subscribe according to the shareholding ratio, resulting in the change of shareholding ratio and the increase or decrease of the net equity value of the investment, the increase or decrease of the capital reserve shall be adjusted - the equity method is adopted to recognize the changes in the net equity value of the associate and the equity method is adopted for investment. However, if the Corporation fails to subscribe to or acquire new shares based on its shareholding ratio and causes its ownership interest in the associate to decrease, the amounts related to the associate recognized in other comprehensive income (loss) shall be decreased proportionally and reclassified on the accounting basis as would be required if the associate had directly disposed of the related assets or liabilities. If the aforementioned adjustment is required to be credited to capital surplus but the capital

surplus derived from investment accounted for using equity method is not sufficient, the difference shall be temporarily credited to retained earnings.

When the Corporation's share of losses of an associate equals or exceeds its interest in that associate (including any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Corporation's net investment in the associate), the Corporation shall cease recognition of further losses. The Corporation shall only recognize additional losses and liabilities within the scope of occurred legal obligations, constructive obligations, or payments made on behalf of the associate.

To assess impairment, the Corporation shall consider the overall carrying amount of the investment as a single asset to compare the recoverable and carrying amounts for the impairment test. The recognized impairment shall not be allocated to any asset that constitutes part of the carrying amount of the investment. Any reversal of the impairment loss is recognized only to the extent of the subsequent increases in the recoverable amount of investment.

The Corporation shall suspend the use of the equity method on the day that its investment is no longer an associate and shall measure its retained equity in the original associate through fair value. The difference between the fair value, the disposal proceeds, and the carrying amount of the investment on the day the equity method ceases to apply shall be recognized in the profit or loss of the current period. In addition, the Corporation treats the amounts in relation to the associate as recognized in other comprehensive income on the same accounting basis as would be required if such assets or liabilities had been directly disposed of by the associate. For investment in associates that turns them into joint ventures or investment in joint ventures that turns them into associates, the Corporation shall continue to use the equity method and shall not reassess retained equity.

Profit or loss arising from upstream and downstream transactions between the Corporation and the associates or horizontal transactions between associates needs to be recognized in the financial statements to the extent that such recognition shall not affect the interests of the Corporation in the associates.

g. Property, plant and equipment

Property, plant and equipment is recognized at cost and subsequently measured at cost less accumulated depreciation and impairment.

Property, plant and equipment under construction is recognized at cost less accumulated impairment loss. The cost shall include professional service expenses and the borrowing costs eligible for capitalization. Such assets shall be classified into appropriate property, plant and equipment categories upon completion and reaching the expected use status, and then be depreciated.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment in its useful life is made on a straight-line basis for each major part/component separately. The Corporation reviews the estimated useful lives, residual value, and depreciation methods at least once at each financial year-end and applies the changes in accounting estimates prospectively.

When property, plant and equipment is derecognized, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Intangible assets

Intangible assets with definite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment losses. The amortization of intangible assets in their useful lives is made on a straight-line basis. The Corporation reviews the estimated useful lives, residual value, and amortization methods at least once at each financial year-end and applies the changes in accounting estimates prospectively. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated depreciation and impairment loss.

When intangible assets are derecognized, the difference between their net disposal proceeds and carrying amount is recognized in profit or loss.

i. Impairment of property, plant and equipment, right-of-use assets, and intangible assets

On each balance sheet date, the Corporation evaluates whether there is any indication that its property, plant and equipment, right-of-use assets, and intangible assets have suffered impairment losses. If there is an indication that an asset may be impaired, then the Corporation estimates the recoverable amount of such asset. If it is not possible to

estimate the recoverable amount of an individual asset, the Corporation determines the recoverable amount of the cash generating unit to which the asset belongs.

The recoverable amount is the fair value minus cost of sales or the value in use, whichever is higher. If the carrying amount of an individual asset or a cash generating unit is less than its recoverable amount, the carrying amount is reduced to its recoverable amount, with an impairment loss recognized in profit or loss.

If an impairment loss is reversed subsequently, the carrying amount of the asset, cash generating unit, or the asset in relation to contract costing is raised to its recoverable amount, provided that the increased carrying amount shall not exceed the carrying amount (less amortization or depreciation) that would have been determined had no impairment loss been recognized in prior years. The reversed impairment loss shall be recognized in profit or loss.

j. Financial instruments

Financial assets and liabilities are recognized in the parent company only balance sheets when the Corporation becomes a party to the contract of the financial instrument.

Financial assets and liabilities are recognized initially based on fair value plus transaction costs of their acquisition or issuance, if they are not measured at fair value through profit or loss. For financial assets and liabilities that are measured at fair value through profit or loss, such transaction costs are recognized immediately in profit or loss.

1) Financial assets

Trading of financial assets is recognized or derecognized in accordance with transaction date.

a) Types of measurement

Financial assets held by the Corporation are financial assets measured at amortized cost.

Financial assets at amortized cost

When the Corporation's investments in financial assets satisfy the following two conditions simultaneously, they are classified as financial assets at amortized cost:

- i. Held under a business model whose purpose of holding such financial assets is to collect the contractual cash flows; and
- ii. The contractual terms give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, such assets (including cash and cash equivalents and other receivables - related parties at amortized cost) are measured at amortized cost equal to the gross carrying amount as determined using the effective interest method less any impairment loss; any foreign exchange gain or loss arising therefrom is recognized in profit or loss.

Except for the following two circumstances, interest income is calculated by multiplying an effective interest rate by the gross carrying amount of such assets:

- i. In the case of purchased or originated credit-impaired financial assets, interest revenue is recognized by applying the credit-adjusted effective interest rate to the amortized cost.
- ii. In the case of a financial asset that is not a purchased or originated credit-impaired financial asset but subsequently has become credit-impaired, interest income is calculated by applying the effective interest rate to the amortized cost from the reporting period following the credit impairment.

Credit-impaired financial assets are those where the issuer or debtor has experienced major financial difficulties or defaults, the debtor is likely to claim bankruptcy or other financial restructuring, or disappearance of an active market for the financial asset due to financial difficulties.

Cash equivalents comprise time deposits that will mature within 3 months after the acquisition date, that are highly liquid and readily convertible to known amount of cash, and that are subject to an insignificant risk of changes in value. Cash equivalents are used to satisfy short-term cash commitments.

b) Impairment of financial assets

The Corporation evaluates credit losses on financial assets at amortized cost based on the expected credit loss (ECL) at each balance sheet date.

The impairment loss of all financial assets is reduced based on the allowance account.

c) Derecognition of financial assets

The Corporation de-recognizes the financial assets when the contractual rights to the cash inflow from the asset expire or when the Corporation transfers all the risks and rewards of ownership of the financial assets to other enterprises substantially.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received is recognized in profit or loss. On derecognition of debt instruments measured at fair value through other comprehensive income in its entirety, the difference between the financial asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss. The cumulative gain or loss will not be reclassified to profit or loss on derecognition of an equity instrument at fair value through other comprehensive income in its entirety; instead, it will be transferred to retained earnings.

2) Equity instruments

The debt and equity instruments issued by the Corporation are classified as financial liabilities or equity according to the substance of the contractual agreement and the definition of financial liabilities and equity instruments.

Equity instruments issued by the Corporation shall be recognized at the amount equal to the consideration received less the direct issue costs.

Repurchase of the Corporation's equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Corporation's equity instrument.

3) Financial liabilities

a) Subsequent measurement

All financial liabilities of the Corporation are subsequently measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

When a financial liability is de-recognized, the difference between the carrying amount and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

k. Revenue recognition

The Corporation identifies the performance obligations of contracts with the customers, the Corporation allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are met.

The primary business activity of the Corporation is to manage investees, with investment revenue and service revenue being the main sources of revenue.

l. Leases

At inception of a contract, the Corporation assesses whether the contracts is or contains a lease.

1) The Corporation as a lessor

Leases are classified as finance leases wherever the terms of a lease transfer substantially all of the risks and rewards of ownership are classified as finance leases. All other leases to the lessee.

Payments for operating leases less lease incentives are recognized during the relevant lease period as income based on the straight-line method. The initial direct costs arising from acquisition of operating leases is added to the carrying amount of the underlying assets; and an expense is recognized for the lease on a straight-line basis during the lease period.

2) The Corporation as a lessee

Except that payments for leases of low-value assets and short-term leases to which exemption is applicable are recognized as expenses on a straight-line basis over the lease term, other leases are recognized as right-of-use assets and lease liabilities on the lease start date.

Right-of-use assets are initially measured at cost (including the initially measured amount of lease liabilities, the lease payments paid before the commencement date, the initial direct cost, and the estimated cost of restoring underlying assets), and subsequently measured at cost less accumulated depreciation and accumulated impairment losses, and the re-measurement of the lease liabilities are adjusted accordingly. Right-of-use assets are expressed separately in the parent company only balance sheets.

Right-of-use assets are depreciated on a straight-line basis from the inception of the lease to the end of the useful life or the expiration of the lease term, whichever is earlier.

Lease liabilities are initially measured at the present value of lease payments. When the interest rate implicit in a lease can be readily determined, lease payments are discounted using the interest rate. If the interest rate implicit in a lease cannot be easily determined, lease payments are discounted using the lessee's incremental borrowing rate.

Lease liabilities are subsequently measured at amortized cost using the effective interest method, and interest expenses are amortized over the lease term. The Corporation remeasures the lease liability and correspondingly adjusts the right-of-use asset, except in the case when the carrying amount of the right-of-use asset has reduced to zero, in which case any residual remeasured amount shall be recognized in profit or loss. For lease modifications that do not qualify as separate leases, the remeasurement of lease liabilities due to a reduced lease scope is to reduce the right-of-use asset, and the termination of the lease, in part or in all, is recognized in profit or loss; the remeasurement of lease liabilities due to other modifications is to adjust the right-of-use asset. Lease liabilities are expressed separately in the parent company only balance sheets.

m. Borrowing costs

Cost of loans directly attributable to acquisition, construction, or production of assets that meet requirements is considered as part of the cost of the asset until the asset reaches the stage of functional use or is ready for sale.

For special loans, incomes earned from short-term investments made prior to the qualifying capital expenditure are deducted from the cost of loans eligible for capitalization.

Other than stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

n. Employee benefits

1) Short-term employee benefits

Liabilities related to short-term employee benefits are measured by the non-discounted amount expected to be paid in exchange for employee services.

2) Post-employment benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service.

The defined benefit cost under defined benefit retirement plans (including service cost, net interest, and the remeasurement amount) are calculated based on the projected unit credit method. The cost of services and the net interest of the net defined benefit liability (asset) are recognized as employee benefit expenses as they occur. Remeasurement (comprising actuarial gains and losses, and return on plan assets net of interests) is recognized in other comprehensive income and included in retained earnings, and is not reclassified to profit or loss in subsequent periods.

The net defined benefit liabilities (assets) are the shortfall (surplus) of the defined benefit retirement plan. A net defined benefit asset shall not exceed the present value of the contributions to be refunded from the plan, or the reductions in future contributions.

o. Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

An extra tax is levied on the unappropriated earnings pursuant to the Income Tax Act of the Republic of China and is recorded as income tax expense in the year when the shareholders' meeting resolves to appropriate the earnings.

Adjustments to income tax payable from previous years are recognized in current income tax.

2) Deferred tax

Deferred tax is calculated based on the temporary difference between the carrying amount of the assets and liabilities and the taxable basis of the taxable income.

Deferred tax liabilities are generally recognized based on all taxable temporary differences. Deferred tax assets are recognized to the extent that it is probable that there is taxable income to be applied to temporary difference reductions.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Corporation is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. For deductible temporary differences, when it is probable that sufficient taxable income will be available to realize such temporary difference, a deferred tax asset is recognized, but only to the extent of the amount that is expected to be reversed in the foreseeable future.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced when it becomes probable that sufficient taxable profit will no longer be available to recover all or part of the asset. The carrying amount of items that were not previously recognized as a deferred tax asset is also reviewed at each balance sheet date and is raised when it becomes probable that sufficient taxable profit will be available in the future to recover all or part of the asset.

Deferred tax assets and liabilities are measured at the tax rate of the period of expected settlement of liabilities or realization of assets. The rate is based on the tax rate and tax laws that have been enacted prior to the balance sheet date or have been substantially legislated. Measurement of deferred tax liabilities and assets is a reflection of the tax consequences resulting from the means by which the Corporation expects to recover or settle the carrying amount of its assets and liabilities at the balance sheet date.

3) Current and deferred tax

Current and deferred tax are recognized in profit or loss, except that for items associated with other comprehensive income or directly in equity, such taxes are recognized in other comprehensive income or directly in equity separately.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Corporation accounting policies, management is required to make judgments, estimates, and assumptions based on historical experience and other critical factors for related information that are not readily available from other sources. Actual results may differ from original estimates.

The Corporation takes into account the economic impact of the COVID-19 outbreak in its significant accounting judgments and the management will constantly review the estimates and basic assumptions. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

6. CASH AND CASH EQUIVALENTS

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Cash on hand	\$ 30	\$ 30
Bank deposits	54,578	16,187
Cash equivalent (investments with original maturities of less than 3 months) Time deposits	<u>-</u>	<u>53,780</u>
	<u>\$ 54,608</u>	<u>\$ 69,997</u>

7. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Investment in subsidiaries	\$ 6,810,112	\$ 6,652,461
Investment in associates	<u>165,065</u>	<u>153,475</u>
	<u>\$ 6,975,177</u>	<u>\$ 6,805,936</u>

a. Investment in subsidiaries

<u>Recognized in Assets</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Yung Shin Pharmaceutical Industrial Co., Ltd.	\$ 3,314,711	\$ 4,355,328
YSP International Co., Ltd.	1,845,716	1,854,405
Vetnostrum Animal Health Co., Ltd.	1,227,945	-
Chemix Inc.	369,072	381,545
AnTec Biotech Co., Ltd.	52,668	52,666
Ashin Company Limited	-	8,517
	<u>\$ 6,810,112</u>	<u>\$ 6,652,461</u>

AnTec Biotech Co., Ltd. was dissolved on December 31, 2016, and approved by the Taichung City Government in Order Shou-Jing-Shang-Zi No. 10607018000. Currently, it is still in the liquidation process.

In the third quarter of 2019, the Board of Directors approved the sale of 100% equity of isRed Pharma & Biotech Research Co., Ltd. to the related party, Director Fang-Yu Lee, and others, and completed the transaction in the third quarter of 2019. isRed Pharma & Biotech Research Co., Ltd. is currently not a subsidiary of the Corporation.

Ashin Company Limited completed the liquidation process in February 2020.

On May 7, 2020, under the approval of the Board of Director that had been authorized to exercise the rights on behalf of the shareholders meeting, Yung Shin Pharmaceutical Industrial Co., Ltd. underwent capital reduction by returning cash to shareholders in exchange for long-term equity. The recorded capital reduction date was set on July 1, 2020, when Yung Shin Pharmaceutical Industrial Co., Ltd. refunded to the only shareholder (the Corporation) 100% equity of its subsidiary, Vetnostrum Animal Health Co., Ltd. After the capital reduction, the Corporation holds 100% ownership of Vetnostrum Animal Health Co., Ltd.

b. Investment in associates

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Associates that are not individually material	<u>\$ 165,065</u>	<u>\$ 135,475</u>

Information on individually insignificant joint ventures is summarized as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
The Corporation's share of:		
Net profit for the year	<u>\$ 5,144</u>	<u>\$ 8,928</u>

8. PROPERTY, PLANT AND EQUIPMENT

	Office Equipment	Leasehold Improvements	Other Equipment	Constructi on in Process	Total
<u>Cost</u>					
Balance at January 1, 2019	\$ 5,544	\$ 4,257	\$ 1,390	\$ -	\$11,191
Additions	-	-	-	873	873
Disposal	-	(4,257)	(1,390)	-	(5,647)
Balance at December 31, 2019	<u>\$ 5,544</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 873</u>	<u>\$ 6,417</u>
<u>Accumulated depreciation and impairment</u>					
Balance at January 1, 2019	\$ 2,995	\$ 922	\$ 278	\$ -	\$ 4,195
Depreciation	1,385	568	185	-	2,138
Disposal	-	(1,490)	(463)	-	(1,953)
Balance at December 31, 2019	<u>\$ 4,380</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,380</u>
Carrying amounts at December 31, 2019	<u>\$ 1,164</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 873</u>	<u>\$ 2,037</u>
<u>Cost</u>					
Balance at January 1, 2020	\$ 5,544	\$ -	\$ -	\$ 873	\$ 6,417
Additions	-	-	-	-	-
Reclassifications	-	-	873	(873)	-
Balance at December 31, 2020	<u>\$ 5,544</u>	<u>\$ -</u>	<u>\$ 873</u>	<u>\$ -</u>	<u>\$ 6,417</u>
<u>Accumulated depreciation and impairment</u>					
Balance at January 1, 2020	\$ 4,380	\$ -	\$ -	\$ -	\$ 4,380
Depreciation	399	-	121	-	520
Reclassifications	-	-	-	-	-
Balance at December 31, 2020	<u>\$ 4,779</u>	<u>\$ -</u>	<u>\$ 121</u>	<u>\$ -</u>	<u>\$ 4,900</u>
Carrying amounts at December 31, 2020	<u>\$ 765</u>	<u>\$ -</u>	<u>\$ 752</u>	<u>\$ -</u>	<u>\$ 1,517</u>

As there was no indicator of impairment for the years ended December 31, 2020 and 2019, the Corporation did not conduct impairment assessment.

Depreciation expenses of property, plant and equipment are computed using the straight-line method over the following estimated useful lives:

Office equipment	3 to 5 years
Other equipment	6 years

9. LEASE ARRANGEMENTS

a. Right-of-use assets

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Carrying amount		
Land	\$ -	\$ 228
Buildings	1,771	2,834
Transportation equipment	<u>368</u>	<u>705</u>
	<u>\$ 2,139</u>	<u>\$ 3,767</u>
	<u>2020</u>	<u>2019</u>
Additions to right-of-use assets	<u>\$ 405</u>	<u>\$ -</u>
Depreciation expenses on right-of-use assets		
Land	\$ -	\$ 32
Buildings	1,063	3,577
Transportation equipment	<u>742</u>	<u>1,918</u>
	<u>\$ 1,805</u>	<u>\$ 5,527</u>

b. Lease liabilities

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Carrying amount		
Current	\$ 1,458	\$ 2,244
Non-current	<u>717</u>	<u>1,883</u>
	<u>\$ 2,175</u>	<u>\$ 4,127</u>

The discount rate ranges for lease liabilities are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Buildings	1.05%	1.05%
Transportation equipment	0.86%	1.05%

c. Material lease-in activities and terms

The Corporation's leased objects include land, buildings, and company vehicles. The periods of lease contracts vary from 1 to 2 years. At the end of the lease term, the Corporation has no preferential right to acquire the leased building.

d. Other lease information

	<u>2020</u>	<u>2019</u>
Expenses relating to short-term leases and low-value asset leases	<u>\$ 19</u>	<u>\$ 626</u>
Total cash outflow for leases	<u>\$ 2,239</u>	<u>\$ 5,804</u>

The Corporation elects to apply the recognition exemptions to leases of office equipment that qualify as low-value asset leases. Consequently, the Corporation does not recognize any right-of-use assets or lease liabilities for the said leases.

10. BORROWINGS

a. Short-term borrowings

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Unsecured borrowings</u>		
Line of credit borrowings	<u>\$ -</u>	<u>\$160,000</u>

The bank's interest rate for revolving loan facility as of December 31, 2019 was a fixed interest rate of 1.03%.

b. Long-term borrowings

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Unsecured borrowings</u>		
Bank loans	\$460,000	\$300,000
Less: current portions	<u>-</u>	<u>(300,000)</u>
Long-term borrowings	<u>\$460,000</u>	<u>\$ -</u>
Interest rate		
Credit loans	0.82% to 0.90%	1.31% to 1.32%
Due date	September 2022	September 2020

11. OTHER PAYABLES

	December 31, 2020	December 31, 2019
Remuneration payable to directors	\$ 14,703	\$ 11,390
Payables for salaries or bonuses	2,621	2,890
Compensation payable to employees	2,475	2,999
Payables for purchases of equipment	-	14
Others	3,130	3,067
	<u>\$ 22,929</u>	<u>\$ 20,360</u>

12. RETIREMENT BENEFIT PLAN

Defined contribution plans

The pension system applicable to the Corporation under the "Labor Pension Act" is a defined contribution plan under government administration, to which the Corporation contributes 6% of employees' monthly salary and wages to their personal accounts at the Bureau of Labor Insurance. The pension costs recognized by the Corporation in accordance with the aforesaid pension regulations for the years ended December 31, 2020 and 2019 were NT\$477 thousand and NT\$894 thousand, respectively.

13. EQUITY

a. Share capital

	December 31, 2020	December 31, 2019
Number of shares authorized (in thousands)	<u>310,000</u>	<u>310,000</u>
Shares authorized	<u>\$ 3,100,000</u>	<u>\$ 3,100,000</u>
Number of shares issued and fully paid (in thousands)	<u>266,423</u>	<u>266,423</u>
Shares issued	\$ 2,664,230	\$ 2,664,230
Surplus	<u>2,112,367</u>	<u>2,112,367</u>
	<u>\$ 4,776,597</u>	<u>\$ 4,776,597</u>

b. Capital surplus

	December 31, 2020	December 31, 2019
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital</u>		
Unappropriated earnings before exchange of shares (Note 1)	\$ 829,732	\$ 829,732
Issuance of ordinary shares (Note 2)	1,282,635	1,282,635
Donations (Note 2)	530	530
Trading of treasury shares (Note 2)	94	-
<u>May only be used to offset a deficit</u>		
Changes in percentage of ownership interests in subsidiaries and associates (Note 3)	33,310	31,022
Total	<u>\$ 2,146,301</u>	<u>\$ 2,143,919</u>

Note 1: According to Paragraph 4, Article 30 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 Paragraph 1, Article 241 of the Company Act. Additionally, according to Order Jing-Shang-Zi 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 Order Tai-Cai-Rong-(1)-Zi No. 0910016280, as such capital reserve does not result from operation of a holding company, the above statement does not extend to employees' compensation and remuneration of directors and supervisors.

Note 2: Such capital surplus may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Corporation's capital surplus and to once a year).

Note 3: Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings

In accordance with the Corporation's Articles of Incorporation, the current year's earnings, if any, shall be distributed in the following order:

- 1) Pay all taxes under laws and decrees;
- 2) Offset prior years' losses;
- 3) Set aside 10% of remaining amount as legal reserve;
- 4) Special reserve is set aside under relevant regulations;
- 5) Dividend rate shall not be higher than 10% per annum; no dividend would be distributed if no earnings; and

- 6) 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% to 90% of the accumulated unappropriated retained earnings. Of the total dividends, cash dividends shall account for 20% or greater of the total dividends distributed. Please refer to Note 15 (7) (employees' compensation and remuneration of directors) for the policy on the distribution of employees' compensation and remuneration of directors as stipulated in the Articles of Incorporation.

The Corporation's dividend policy is described below:

As the Corporation 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 Corporation'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 Corporation's profitability.

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 Corporation's paid-in capital.

In accordance with the regulations, the Corporation 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.

The amounts previously set aside by the Corporation as special reserve on initial application of the IFRSs in accordance with Order Jin-Guan-Zheng-Zi No. 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.

The distribution of earnings for the years ended December 31, 2019 and 2018, which was proposed and approved in the shareholders' meetings on May 28, 2020 and June 20, 2019, respectively, is described below:

	Distribution of Earnings		Dividends per Share (NT\$)	
	2019	2018	2019	2018
Legal reserve	\$ 75,002	\$ 70,198	\$ -	\$ -
Special reserve	22,768	(18,092)	-	-
Cash dividends	586,130	586,131	2.20	2.20

On March 30, 2021, the Board of Directors' proposal to distribute earnings for the year ended December 31, 2020 is described below:

	2020
Legal reserve	<u>\$ 77,499</u>
Special reserve	<u>\$ 38,040</u>
Cash dividends	<u>\$ 532,846</u>
Earnings per share (NT\$)	<u>\$ 2.00</u>

The distribution of earnings for the year ended December 31, 2020 is subject to the resolution of the shareholders' meeting on May 26, 2021.

d. Treasury shares

Purpose	(Shares in Thousands)			
	Number of Shares on January 1	Increase during the Period	Decrease during the Period	Number of Shares on December 31
<u>2020</u>				
Shares held by subsidiaries	<u>58</u>	<u>-</u>	<u>-</u>	<u>58</u>
<u>2019</u>				
Shares held by subsidiaries	<u>58</u>	<u>-</u>	<u>-</u>	<u>58</u>

Angel Associates (Taiwan), Inc., the investee of the Corporation's subsidiary, YungShin Pharmaceutical Industrial Company Limited, acquired 55 thousand shares of YungShin Pharmaceutical Industrial Company Limited on November 12, 2001 before the amendments to the Company Act. The purpose of holding shares was solely for investing. On January 3, 2011, YungShin Pharmaceutical Industrial Company Limited was established by the Corporation through share swap and YungShin Pharmaceutical Industrial Company Limited became a wholly-owned subsidiary of the Corporation. According to Order Tai-Cai-Zheng-3-Zi No. 0920124301, the shares of YungShin

Pharmaceutical Industrial Company Limited held by Angel Associates (Taiwan), Inc. were exchanged into the shares of the Corporation through share swap.

A sub-subsidiary, Angel Associates (Taiwan) Inc., acquired the Corporation's shares transferred from earnings on September 5, 2015, therefore holding a total of 58 thousand shares of the Corporation.

A sub-subsidiary, Angel Associates (Taiwan) Inc., acquired the Corporation's shares with book value amounting to NT\$1,958 thousand. As of December 31, 2020 and 2019, the market value of treasury shares was NT\$2,595 thousand and NT\$2,488 thousand, respectively.

The subsidiaries holding treasury shares are bestowed shareholders' rights, except the rights to participate in any share issuance for cash and to vote.

14. OPERATING REVENUE

	<u>2020</u>	<u>2019</u>
Share of profit or loss of subsidiaries and associates accounted for using the equity method	\$846,704	\$906,764
Service revenue - remuneration of directors	<u>9,126</u>	<u>10,467</u>
	<u>\$855,830</u>	<u>\$917,231</u>

15. NET PROFIT FROM CONTINUING OPERATIONS

a. Interest income

	<u>2020</u>	<u>2019</u>
Bank deposits	<u>\$ 249</u>	<u>\$ 719</u>

b. Other income

	<u>2020</u>	<u>2019</u>
Rental income	\$ 3,905	\$ 1,864
Others	<u>5,255</u>	<u>703</u>
	<u>\$ 9,160</u>	<u>\$ 2,567</u>

c. Other gains and losses

	2020	2019
Net foreign exchange losses	(\$ 1,103)	(\$ 2,123)
Loss on disposal of property, plant and equipment	-	(3,694)
Loss on disposal of subsidiaries	(4,080)	(24,291)
Loss on waiver of debts	-	(25,000)
Others	(957)	-
	<u>(\$ 6,140)</u>	<u>(\$ 55,108)</u>

d. Finance costs

	2020	2019
Interest on bank loans	\$ 4,771	\$ 6,606
Interest on lease liabilities	26	96
	<u>\$ 4,797</u>	<u>\$ 6,702</u>

e. Depreciation and amortization

	2020	2019
Property, plant, and equipment	\$ 520	\$ 2,138
Right-of-use assets	1,805	5,527
Intangible assets	2,171	2,471
	<u>\$ 4,496</u>	<u>\$ 10,136</u>

An analysis of depreciation by function

Operating expenses	<u>\$ 2,325</u>	<u>\$ 7,665</u>
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An analysis of amortization by function

Operating expenses	<u>\$ 2,171</u>	<u>\$ 2,471</u>
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f. Employee benefit expenses

	2020	2019
Short-term employee benefits	\$ 16,655	\$ 40,121
Post-employment benefits		
Defined contribution plans (Note 12)	477	894
Other employee benefits	18,555	19,030
Total employee benefit expenses	<u>\$ 35,687</u>	<u>\$ 60,045</u>

An analysis of employee benefit expenses by function

Operating expenses	<u>\$ 35,687</u>	<u>\$ 60,045</u>
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g. Employees' compensation and remuneration of directors

The Corporation accrues employees' compensation and remuneration of directors at rates that are not lower than 0.3% and not higher than 3%, respectively, of net profit before income tax. The employees' compensation and remuneration of directors for the years ended December 31, 2020 and 2019 were resolved by the Board of Directors on March 30, 2021 and March 30, 2019, respectively, below:

Rate

	<u>2020</u>	<u>2019</u>
Employees' compensation	0.3%	0.3%
Remuneration of directors	2%	2%

Amount

	<u>2020</u>	<u>2019</u>
Employees' compensation	<u>\$ 2,475</u>	<u>\$ 2,369</u>
Remuneration of directors	<u>\$ 16,503</u>	<u>\$ 15,793</u>

If there is a change in the amounts after the annual parent company only financial statements are approved for issue, the differences shall be treated as a change in the accounting estimate in the following year.

The actual appropriations of employees' compensation and remuneration of directors for the years ended December 31, 2019 and 2018 at the Corporation were different from the amounts recognized in the annual parent company only financial statements, and the differences between the amounts had been adjusted in profit or loss for the years ended December 31, 2020 and 2019.

	<u>2019</u>		<u>2018</u>	
	<u>Employees'</u> <u>Compensation</u>	<u>Remuneration</u> <u>of Directors</u>	<u>Employees'</u> <u>Compensation</u>	<u>Remuneration</u> <u>of Directors</u>
Amount of appropriation resolved by the Board of Directors	<u>\$ 2,369</u>	<u>\$ 11,845</u>	<u>\$ 2,338</u>	<u>\$ 14,906</u>
Amount recognized in the annual financial statements	<u>\$ 2,369</u>	<u>\$ 15,793</u>	<u>\$ 2,243</u>	<u>\$ 14,277</u>

For information on the employees' compensation and remuneration of directors for the years ended December 31, 2020 and 2019 as resolved by the Corporation's Board of Directors, please visit the "Market Observation Post System" of Taiwan Stock Exchange Corporation.

16. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Major components of income tax expenses are as follows:

	<u>2020</u>	<u>2019</u>
Current income tax		
In respect of the current year	\$ 5,352	\$ 1
Income tax on unappropriated earnings	3,306	3,760
Adjustments for previous years	(<u>376</u>)	(<u>1,078</u>)
	8,282	2,683
Deferred tax		
In respect of the current year	<u>6,148</u>	<u>20,224</u>
Income tax expenses recognized in profit or loss	<u>\$ 14,430</u>	<u>\$ 22,907</u>

The reconciliation for accounting income and income tax expenses is as follows:

	<u>2020</u>	<u>2019</u>
Profit before income tax from continuing operations	<u>\$806,150</u>	<u>\$771,508</u>
Income tax expenses statutory tax rate	\$161,230	\$154,301
Tax-exempt income	(151,559)	(140,893)
Income tax on unappropriated earnings	3,306	3,760
Unrecognized deductible temporary difference	1,829	6,817
Adjustments for income tax of prior periods	(<u>376</u>)	(<u>1,078</u>)
Income tax expenses recognized in profit or loss	<u>\$ 14,430</u>	<u>\$ 22,907</u>

b. Income tax recognized in other comprehensive income

	<u>2020</u>	<u>2019</u>
Deferred income tax		
Adjustments for cumulative translation of foreign operations	<u>\$ 7,728</u>	<u>\$ 10,469</u>

c. Current tax assets and liabilities

	<u>2020</u>	<u>2019</u>
Current tax assets		
Tax refunds receivable	<u>\$ 556</u>	<u>\$ -</u>
Current income tax liabilities		
Income tax payable	<u>\$ 7,199</u>	<u>\$ 3,687</u>

d. Deferred tax assets and liabilities

Changes in deferred tax assets and liabilities are as follows:

2020

	<u>Balance at Beginning of Period</u>	<u>Recognized in Profit or Loss</u>	<u>Recognized in Other Comprehensi ve Income</u>	<u>Balance at End of Year</u>
<u>Deferred tax assets</u>				
Temporary differences				
Adjustments for cumulative translation of foreign operations	\$ 28,247	\$ -	\$ 7,728	\$ 35,975
Leave benefits payable	-	52	-	52
Others	<u>493</u>	<u>(493)</u>	<u>-</u>	<u>-</u>
	<u>\$ 28,740</u>	<u>(\$ 441)</u>	<u>\$ 7,728</u>	<u>\$ 36,027</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Long-term foreign investment revenue	\$ 177,202	\$ 5,596	\$ -	\$ 182,798
Others	<u>1</u>	<u>111</u>	<u>-</u>	<u>112</u>
	<u>\$ 177,203</u>	<u>\$ 5,707</u>	<u>\$ -</u>	<u>\$ 182,910</u>

2019

	Balance at Beginning of Period	Recognized in Profit or Loss	Recognized in Other Comprehensi ve Income	Balance at End of Year
Deferred income tax assets				
Temporary differences				
Adjustments for cumulative translation of foreign operations	\$ 17,778	\$ -	\$ 10,469	\$ 28,247
Others	<u>71</u>	<u>422</u>	<u>-</u>	<u>493</u>
	<u>\$ 17,849</u>	<u>\$ 422</u>	<u>\$ 10,469</u>	<u>\$ 28,740</u>
Deferred income tax liabilities				
Temporary differences				
Long-term foreign investment revenue	\$ 156,553	\$ 20,649	\$ -	\$ 177,202
Unrealized exchange gains	<u>4</u>	<u>(3)</u>	<u>-</u>	<u>1</u>
	<u>\$ 156,557</u>	<u>\$ 20,646</u>	<u>\$ -</u>	<u>\$ 177,203</u>

e. Income tax assessment

The Corporation's income tax returns filed as at December 31, 2018 by the Corporation have been approved by the revenue service authority.

17. EARNINGS PER SHARE

	(In NT\$ per Share)	
	2020	2019
Basic earnings per share		
Total basic earnings per share	<u>\$ 2.97</u>	<u>\$ 2.81</u>
Diluted earnings per share		
Total diluted earnings per share	<u>\$ 2.97</u>	<u>\$ 2.81</u>

Earnings and the weighted average number of shares of common stock used for calculation of earnings per share are as follows:

Net profit for the year

	<u>2020</u>	<u>2019</u>
Net profit	\$791,720	\$748,601
Effect of potentially dilutive ordinary shares:		
Bonuses issued to employees	-	-
Earnings used in the computation of diluted earnings per share from continuing operations	<u>\$791,720</u>	<u>\$748,601</u>

Number of shares

(Shares in Thousands)

	<u>2020</u>	<u>2019</u>
Weighted average number of ordinary shares in computation of basic earnings per share	266,365	266,365
Effect of potentially dilutive ordinary shares:		
Bonuses issued to employees	<u>69</u>	<u>69</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>266,434</u>	<u>266,434</u>

If the Corporation may choose between stocks or cash for distribution for employees' compensation, it shall assume stocks would be distributed in the calculation of diluted earnings per share. The potential shares of common stock with dilutive effect shall be incorporated in the weighted average number of shares outstanding when the Corporation calculates the diluted earnings per share. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

18. DISPOSAL OF SUBSIDIARIES

- a. The Corporation signed an agreement to dispose of isRed Pharma & Biotech Research Co., Ltd., which was responsible for the testing and sale of pharmaceuticals and cosmetics and the sale of medicines. The Corporation completed the disposal of the subsidiary on September 1, 2019 and lost control over the subsidiary.

1) Consideration received

	isRed Pharma & Biotech Research Co., Ltd.
Total consideration received	<u>\$ 10,000</u>

2) Analysis of assets and liabilities over which the Corporation lost control

	isRed Pharma & Biotech Research Co., Ltd.
Current assets	
Cash and cash equivalents	\$ 39,978
Accounts receivable	1,353
Accounts receivable - related parties	1,170
Prepayments	472
Non-current assets	
Property, plant and equipment	14,158
Deferred income tax assets	407
Intangible assets	39
Other non-current assets	567
Current liabilities	
Other payables	(2,118)
Other current liabilities	(34,462)
Net assets disposed of	<u>\$ 21,564</u>

3) Loss on disposal of subsidiaries

	isRed Pharma & Biotech Research Co., Ltd.
Consideration received	\$ 10,000
Decrease in capital surplus	(12,727)
Net assets disposed of	(21,564)
Loss on disposal	<u>(\$ 24,291)</u>

4) Net cash generated from disposal of subsidiaries

	isRed Pharma & Biotech Research Co., Ltd.
Consideration received in cash and cash equivalents	\$ 10,000
Less: balance of cash and cash equivalents disposed of	(39,978)
	<u>(\$ 29,978)</u>

- b. Ashin Company Limited completed the liquidation process in February 2020, and the loss on disposal of subsidiaries amounted to NT\$4,080 thousand, which was the cumulative exchange difference from the reclassification of equity to profit or loss.

19. CAPITAL RISK MANAGEMENT

The Corporation's objectives when managing capital are based on the industrial scale, considering future growth and product development in the industry, and setting appropriate market share, as well as plan for 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.

20. FINANCIAL INSTRUMENTS

- a. Categories of financial instruments

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Financial assets</u>		
Financial assets at amortized cost (Note 1)	\$ 71,937	\$ 82,202
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (Note 2)	482,929	480,360

Note 1: The balance included cash and cash equivalents, other receivables - related parties, refundable deposits (recognized in other non-current assets), and other financial assets at amortized cost.

Note 2: The balance included short-term borrowings, other payables, long-term borrowings (included current portion), and other financial liabilities at amortized cost.

- b. Financial risk management objectives and policies

The Corporation's day-to-day business activities may expose it to financial risks, including market risk (including foreign exchange risk and interest rate risk), credit risk, and liquidity risk. The Corporation's overall risk management policy focuses on steady management and does not seek to minimize potential adverse effects on the Corporation's financial position and financial performance. The Corporation does not use derivative financial instruments to hedge certain risk exposures.

1) Market risk

Due to the Corporation's business activities, the main financial risks borne by the Corporation are currency risk (see (1) below) and interest rate risk (see (2) below). The Corporation's exposure to market risk of financial instruments and its management and measurement of such exposure remain unchanged.

a) Currency risk

Please refer to Note 23 for the carrying amounts of significant monetary assets and monetary liabilities denominated in currencies other than the Corporation's functional currency on the balance sheet date.

Sensitivity analysis

The Corporation is exposed mainly to RMB and USD fluctuations.

The sensitivity analysis includes only outstanding monetary items denominated in foreign currencies and is used to adjust the translation at the end of the period to a 1% change in the exchange rate.

A positive number below the following table indicates a decrease in pre-tax profit and other equity associated with the New Taiwan dollar strengthening 1% against the relevant currency.

For a 1% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit and other equity, and the balances below would be negative.

Effect on Profit or Loss	2020	2019
USD	\$ 222	\$ 161
RMB	129	405

In management's opinion, sensitivity analysis was unrepresentative of the inherent foreign exchange risk. The exposure at the end of the reporting period did not reflect the exposure during the period because sales were seasonal.

b) Interest rate risk

By taking out loans at both the fixed rate and the floating rate at the same time, the Corporation is exposing to interest rate risk.

Sensitivity analysis

The sensitivity analysis below is prepared based on the risk exposure of derivative and non-derivative instruments to the interest rates at the balance sheet date. For floating rate liabilities, the analysis is prepared assuming the amount of each liability outstanding at the end of the reporting period is outstanding for the whole year.

If the interest rate increases/decreases by 10 basis points, with other variables held constant, the Corporation's profit before income tax will decrease by NT\$405 thousand and NT\$444 thousand for the years ended December 31, 2020 and 2019, respectively.

2) Liquidity risk

Financing line

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Unsecured bank overdraft (reviewed annually)		
- Amount utilized	\$ 460,000	\$ 460,000
- Amount unutilized	<u>1,040,000</u>	<u>1,040,000</u>
	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>

Cash flow forecasting is performed by each operating entity of the Corporation and compiled by the Corporation's finance department. The Corporation's finance department 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 Corporation's debt financing plans, covenant compliance, and compliance with internal balance sheet ratio targets.

Liquidity and interest rate risks

The following tables detail the Corporation's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables are drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Corporation can be required to pay.

December 31, 2020

	<u>Less than 1 Year</u>	<u>1 to 2 Years</u>	<u>2 to 5 Years</u>	<u>Above 5 Years</u>	<u>Total</u>
<u>Non-derivative</u> <u>financial</u> <u>liabilities</u>					
Short-term					
borrowings	\$ -	\$ -	\$ -	\$ -	\$ -
Other payables	22,929	-	-	-	22,929
Lease liabilities	1,472	720	-	-	2,192
Long-term					
borrowings					
(included					
current					
portion)	-	465,952	-	-	465,952
	<u>\$ 24,401</u>	<u>\$466,672</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$491,073</u>

December 31, 2019

	<u>Less than 1 Year</u>	<u>1 to 2 Years</u>	<u>2 to 5 Years</u>	<u>Above 5 Years</u>	<u>Total</u>
<u>Non-derivative</u> <u>financial</u> <u>liabilities</u>					
Short-term					
borrowings	\$160,785	\$ -	\$ -	\$ -	\$160,785
Other payables	20,360	-	-	-	20,360
Lease liabilities	2,356	1,997	-	-	4,353
Long-term					
borrowings					
(included					
current					
portion)	302,645	-	-	-	302,645
	<u>\$486,146</u>	<u>\$ 1,997</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$488,143</u>

21. TRANSACTIONS WITH RELATED PARTIES

In addition to those disclosed in other notes, transactions between the Corporation and related parties are described below.

a. Related parties and their relationships with the Corporation

Related Party	Relationship with the Corporation
Yung Shin Pharmaceutical Industrial Co., Ltd.	Subsidiary
Chemix Inc.	Subsidiary
AnTec Biotech Co., Ltd.	Subsidiary
YSP International Co., Ltd.	Subsidiary
Vetnostrum Animal Health Co., Ltd.	Subsidiary
Ashin Company Limited	Subsidiary
Angel Associates (Taiwan), Inc.	Subsidiary
Carlsbad Technology, Inc.	Subsidiary
YungShin China Holding Company Limited	Subsidiary
Y.S.P. Industries(M) Sdn. Bhd.	Subsidiary
Yung Shin Pharmaceutical Ind. (Kunshan) Co., Ltd.	Subsidiary
Shanghai Yung Zip Pharmaceutical Trading Co., Ltd.	Subsidiary
Yung Shin Company Limited	Subsidiary
Globecare Trading (Shanghai) Co., Ltd.	Subsidiary
Farmtec Research Co., Ltd.	Subsidiary
Chung Shin (JiangSu) Clinical Research Co., Ltd.	Subsidiary
Yung Zip Chemical Ind. Co., Ltd.	Associate
Biotrust International Corporation	Associate
Y.S.P. Southeast Asia Holding Bhd.	Associate
Fang-Chan Lee, Fang-Yu Lee, etc.	Substantial related party
Yung Shin Amusement 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 approved the sale of 100% equity of isRed Pharma & Biotech Research Co., Ltd. to the related party, Director Fang-Yu Lee, and others, and completed the transaction in the third quarter of 2019. isRed Pharma & Biotech Research Co., Ltd. is currently not a subsidiary of the Corporation but a substantial related party instead.

b. Remuneration of directors (recognized in other operating revenue)

Relationship with the Corporation/Related Party	2020	2019
Subsidiary	<u>\$ 9,126</u>	<u>\$ 10,467</u>

c. Operating expenses

Relationship with the Corporation/Related Party	2020	2019
Subsidiary	\$ 15	\$ 647
Substantial related party	<u>72</u>	<u>471</u>
	<u>\$ 87</u>	<u>\$ 1,118</u>

d. Non-operating income

Relationship with the Corporation/Related Party	2020	2019
Substantial related party	<u>\$ 50</u>	<u>\$ -</u>

e. Other receivables - related parties

Relationship with the Corporation/Related Party	December 31, 2020	December 31, 2019
Yung Shin Pharmaceutical Industrial Co., Ltd.	\$ 8,468	\$ 10,467
Vetnostrum Animal Health Co., Ltd.	658	-
Carlsbad Technology, Inc.	<u>8,200</u>	<u>1,735</u>
	<u>\$ 17,326</u>	<u>\$ 12,202</u>

f. Temporary credit (recognized in other current liabilities)

Relationship with the Corporation/Related Party	2020	2019
Carlsbad Technology, Inc.	<u>\$ 12,325</u>	<u>\$ 12,325</u>

g. Key management compensation

Relationship with the Corporation/Related Party	2020	2019
Short-term employee benefits	\$ 5,505	\$ 20,246
Post-employment benefits	<u>-</u>	<u>35</u>
	<u>\$ 5,505</u>	<u>\$ 20,281</u>

The remuneration of directors and key management compensation are determined by the Remuneration Committee based on the individual performances.

22. OTHER MATTERS

The Corporation evaluated the economic impact caused by the COVID-19 pandemic, and as of the date of publication of the financial statements, there had been no significant impact on the Corporation. The Corporation will continue to observe the relevant pandemic situation and evaluate its impact.

23. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information is expressed in aggregate in foreign currencies other than the individual functional currency of the Corporation, and the disclosed exchange rate refers to the conversion rate of such foreign currencies into the functional currency. Significant assets and liabilities denominated in foreign currencies are as follows:

December 31, 2020

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 807	28.48 (USD:NTD)	\$ 22,983
RMB	2,945	4.36 (RMB:NTD)	12,854
			<u>\$ 35,837</u>
<u>Non-monetary items</u>			
Investments accounted for using the equity method			
JPY	1,335,764	0.28 (JPY:NTD)	<u>\$ 369,072</u>
<u>Financial Liabilities</u>			
<u>Monetary items</u>			
USD	29	28.48 (USD:NTD)	<u>\$ 826</u>

December 31, 2019

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 536	29.98 (USD:NTD)	\$ 16,081
RMB	9,407	4.31 (RMB:NTD)	40,543
			<u>\$ 56,624</u>
<u>Non-monetary items</u>			
Investments accounted for using the equity method			
JPY	1,393,079	0.28 (JPY:NTD)	<u>\$ 390,062</u>

For the years ended December 31, 2020 and 2019, the Corporation generated the currency exchange losses of NT\$1,103 thousand and NT\$2,123 thousand, respectively. Since the amounts of foreign currency transactions were not significant, no currency exchange gains or losses of significance were disclosed.

24. SEPARATELY DISCLOSED ITEMS

- Information on significant transactions and b. investees:

- 1) Financing provided to others. (Table 1)
 - 2) Endorsements/guarantees provided. (Table 2)
 - 3) Marketable securities held (excluding investments in subsidiaries, associates, and joint ventures). (Table 3)
 - 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital. (None)
 - 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital. (None)
 - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital. (None)
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 4)
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (None)
 - 9) Derivatives Trading. (None)
 - 10) Information on investees. (Table 5)
- c. Information on investments in mainland China
- 1) Information on invested companies in mainland China, including the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, gain or loss on investments, carrying amount of investment at the end of the period, gain or loss on repatriated investment and ceiling of investments in mainland China. (Table 6)
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year. (None)
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year. (None)
 - c) The amount of property transactions and the amount of the resultant gains or losses. (None)
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes. (Table 2)

- e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds. (Table 1)
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receiving of services.
(None)
- d. Information on major shareholders: The name of major shareholders, number of shares, and percentage of ownership for those who holds 5% or more of ownership. (None)

YUNGSHIN GLOBAL HOLDING CORPORATION
FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2020

Table 1

(In Thousands of New Taiwan Dollars and Foreign Currencies)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Balance at End of Period (Note 3)	Actual Amount Used	Interest Rate	Nature of Financing	Business Transaction Amount	Reason for Short- term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 2)	Aggregate Financing Limit (Note 2)	Remar k
													Name	Value			
1	Shanghai Yung Zip Pharmaceutical Trading Co., Ltd.	Chung Shin (JiangSu) Clinical Research Co., Ltd.	Other receivables	Yes	\$ 21,898 (RMB 5,000)	\$ 21,824 (RMB 5,000)	\$ - (RMB -)	-	Short-term financing	\$ -	Operating working capital	\$ -	-	\$ -	\$ 35,313	\$ 35,313	-
1	Shanghai Yung Zip Pharmaceutical Trading Co., Ltd.	Yung Shin Pharmaceutical Ind. (Kunshan) Co., Ltd.	Other receivables	Yes	8,759 (RMB 2,000)	8,730 (RMB 2,000)	- (RMB -)	-	Short-term financing	-	Operating working capital	-	-	-	35,313	35,313	-

Note 1: The numbers filled in for financing provided by the Corporation are described as follows:
(1) The Corporation is “0.”
(2) The investee companies are numbered in order starting from “1.”
Note 2: The aggregate financing limit is 40% of the Corporation’s net worth.
Note 3: The outstanding loan amounts are converted at the spot exchange rates prevailing at December 31, 2020.

YUNGSHIN GLOBAL HOLDING CORPORATION AND SUBSIDIARIES
ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2020

Table 2

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed/Guaranteed for the Period	Outstanding Endorsement/Guarantee at the End of the Period (Note 5)	Actual Amount Used	Amount Endorsed/Guaranteed by Collateral	Ratio of Accumulated Endorsement/Guarantee to Net Equity in Latest Financial Statements	Aggregate Endorsement/Guarantee Limit (Note 4)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Remark
		Name	Relationship (Note 2)											
0	YungShin Global Holding Corporation	Chemix Inc.	2	\$ 1,257,154	\$ 326,624	\$ 326,034	\$ 138,150	\$ -	5.19%	\$ 3,142,884	Yes	No	No	-
		Yung Shin Pharmaceutical Ind. (Kunshan) Co., Ltd.	2	1,257,154	864,300	854,400	-	-	13.59%	3,142,884	Yes	No	Yes	-
		Carlsbad Technology, Inc.	2	1,257,154	1,740,124	1,720,192	734,471	-	27.37%	3,142,884	Yes	No	No	Note 7
1	Vetnostrum Animal Health Co., Ltd.	Vetnostrum Animal Health Co., Ltd.	-	180,100	10,000	10,000	5,000	-	1.11%	450,251	No	No	No	Note 6

Note 1: The numbers filled in for endorsements/guarantees provided are described as follows:
(1) The Corporation is “0.”
(2) The subsidiaries are numbered in order starting from “1.”

Note 2: The relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; the number of category in each case belongs to:
(1) Having a 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 limit for endorsement/guarantee cannot exceed 20% of the Corporation’ s net worth for single business being endorsed.

Note 4: The upper limit for endorsement/guarantee cannot exceed 50% of the Corporation’ s net worth for total outside party being endorsed/guaranteed.

Note 5: The outstanding endorsement/guarantee amounts are converted at the spot exchange rates prevailing at December 31, 2020.

Note 6: The letter of guarantee was provided to customs (Taipei customs, Customs Administration, Ministry of Finance) by the bank for the importation of goods.

Note 7: Due to the early convention of the Board of Directors, the amount of endorsement/guarantee was calculated repeatedly. The actual endorsement/guarantee was provided within the limit.

YUNGSHIN GLOBAL HOLDING CORPORATION AND SUBSIDIARIES
MARKETABLE SECURITIES HELD
DECEMBER 31, 2020

Table 3 (In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Remark
				Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value (Note 1)	
Chemix Inc.	Stock - Sawai Pharmaceutical Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	5,108	\$ 6,605	-	\$ 6,605	-
	Stock - Ana Holding Inc.	None	Financial assets at fair value through other comprehensive income - non-current	1,000	629	-	629	-
Yung Shin Pharmaceutical Industrial Co., Ltd.	Stock - Missioncare Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	3,161,052	31,081	2.17%	31,081	-
	Stock - Missioncare Asset Management Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	1,338,947	11,706	2.11%	11,706	-
	Stock - Limited Liability Fengyuan Medical Waste Disposal Equipment Used Cooperatives	None	Financial assets at fair value through other comprehensive income - non-current	1,000	8	0.07%	8	-
	Stock - International Green Handle Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	1,567	14	0.07%	14	-
Angel Associates (Taiwan), Inc.	Stock - YungShin Global Holding Corporation	Parent company	Financial assets at fair value through other comprehensive income - non-current	58,059	1,958	0.02%	2,595	Note 2

Note 1: Unlisted shares were measured by valuation techniques and inputs applied for Level 3 fair value. Please refer to Note 30.
Note 2: The book value of this security was transferred to treasury stock.

YUNGSHIN GLOBAL HOLDING CORPORATION AND SUBSIDIARIES
TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020

Table 4

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Counterparty	Relationship	Transaction Details				Payment Terms and Reason for Abnormal Transaction		Accounts/Notes Receivable or Payable		Remark
			Purchases or Sales	Amount	% to Total Purchases or Sales	Credit Period	Unit Price	Credit Period	Balance	% to Total Notes/Accounts Receivable or Payable	
Yung Shin Pharmaceutical Industrial Co., Ltd.	Vetnostrum Animal Health Co., Ltd.	The same ultimate parent company	Sales	\$ 217,482	4.60%	Payment due within 60 to 120 days upon delivery	Negotiated by both parties	Payment due within 60 to 120 days upon delivery	\$ 84,422	10.31%	-

Note 1: The consolidated subsidiaries' ending balances were excluded from the consolidation.

YUNGSHIN GLOBAL HOLDING CORPORATION AND SUBSIDIARIES
INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2020

Table 5 (In Thousands of New Taiwan Dollars and Foreign Currencies)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2020			Net Profit or Loss of the Investee (Note 1)	Share of Profit or Loss (Note 1)	Remark
				December 31, 2020	December 31, 2019	Number of Shares	Percentage of Ownership (%)	Carrying Amount (Note 1)			
YungShin Global Holding Corporation	Yung Shin Pharmaceutical Industrial Co., Ltd.	Taiwan	Manufacturing and trading of medicine and cosmetics	\$ 4,151,196	\$ 5,405,799	66,648,417	100.00	\$ 3,314,711	\$ 744,366	\$ 750,022	Subsidiary
	YSP International Company Limited	British Virgin Islands	Trade, investment, and other related businesses	1,208,096	1,208,096	10,000	100.00	1,845,716	(8,372)	26,753	Subsidiary
	Vetnostrum Animal Health Co., Ltd.	Taiwan	Manufacturing and trading of medicine	1,254,603	-	55,000,000	100.00	1,227,945	103,659	55,843	Subsidiary
	Chemix Inc.	Japan	Trading of medicine	JPY880,000 ≒ 270,248	JPY880,000 ≒ 270,248	192	100.00	369,072	JPY34,829 ≒ 9,644	9,098	Subsidiary
	Yung Zip Chemical Ind. Co., Ltd.	Taiwan	Manufacturing and sale of active pharmaceutical ingredients	152,968	152,968	8,817,302	20.81	165,065	30,742	5,144	Associate (Note 3)
	Antec Biotech Co., Ltd.	Taiwan	Extraction, manufacturing, and sale of wood products	170,095	170,095	17,200,000	100.00	52,668	2	2	Subsidiary
	Ashin Company Limited	Japan	Manufacturing and trading of medicine	-	JPY50,000 ≒ 18,729	-	-	-	(JPY563) ≒ (158)	(158)	Subsidiary
Yung Shin Pharmaceutical Industrial Co., Ltd.	Vetnostrum Animal Health Co., Ltd.	Taiwan	Manufacturing and trading of medicine	-	805,555	-	-	-	103,659	-	Subsidiary (Note 8)
	Angel Associates (Taiwan), Inc.	Taiwan	Import/export trade	3,675	3,675	3,675	73.50	9,627	2,029	-	Sub-subsiary (Note 4)
	Biotrust International Corporation Ltd.	Taiwan	Biopharmaceutical research and technical services	66,500	66,500	8,750,000	35.00	195,451	69,012	-	Associate (Note 3)
YSP International Company Limited	Yung Shin China Holding Co., Ltd.	Cayman Islands	Trade, investment, and other related businesses	894,016	894,016	29,541,265	89.81	748,786	(1,458)	-	Sub-subsiary (Notes 4 and 6)
	Carlsbad Technology, Inc.	USA	Manufacturing and trading of medicine	USD20,515 ≒ 621,193	USD20,515 ≒ 621,193	1,002,874	82.60	20,208	(USD2,307) ≒ (68,175)	-	Sub-subsiary (Notes 4 and 5)
	Y.S.P. Southeast Asia Holding Bhd.	Malaysia	Biopharmaceutical research and technical services	MYR52,366 ≒ 500,615	MYR52,366 ≒ 500,615	52,365,605	37.20	891,417	MYR21,975 ≒ 154,051	-	Associate (Notes 3 and 4)
Yung Shin China Holding Co., Ltd.	Yung Shin Company Limited	Hong Kong	Sale of medicine	HKD7,720 ≒ 30,087	HKD7,720 ≒ 30,087	7,720	96.50	46,011	HKD448 ≒ 1,708	-	Sub-subsiary (Note 4)

Note 1: The amount of net profit or loss of the investee is converted at the average exchange rates for the year ended December 31, 2020, while other amounts are converted at the spot exchange rates prevailing at December 31, 2020.

Note 2: Please refer to Table 7 for information on investees in mainland China.

Note 3: The associate is a reinvestment accounted for using the equity method.

Note 4: Investment income (loss) is recognized through subsidiaries.

Note 5: The Corporation and Yung Zip Chemical Ind. Co., Ltd. hold a 82.60% and 2.82% equity interest in Carlsbad Technology, Inc., respectively. The group’ s consolidated ownership in Carlsbad Technology, Inc. is 83.19%.

Note 6: The Corporation and Yung Zip Chemical Ind. Co., Ltd. hold a 89.81% and 10.19% equity interest in Yung Shin China Holding Co., Ltd., respectively. The group’ s consolidated ownership in Yung Shin China Holding Co., Ltd. is 91.93%.

Note 7: The profit or loss of investments between investee companies, long-term equity investments, and the net equity of investee companies were all eliminated during the preparation of the consolidated financial statements except for Yung Zip Chemical Ind. Co., Ltd., Biotrust International Corporation Ltd., and Y.S.P. Southeast Asia Holding Bhd.

Note 8: On May 7, 2020, under the approval of the Board of Director that had been authorized to exercise the rights on behalf of the shareholders’ meeting, Yung Shin Pharmaceutical Industrial Co., Ltd. underwent capital reduction by returning cash to shareholders in exchange for long-term equity. The recorded capital reduction date was set on July 1, 2020, Yung Shin Pharm. Ind. Co., Ltd. refund to the only shareholder (the Corporation) with 100% equity of its subsidiary, Vetnostrum Animal Health Co., Ltd. After the capital reduction, the Corporation holds 100% ownership of Vetnostrum Animal Health Co., Ltd.

YUNGSHIN GLOBAL HOLDING CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA

FOR THE YEAR ENDED DECEMBER 31, 2020

Table 6 (In Thousands of New Taiwan Dollars and Foreign Currencies)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investments from Taiwan as of January 1, 2020	Investment Flows		Accumulated Outward Remittance for Investments from Taiwan as of December 31, 2020	Net Income (Loss) of the Investee	Percentage of Ownership in Direct or Indirect Investment	Investment Income (Loss)	Carrying Amount as of December 31, 2020	Accumulated Repatriation of Investment Income as of December 31, 2020	Remark
					Outflow	Inflow							
Yung Shin Pharmaceutical Ind. (Kunshan) Co., Ltd.	Production and sale of Western medicine, finished pharmaceuticals, APIs, and chemical intermediates	RMB126,271 ≈468,483	2	RMB113,209 ≈409,904	\$ -	\$ -	RMB113,209 ≈409,904	RMB8,591 ≈36,791	82.42%	\$ 30,323	\$ 613,161	\$ -	Note 2
Shanghai Yung Zip Pharmaceutical Trading Co., Ltd.	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	RMB33,525 ≈121,120	2	USD4,000 ≈121,120	-	-	USD4,000 ≈121,120	(RMB71) ≈(305)	91.93%	(280)	87,541	-	Note 2
Farmtec Research Co., Ltd.	Trading based on contracts for technology and pharmaceutical related technology development, patent rights, verification registration, and clinical regulatory appointments	RMB17,087 ≈75,700	2	-	-	-	-	(RMB1,115) ≈(4,775)	91.93%	(4,390)	4,643	-	Note 2
Globecare Trading (Shanghai) Co., Ltd.	Sale of health and beauty products, cosmetics, medicines, and raw material drugs, and trading of production equipment	RMB17,667 ≈78,844	2	-	-	-	-	(RMB1,249) ≈(5,347)	70.04%	(3,745)	11,729	-	Note 3
Chung Shin (JiangSu) Clinical Research Co., Ltd.	Technology research and development, transfer, consultation, and technology import/export in the medicinal chemistry, biotechnology, and health industries	RMB29,123 ≈128,358	2	USD4,200 ≈128,358	-	-	USD4,200 ≈128,358	(RMB5,997) ≈(25,682)	91.93%	(23,609)	-	-	Note 2
Jilin Perrit Biotech Limited	Production of pharmaceutical intermediates, production and sale of active pharmaceutical ingredients, sale of chemical products, and development and service of chemical technology and biotechnology	RMB36,668 ≈160,047	3	-	-	-	-	RMB3,859 ≈16,526	2.25%	-	12,221	-	Note 7

	Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2020 (4)	Investment Amounts Authorized by Investment Commission, M.O.E.A. (5)	Upper Limit on the Amount of Investment Stipulated by the Investment Commission, M.O.E.A. (6)
YungShin Global Holding Corporation	\$ 659,382	\$ 834,179	\$ 3,945,757

Note 1: Investment methods are classified into the following three categories, the number of category in each case belongs to:
(1) Directly invest in a company in mainland China.
(2) Invest in an existing company in the third area, which then invests in the investee in mainland China.
(3) Others.

Note 2: The Corporation and Yung Zip Chemical Ind. Co., Ltd. hold a 89.81% and 10.19% equity interest in YungShin China Holding Co., Ltd. respectively. The group’ s consolidated ownership in YungShin China Holding Co., Ltd. is 91.93%. YungShin China Holding Co., Ltd. hold a 89.66% equity interest in YungShin Pharmaceutical Ind. (KunShan) Co., Ltd. The group’ s consolidated ownership in YungShin Pharmaceutical Ind. (KunShan) Co., Ltd. is 82.42%.

Note 3: The Corporation and Yung Zip Chemical Ind. Co., Ltd. hold a 89.81% and 10.19% equity interest in YungShin China Holding Co., Ltd., respectively. YungShin China Holding Co., Ltd. and Y.S.P. Southeast Asia Holding Bhd. (an investment accounted for using the equity method) hold a 60.00% and 40.00% equity interest in Globecare Trading Co., Ltd., respectively. The group’ s consolidated ownership in Globecare Trading Co., Ltd. is 70.04%.

Note 4: The amount remitted from Taiwan was USD22,160 thousand.

Note 5: The approved investment amount by the Ministry of Economic Affairs, R.O.C. amounting to US\$29,290 thousand was converted at the spot exchange rate of 28.48:1 (NTD:USD) prevailing on December 31, 2020.

Note 6: Calculated in accordance with the “Rules on Review of Investment and Technology Cooperation in mainland China” of the Ministry of Economic Affairs (60% of net worth).

Note 7: The Group holds a 2.25% equity interest in Jilin Perrit Biotech Limited. As the Group has 2 of 5 directors of Jilin Perrit Biotech Limited, it has significant influence and is thus classified as an associate.

Note 8: The profit or loss of investments between investee companies, long-term equity investments, and the net equity of investee companies were all eliminated during the preparation of the consolidated financial statements.

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YUNGSHIN GLOBAL HOLDING CORPORATION AND SUBSIDIARIES

STATEMENT OF CASH AND CASH EQUIVALENTS

DECEMBER 31, 2020

Statement 1

(In Thousands of New Taiwan Dollars)

Item	Amount
Cash on hand and petty cash	\$ 30
Bank deposits	
Checks and demand deposits	26,408
Foreign currency demand deposits (Note)	28,170
	<u>54,578</u>
	<u>\$ 54,608</u>

Note: The details are as follows:

Currency	Amount (In Thousands)	TWD Exchange Rate
USD	535	28.4800
JPY	166	0.2763
RMB	2,945	4.3648
HKD	12	3.6730

YUNGSHIN GLOBAL HOLDING CORPORATION AND SUBSIDIARIES

**STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2020**

Statement 2

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Balance at Beginning of Period				Increase This Year		Decrease This Year						Balance at End of Year			Market Value or Net Equity		

Note 1: As of December 31, 2020, the Corporation did not have any pledge or guarantee over its investments accounted for using the equity method.

Note 2: The increase this year was due to allotted stock dividends.

Note 3: On May 7, 2020, under the approval of the Board of Director that had been authorized to exercise the rights on behalf of the shareholders' meeting, Yung Shin Pharmaceutical Industrial Co., Ltd. underwent capital reduction by returning cash to shareholders in exchange for long-term equity. The recorded capital reduction date was set on July 1, 2020, when Yung Shin Pharmaceutical Industrial Co., Ltd. refunded to the only shareholder (the Corporation) 100% equity of its subsidiary, Vetnostrum Animal Health Co., Ltd. After the capital reduction, the Corporation holds 100% ownership of Vetnostrum Animal Health Co., Ltd.

Note 4: The decrease this year was due to Ashin Company Limited's completion of the liquidation process in February 2020.

YUNGSHIN GLOBAL HOLDING CORPORATION AND SUBSIDIARIES

STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2020

Statement 3

(In Thousands of New Taiwan Dollars)

	Balance at Beginning of Period	Increase This Year	Decrease This Year	Balance at End of Year
Cost				
Land	\$ 261	\$ -	\$ 261	\$ -
Buildings	3,188	-	-	3,188
Transportation equipment	<u>1,474</u>	<u>405</u>	<u>-</u>	<u>1,879</u>
	<u>4,923</u>	<u>\$ 405</u>	<u>\$ 261</u>	<u>5,067</u>
Accumulated depreciation				
Land	33	-	33	-
Buildings	354	1,063	-	1,417
Transportation equipment	<u>769</u>	<u>742</u>	<u>-</u>	<u>1,511</u>
	<u>1,156</u>	<u>\$ 1,805</u>	<u>\$ 33</u>	<u>2,928</u>
	<u>\$ 3,767</u>			<u>\$ 2,139</u>

YUNGSHIN GLOBAL HOLDING CORPORATION

STATEMENT OF LONG-TERM BORROWINGS

DECEMBER 31, 2020

Statement 4

(In Thousands of New Taiwan Dollars)

<u>Creditor</u>	<u>Summary</u>	<u>Amount</u>	<u>Contractual Term</u>	<u>Interest Rate</u>	<u>Financing Line</u>	<u>Remark</u>
E.SUN Commercial Bank, Taichung Branch	Credit loans	\$ 160,000	September 3, 2020 to September 2, 2022	0.90%	\$ 300,000	-
Mizuho Bank, Taichung Branch	Credit loans	<u>300,000</u>	June 10, 2020 to June 10, 2022	0.82%	<u>300,000</u>	-
		<u>\$ 460,000</u>			<u>\$ 600,000</u>	

Note: As of December 31, 2020, the facilities granted by banks with no balance of borrowings amounted to NT\$900,000 thousand, so the total facilities granted to the Corporation amounted to NT\$1,500,000 thousand. As of December 31, 2020, the unused facilities, net of long-term borrowings of NT\$460,000 thousand, amounted to NT\$1,040,000 thousand.

YUNGSHIN GLOBAL HOLDING CORPORATION

STATEMENT OF LEASE LIABILITIES

DECEMBER 31, 2020

Statement 5

(In Thousands of New Taiwan Dollars)

Name	Lease Term	Discount Rate (%)	Balance at End of Period
Buildings	September 1, 2019 to August 31, 2022	1.05%	\$ 1,784
Transportation equipment	November 25, 2020 to November 24, 2021	0.86%	<u>391</u>
			2,175
Less: current portions			(<u>1,458</u>)
			<u>\$ 717</u>

YUNGSHIN GLOBAL HOLDING CORPORATION

STATEMENT OF OPERATING EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2020

Statement 6

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Name	General and Administrative Expenses
Salaries	\$ 33,635
Depreciation	2,325
Others (Note)	<u>12,192</u>
	<u>\$ 48,152</u>

Note: The amount of each item does not exceed 5% of the balance of this account.

YUNGSHIN GLOBAL HOLDING CORPORATION AND SUBSIDIARIES

SUMMARY STATEMENT OF EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION, AND AMORTIZATION EXPENSES BY FUNCTION

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

Statement 7

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	2020	2019
	<u>Operating Expenses</u>	<u>Operating Expenses</u>
Employee benefit expenses (Note)		
Salaries	\$ 16,655	\$ 40,121
Labor and health insurance premiums	1,509	2,635
Pension expenses	477	894
Remuneration of directors	16,503	15,793
Other employee benefit expenses	543	602
	<u>\$ 35,687</u>	<u>\$ 60,045</u>
Depreciation	<u>\$ 2,325</u>	<u>\$ 7,665</u>
Amortization	<u>\$ 2,171</u>	<u>\$ 2,471</u>

Note: (1) The number of employees of the Corporation for the years ended December 31, 2020 and 2019 was 18 and 28, respectively, among which the number of directors who were not concurrent employees was 8 and 8, respectively.

(2) The average employee benefit expenses for the years ended December 31, 2020 and 2019 were NT\$1,918 thousand and NT\$2,213 thousand, respectively.

(3) The average salaries for the years ended December 31, 2020 and 2019 were NT\$1,666 thousand and NT\$2,006 thousand, respectively.

(4) The average salary adjustment was (16.95)%.

(5) The Corporation's remuneration policy is described below:

a. Remuneration of directors

According to Article 31 of the Articles of Incorporation, up to 3% of the profit shall be allocated as remuneration of directors if the Corporation makes a profit in a year.

The procedures for determining the remuneration are based on the industry standards, the Corporation's business performance, and links to future risks, as well as the evaluation of directors' performance. The reasonableness of remuneration of directors shall be reviewed and approved by the Remuneration Committee and the Board of Directors; the remuneration system shall be reviewed at any time depending

on the actual operational situations and relevant laws and regulations, so as to balance the Corporation's sustainable operations and risk control.

b. Key management compensation

The amount of remuneration paid to management of the Corporation shall be reviewed by the Remuneration Committee and submitted to the Board of Directors for approval, having regard to the directors' duties and contributions and the Corporation's business performance for the year and exposure to future risks.

c. Employee compensation

The employee compensation package comprises the monthly salary, interim and year-end bonuses, and compensation paid based on the Corporation's annual profit and operating results. Employees' compensation is determined based on the result of evaluation of an individual's work experience and performance.

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	2020	2019	Difference	
			Amount	%
Current assets	6,454,840	6,042,317	412,523	6.83
Real estate, plant, and equipment	4,459,976	4,537,304	(77,328)	(1.70)
Intangible assets	64,886	41,252	23,634	57.29
Other assets	1,632,190	1,739,904	(107,714)	(6.19)
Total asset value	12,611,892	12,360,777	251,115	2.03
Total liabilities	6,035,630	5,941,952	93,678	1.58
Share capital	2,664,230	2,664,230	0	0
Capital surplus	2,146,301	2,143,919	2,382	0.11
Retained earnings	1,898,235	1,709,371	188,864	11.05
Other adjustments	(132,504)	(98,695)	(33,809)	34.26
Total stockholder equity	6,576,262	6,418,825	157,437	2.45

Explanation/analysis:

1. The increase in intangible assets was mainly attributable to the purchase of computer software.
2. The decrease of other adjustment items was mainly due to the impact of the conversion difference of financial statements of foreign operations.

II. Financial Performance:

Comparative Analysis of Financial Performance

Unit: NT\$1,000

Item \ Year	2020	2019	Increase/ decrease	Proportion of change (%)
Operating revenue	8,084,664	8,191,531	(106,867)	(1.30)
Operating costs	(4,402,545)	(4,383,759)	(18,786)	0.43
Gross profit	3,682,119	3,807,772	(125,653)	(3.30)
Operating expenses	(2,721,013)	(2,915,868)	194,855	(6.68)
Operating net profit	961,106	891,904	69,202	7.76
Non-operating income and expenses	63,384	119,994	(56,610)	(47.18)
Net profit from continuing operations before tax	1,024,490	1,011,898	12,592	1.24
Income tax expenses	(243,356)	(257,887)	14,531	(5.63)
Net profit for this period	781,134	754,011	27,123	3.60

Analysis of the proportion of change: The decrease of non-operating incomes and expenses is mainly caused by the impact of exchange gains or losses.

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)	Estimated cash (shortage) balance (1)+(2)-(3)	Remedial measures for cash inadequacy	
				Investment plan	Financial plan
1,478,002	1,056,154	917,303	1,616,853	-	-

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) Re-investment policy:

YungShin Group has been adhering to worldwide deployment, launching new products and the management and optimized merger of invested businesses, aiming to seize market opportunities in various regions and integrate resources of various investment businesses to explore the international market, and to vertically integrate the upstream, midstream and downstream industry chains to achieve the goal of maximizing corporate value.

(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. The investment income recognized in 2020 is NT\$846,704 thousand. In this year, because of the COVID-19 epidemic spreading across the world, resulting in unexpected challenges such as raw material supply shortage, countries' protectionist barriers, and transportation barriers, in the face of the worsening business environment, the re-investment businesses adhere to immediate response and rapid adjustment to continue to optimize the system, improve the competitiveness and overall operation performance to maintain a sound operation.

(III) Improvement plan:

With respect to the businesses whose operating results are not as expected, we have adjusted our operating strategies to increase, reduce or integrate the businesses according to the changing environment and the development goals of the Group, and coordinated with the support and sharing of the Group's resources to integrate the businesses, dynamically adjust the Group's investment to maximize the Group's investment.

(IV) Other investment plans in the future:

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, integrating the R&D, production, and supply of APIs in the upstream of the industry, and expanding the sales channels in major markets in the downstream, which will be the direction of the Group's future investment.

VI. Risk Analysis and Assessment:

(I) Effect on the Profit (Loss) of Interest and Exchange Rate Fluctuations and Changes in the Inflation Rate, and Response Measures to Be Taken in the Future

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 YungShin Group.

(II) Policy regarding High-risk Investments, Highly Leveraged Investments, Loans to Other Parties, Endorsements/Guarantees, and Derivatives Transactions, Main Reasons for the Profit (Loss) Generated Thereby, and Response Measures to Be Taken in the Future

1. The Corporation focuses on stable business development and does not engage in any high-risk or high-leverage investments.
2. In accordance with the regulations of the competent authority, the Corporation has set up the Operation Procedures of Capital Lending to Others and Endorsement Guarantee, evaluates the risks of the objects of capital lending and endorsement guarantee at any time, and follows the relevant operation procedures, so as to protect the shareholders' rights and interests and reduce the operational 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 plans and estimated R&D costs: none. The main business items of the Company are a general investment, and there is no R&D demand.

(IV) Impact of major policy and legal changes at home and abroad on the financial business of the Company and corresponding measures:

1. Domestic region: The proposed measures of the Health Insurance Administration to reduce drug prices may have an adverse impact on domestic sales of health insurance covered drugs, depending on the situation from year to year. 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 lowered the prices of drugs in the basic list and set up the centralized procurement policy. However, the overall market in Mainland China continues to grow, and the invested businesses can still grow stably.
3. US: In 2018, the US government changed the supply model to allow US manufacturers to use raw materials from non-TAA countries for the use of government standards so that local manufacturing investment businesses can have better business opportunities.

(V) Impact of technological change and industrial change on the Corporation's financial business and countermeasures: Regular Strategic Committee and cross-company functional liaison meetings have been held to conduct regular meetings and follow-up on cross-company platforms for crisis management, opportunity sharing, and resource maximization.

(VI) Effect on the Crisis Management of Changes in the Corporate Image, and Measures to Be Taken in Response

When YungShin was founded, the Founder adopted the principle of "Providing the best medicine to enhance people's health" as the corporate motto. YungShin 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 will continue to implement the corporate image of "maintaining the health of Taiwanese and caring for the society", grow from Taiwan to the international community, to

achieve the vision of human health and sustainable development of the enterprise.

(VII) Expected Benefits and Possible Risks Associated with Any Mergers and Acquisitions, and Measures to Be Taken in Response

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, possible risks, and countermeasures of plant expansion: none.

(IX) Risks and countermeasures faced by purchasing or selling concentrated goods: none.

(X) The influence, risk, and countermeasures of the mass transfer or change of shares of the directors, supervisors, or major shareholders holding more than 10% of the shares of the Corporation: no mass transfer or change of shares occurred.

(XI) Impact and risk associated with changes in management rights, and countermeasures: None.

(XII) Litigation or non-litigation: Seven plots of land, No. 311, 314, 315, 316, 316-1, 317 and 325, in Xianren Section, Dajia District, Taichung City, were jointly owned by YungShin Pharmaceutical and the majority of people, among which a total of people requested the division of the common property and filed a lawsuit on the division of the common property to Taichung District Court, Taiwan. The case was judged at the first instance on May 24, 2018. The land was solely owned by YungShin Pharmaceutical, and YungShin Pharmaceutical should compensate other co-owners. Later, YungShin Pharmaceutical filed an appeal for the second instance within the statutory period, and the whole case was heard by the Taichung Branch of the Taiwan High Court, and the verdict was pronounced on May 15, 2019. No one appealed during the statutory appeal period of the second-instance judgment in this case. The judgment on June 24, 2019 determined that YungShin Pharmaceutical shall own the seven lands in dispute and shall compensate other co-owners. The transfer of the ownership of the above-mentioned lands has been completed, and the land price has been fully paid.

(XIII) Other important risks and countermeasures: None.

(XIV) In order to continuously strengthen the management of information security, the Corporation plans and strengthens management measures for various information risks, such as device management, hardware protection, endpoint protection, application system security monitoring, Internet access, and mobile security, etc., to protect the best rights and interests of customers and stakeholders.

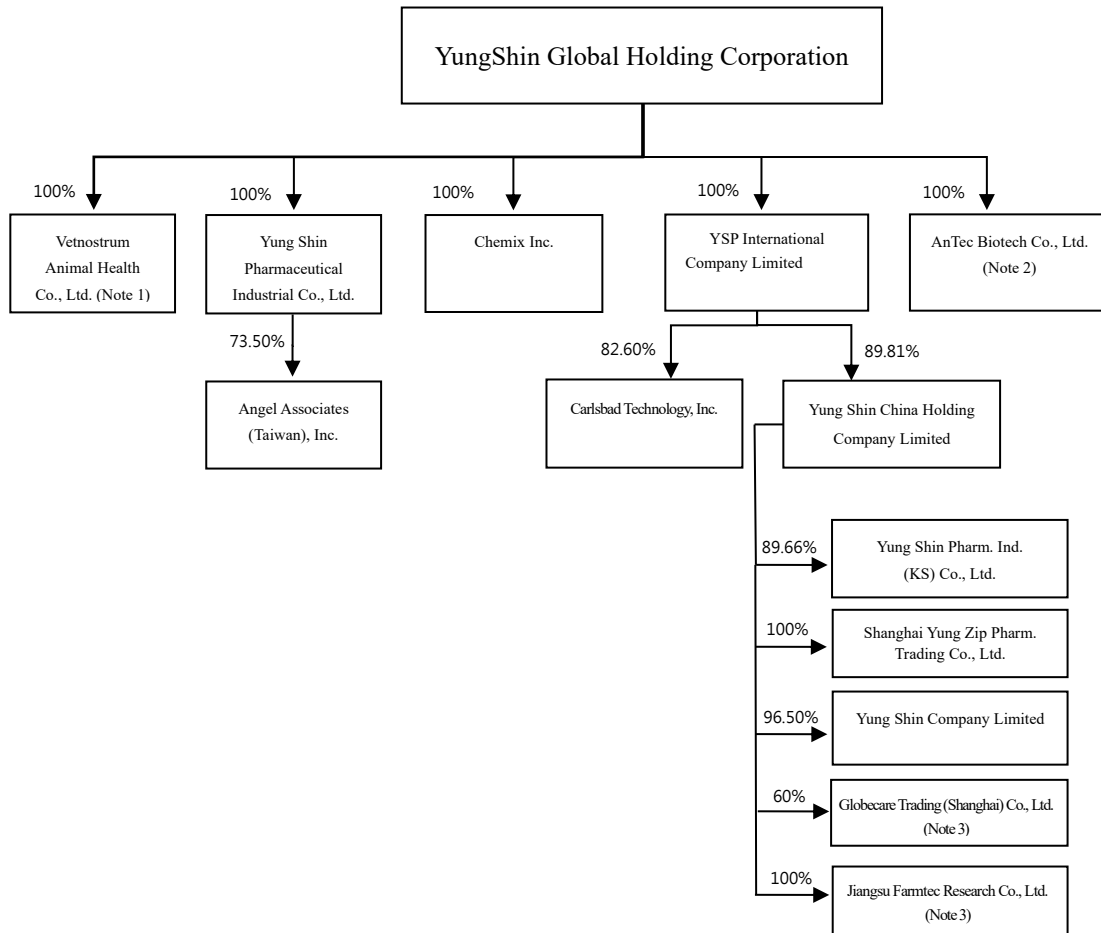
VII. Other Important Matters: None.

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: On May 7, 2020, the Board of Directors and acting shareholders' meeting of Yung Shin Pharmaceutical Industrial Co., Ltd. decided to refund the share payment by long-term equity through capital reduction and returned 100% of the shares of Vetnostrum Animal Health Co., Ltd., a subsidiary of Yung Shin Pharmaceutical Industrial Co., Ltd. to the sole shareholder (the Corporation). Upon completion of the capital reduction, the Corporation directly holds 100% of the equities of Vetnostrum Animal Health Co., Ltd.

Note 2: AnTec Biotech Co., Ltd. was dissolved on December 31, 2016, which was approved by Taichung City Government No. 10607018000, but it is still in the liquidation process.

Note 3: Globecare Trading (Shanghai) Co., Ltd. and Jiangsu Farmtec Research Co., Ltd. are under liquidation.

Note 4: Chung Shin (Jiangsu) Clinical Research Co., Ltd. has completed the liquidation by 2020 Q4.

2. Basic Information of Affiliates

Name	Date of incorporation	Address	Paid-in Capital	Main business or products
Yung Shin Pharmaceutical Industrial Co., Ltd.	1965.08.26	No. 1191, Sec. 1, Chungshan Road, Tachia District, Taichung City	NTD 666,484,170	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 1,214,085	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
Shanghai Yung Zip Pharmaceutical Trading Co., Ltd.	1994.12.01	Room 1528, Tomson International Trade Building No. 1 Ji Long Road, Waigaoqiao Free Trade Zone, Shanghai, P.R.C.	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
Yung Shin Pharm. Ind. (KS) Co., Ltd.	1994.12.12	No 191, Jinyang West Road, Lujia Town, Kunshan City, Jiangsu Province, China	RMB 126,271,311	Production and sale of Western medicine, finished pharmaceuticals, APIs, and chemical intermediates
Yung Shin Company Limited	1985.06.07	Units 3, 5 and 6, 11/F Twr 1, Ever Gain Plaza, 88 Container Port Rd., Kwai Chung, New Territories, Hong Kong	HKD 8,000,000	Sales of drugs
Globecare Trading (Shanghai) Co., Ltd. (Note 1)	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
Farmtec Research Co, Ltd. (Note 1)	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 2)	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, consultation, import and export of goods and technologies in related fields of pharmaceutical chemistry, biotechnology, and health industry
Angel Associates (Taiwan), Inc.	1974.02.08	12F, No. 181, Section 3, Minchuan East Road, Taipei City	NTD 5,000,000	Import/export trade
AnTec Biotech Co., Ltd. (Note 3)	2008.07.31	No. 1191, Sec. 1, Chungshan Road, Tachia District, Taichung City	NTD 172,000,000	Extraction, manufacturing, and sales of wood products
Chemix Inc.	1987.11.13	6F, YS Bldg., 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, Minchuan East Road, Taipei City	NTD 550,000,000	Manufacturing and trading of medicine

Note 1: Globecare Trading (Shanghai) Co., Ltd. and Farmtec Research Co, Ltd. are under liquidation.

Note 2: Chung Shin (Jiangsu) Clinical Research Co, Ltd. has completed the liquidation by 2020 Q4.

Note 3: AnTec Biotech Co., Ltd. has been dissolved on December 31, 2016, which was approved by Taichung City Government No. 10607018000, but it is still in the liquidation process.

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. Information of Directors, Supervisors and General Managers of Affiliated Companies:

December 31, 2020

Name	Title	Name or representative	Shareholding	
			Number of Shares	Shareholding ratio
Yung Shin Pharmaceutical Industrial Co., Ltd.	Chairman/Director	YungShin Global Holding Corporation representative: Fang-Yu Lee	66,648,417	100%
	Director	YungShin Global Holding Corporation representative: Ling-Chin Lee		
	Director	YungShin Global Holding Corporation representative: Fang-Chen Lee		
	Director	YungShin Global Holding Corporation representative: Fang-Hsin Lee		
	Director	YungShin Global Holding Corporation representative: Meng-Pi Lin		
	Director	YungShin Global Holding Corporation representative: Chi-Li Lee		
	Independent Director	YungShin Global Holding Corporation representative: Shih-Kuang Tsai		
	Independent Director	YungShin Global Holding Corporation representative: Kun-Hsien Lin		
	Independent Director	YungShin Global Holding Corporation representative: Hung-I Chen		
	President	Ling-Chin Lee		
YSP International Company Limited	Chairman/Director	YungShin Global Holding Corporation representative: Fang-Hsin Lee	10,000	100%
	Director	YungShin Global Holding Corporation representative: Fang-Yu Lee		
	Director	YungShin Global Holding Corporation representative: Ling-Chin Lee		
	Director	YungShin Global Holding Corporation representative: Fang-Chen Lee		
	Director	YungShin Global Holding Corporation representative: Meng-Pi Lin		
Carlsbad Technology, Inc.	Chairman/Director	YSP International Company Limited representative: Fang-Shin Lee	1,002,874	82.60%
	Director	YSP International Company Limited representative: Fang-Yu Lee		
	Director	YSP International Company Limited representative: Fang-Chuan Lee		
	Director	YSP International Company Limited representative: Wei-Kai Chung		
	Director	Chi-Li Lee		
	Supervisor	YSP International Company Limited representative: Meng-Pi Lin		
	President	Jheng-Hong Chin		
Yung Shin China Holding Company Limited	Chairman/Director	YSP International Company Limited representative: Fang-Chen Lee	-	89.81%
	Director	YSP International Company Limited representative: Fang-Yu Lee		
	Director	YSP International Company Limited representative: Ling-Chin Lee		
	Director	YSP International Company Limited representative: Fang-Hsin Lee		
	Director	YSP International Company Limited representative: Chia-Ho Cho		
Shanghai Yung Zip Pharmaceutical Trading Co., Ltd.	Chairman/Director	Yung Shin China Holding Company Limited representative: Fang-Chen Lee	-	100%
	Director	Yung Shin China Holding Company Limited representative: Fang-Yu Lee		
	Director	Yung Shin China Holding Company Limited representative: Fang-Hsin Lee		
	Director	Yung Shin China Holding Company Limited representative: Chia-Ho Cho		
	Director	Chi-Li Lee		
	Supervisor	Yung Shin China Holding Company Limited representative: Ling-Chin Lee		
	President	Chih-Chien Liu		

Name	Title	Name or representative	Shareholding	
			Number of Shares	Shareholding ratio
Yung Shin Pharm. Ind. (KS) Co., Ltd.	Chairman/Director	Yung Shin China Holding Company Limited representative: Fang-Chen Lee	113,208,788	89.66%
	Director	Yung Shin China Holding Company Limited representative: Fang-Yu Lee		
	Director	Yung Shin China Holding Company Limited representative: Fang-Hsin Lee		
	Director	Yung Shin China Holding Company Limited representative: Chia-Ho Cho		
	Director	Chi-Li Lee		
	Supervisor	Yung Shin China Holding Company Limited representative: Ling-Chin Lee		
	Supervisor	Jen-Ching Deng		
	Supervisor	Yen Shen		
	President	Miao Wu		
Yung Shin Company Limited (HK)	Chairman/Director	Yung Shin China Holding Company Limited representative: Fang-Chen Lee	7,720	96.50%
	Director	Yung Shin China Holding Company Limited representative: Fang-Yu Lee		
	Director	Yung Shin China Holding Company Limited representative: Fang-Hsin Lee		
	Director	Yung Shin China Holding Company Limited representative: Chia-Ho Cho		
	Director	Chi-Li Lee		
	Supervisor	Yung Shin China Holding Company Limited representative: Ling-Chin Lee		
Angel Associates (Taiwan), Inc.	Chairman/Director	Yung Shin Pharmaceutical Industrial Co., Ltd. representative: Ling-Chin Lee	3,675	73.5%
	Director	Yung Shin Pharmaceutical Industrial Co., Ltd. representative: Fang-Yu Lee		
	Director	Yung Shin Pharmaceutical Industrial Co., Ltd. representative: Wei-Chen Tang		
	Director	Yung Shin Pharmaceutical Industrial Co., Ltd. representative: Hsiu-Li Wu		
	Supervisor	Fang-Chen Lee		
Chemix Inc.	Chairman/Director	YungShin Global Holding Corporation representative: Fang-Yu Lee	192	100%
	Director	YungShin Global Holding Corporation representative: Fang-Chen Lee		
	Director	YungShin Global Holding Corporation representative: Chi-Li Lee		
	Director	YungShin Global Holding Corporation representative: Wei-Kai Chung		
	Director	YungShin Global Holding Corporation representative: Shao-Wei Chou		
	Supervisor	YungShin Global Holding Corporation representative: Fang-Hsin Lee		
	President	Fang-Yu Lee		
Vetnostrum Animal Health Co., Ltd.	Chairman/Director	YungShin Global Holding Corporation representative: Fang-Yu Lee	55,000,000	100%
	Director	YungShin Global Holding Corporation representative: Ling-Chin Lee		
	Director	YungShin Global Holding Corporation representative: Fang-Chen Lee		
	Director	YungShin Global Holding Corporation representative: Fang-Hsin Lee		
	Director	YungShin Global Holding Corporation representative: Wei-Kai Chung		
	Supervisor	YungShin Global Holding Corporation representative: Ying-Tsung Lin		
	President	Wei-Kai Chung		

(II) Status of operations of affiliated companies (2020)

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.	666,484	6,781,935	3,358,952	3,422,983	4,724,262	819,636	744,366	5.77
YSP International Company Limited	1,208,096	1,849,502	0	1,849,502	0	(10)	(8,372)	(837.20)
Carlsbad Technology, Inc.	79,254	858,200	833,736	24,464	628,785	(44,060)	(68,175)	(2.74)
Yung Shin China Holding Company Limited	995,141	833,927	165	833,762	0	(166)	(1,458)	(0.04)
Shanghai Yung Zip Pharmaceutical Trading Co., Ltd.	121,120	108,960	21,419	87,541	133,214	1,634	(305)	0
Globecare Trading (Shanghai) Co., Ltd. (Note 1)	78,844	37,984	18,392	19,592	921	(3,853)	(5,347)	0
Yung Shin Pharm. Ind. (KS) Co., Ltd.	468,483	1,118,090	434,180	683,910	1,308,358	55,550	36,791	0.29
Farmtec Research Co, Ltd. (Note 1)	75,700	4,703	60	4,643	(121)	(3,473)	(4,775)	0
Yung Shin Company Limited	31,178	56,499	8,819	47,680	28,163	(737)	1,708	213.50
Angel Associates (Taiwan), Inc.	5,000	15,603	2,506	13,097	5,717	238	2,029	405.80
AnTec Biotech Co., Ltd. (Note 2)	172,000	52,668	0	52,668	0	0	2	0
Chung Shin (Jiangsu) Clinical Research Co, Ltd. (Note 3)	0	0	0	0	1,829	(15,917)	(25,682)	0
Chemix Inc.	3,071	590,537	220,417	370,120	560,698	5,586	9,644	50,229.17
Vetnostrum Animal Health Co., Ltd.	550,000	1,431,555	504,874	926,681	1,105,126	134,710	103,659	1.88

Note 1: Globecare Trading (Shanghai) Co., Ltd. and Farmtec Research Co, Ltd. are under liquidation.

Note 2: AnTec Biotech Co., Ltd. has been dissolved on December 31, 2016, which was approved by Taichung City Government No. 10607018000, but it is still in the liquidation process.

Note 3: Chung Shin (Jiangsu) Clinical Research Co, Ltd. has completed the liquidation by 2020 Q4.

(III) Consolidated financial statement of affiliated companies:

Declaration of Consolidated Financial Statements of Affiliates

In 2020 (from January 1 to December 31, 2020), 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: Fang-Hsin Lee

March 30, 2021

(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	Capital Source	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: Fang-Hsin Lee





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