



**YUNGSHIN GLOBAL HOLDING CORPORATION**

**Stock Code : 3705**

# 2021

## ANNUAL REPORT



**Printed on March 31, 2022**

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

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

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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 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 2021

#### (I) Implementation of Business Plan

The Corporation's operating income in the consolidated income statement of 2021 was NT\$7,805,055 thousand, the gross profit was NT\$3,723,246 thousand, with a gross margin of 47.70%; the operating expense was NT\$2,765,617 thousand, the consolidated total profit or loss was NT\$756,293 thousand, the net profit after tax attributable to the parent corporation was NT\$736,622 thousand, with earnings per share of NT\$2.77.

#### (II) Budget Implementation

The Corporation did not make a financial forecast for 2021, 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	2020	2021
Operating income	8,084,664	7,805,055
Gross profit	3,682,119	3,723,246
Operating profit or loss	961,106	957,629
Net profit before tax	1,024,490	998,546
Net profit after tax	781,134	756,293

#### Profitability analysis

Item	2020	2021
Return on Assets (ROA) (%)	6.55	6.34
Return on Equity (ROE) (%)	12.02	11.32
Ratio of income before tax to paid-up capital (%)	38.45	37.48
Net profit margin (%)	9.66	9.69
Earnings per share (NT\$)	2.97	2.77

#### (IV) Research and Development Status

Being an investment holding corporation, its main business is general investment in the field of health, and therefore did not have any R&D expenditure.

## II. Summary of 2022 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. Important strategies that will be continuously developed in 2022 are as follows:

1. Continuously improve the investment and development efficiency of medical and health industries

YungShin Group has developed generic drugs for more than 60 years with years of experience in the upstream and downstream sectors of generic drug. As an investment holding corporation, the Corporation will increase or decrease investments in businesses as appropriate to strengthen resources and form alliances, make alliances, get into mergers and acquire other pharmaceutical companies to improve the Group's 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 the Group and will continue to increase its API varieties and vertical integration 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 recent years. Yungshin Group has set up a cross-corporation 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 Province, Mainland China, the USA, Malaysia, Vietnam and Indonesia to supply the needs of local and global market, established sales points in Taiwan Province, 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 the 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) Estimated Sales Volume and Supporting Information

The Corporation is an industrial investment holding corporation 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 corporation 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 advanced and developing countries take the biotech industry as their main development direction and use national resources to support the research, development, plant setup, and even mergers and acquisitions. For example, in the largest pharmaceutical companies in both China, France, Malaysia, etc., the governments are the largest shareholders, which support and develop large pharmaceutical companies with national resources to raise the threshold of comprehensive competition.
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 PICs 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 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 "YungShin Pharmaceutical Industrial Co., Ltd." (YSP) and was listed on Taiwan Stock Exchange. YungShin 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 "YungShin Pharmaceutical Industrial Co., Ltd." making it the second subsidiary directly controlled.</p> <p>In January, the subsidiary YungShin 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 corporation.</p>
2013	<p>In February, The subsidiary YSP received the first Potential Taiwan Mittelstand Award.</p> <p>In March, the Corporation restructured the investment pattern of the Group and consolidated the offshore companies YSP International Corporation Limited, YSP USA Investment Corporation Limited, YSP Sea Investment Corporation Limited, YSP Oversea Investment Corporation Limited with YSP International Corporation Limited as the surviving corporation.</p> <p>In March, the Corporation acquired a 57.14% equity in isRed Pharma &amp; 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 medicine.</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 Province, Mainland China, South Korea, India, and other countries.</p> <p>In March, the subsidiary YungShin Pharm. Ind. (KS) Co., Ltd. became the first tablet manufacturing corporation of Jiangsu Province to enter the American market; it sold more than 600 kilograms of aciclovir there.</p>
2015	<p>In June, the subsidiary YSP transferred 100% of its long-held stock investments in "YSP International Corporation Limited" and related operating assets and liabilities to the newly established "YungShin Formosa Investment Holding Corporation".</p> <p>"YungShin Formosa Investment Holding Corporation" became a wholly owned subsidiary of the Corporation.</p>
2016	<p>In April, the subsidiary YSP forayed into animal health sector and invested in 100% of the shares of "Zoetis Biotech Manufacturing Limited" and renamed it as "Vetnostrum Animal Health Co., Ltd.".</p> <p>In May, the Corporation simplified its organizational structure to improve managerial efficiency and merged the subsidiary YungShin Formosa Investment Holding Corporation with itself. the Corporation acquired 100% of shares of YSP International Corporation Limited previously held by YungShin Formosa Investment Holding Corporation.</p> <p>In November, the operations of its subsidiary AnTec Biotech were curtailed and later liquidated as per the Group's strategic plans.</p>
2017	<p>In January, related animal product business of the subsidiary YSP was transferred to Vetnostrum Animal Health Co., Ltd. to consolidate the Group's animal protection businesses and resources in Taiwan.</p> <p>In March, a clinical research organization (CRO) Chung Shin (Jiangsu) Clinical Research Co., Ltd. was established at Kunshan Nucleic Acid Science and Technology Park in Jiangsu Province, China. It offers a full range of clinical trial/bioequivalency (BE) test services including clinical research, biotech sample analyses, biometrics, and clinical research monitoring.</p>
2018	<p>In January, the subsidiary YungShin Pharm. Ind. (KS) Co., Ltd. was listed on the National Equities Exchange and Quotations of China (known as the New Third Board).</p> <p>In September, the Group reorganized its organizational structure and liquidated YSP Japan Investment Co., Ltd. bringing down the number of controlled companies held by the Corporation to 16.</p>

Year	Milestones
2019	<p>In August, the Corporation sold 100% of its holding in isRed Pharma &amp; Biotech Research Co., Ltd. bringing down the number of controlled companies held by the Corporation to 15.</p> <p>In November, in order to save management costs and take into consideration the overall long-term operation plan of the Corporation, YungShin Pharmaceutical Co., Ltd. was dissolved and liquidated.</p>
2020	<p>In February, based on the overall long-term operation planning of the Corporation, the subsidiaries Jiangsu Farmtec Research Co., Ltd. and Youkong Trade (Shanghai) Limited were dissolved and liquidated in order to simplify the investment structure and save non-necessary cost expenditures.</p> <p>In March, the organization structure of the Group was adjusted, and the liquidation of YungShin Co., Ltd. was completed. The number of controlled companies held by the Corporation was changed to 14.</p> <p>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 Jiangsu Chongxin Pharmaceutical Research Co., Ltd. was liquidated.</p> <p>In July, the Corporation directly held 100% of shares of Vetnostrum Animal Health Co., Ltd. for the benefit of the integration of the Group's global resources, industrial development, and authority so as to improve its competitiveness and business performance.</p> <p>In December, the Group's organizational structure was adjusted, and the liquidation of Jiangsu Chongxin Pharmaceutical Research Co., Ltd. was completed. The number of controlled companies held by the Corporation was changed to 13.</p>
2021	<p>In May, the Group reorganized its organizational structure and liquidated Jiangsu Farmtec Research Co., Ltd., bringing down the number of controlled companies held by the Corporation to 12.</p> <p>In June, considering the operational planning, YungShin Pharmaceutical Co., Ltd. sold its shareholding in Biotrust International Corporation.</p> <p>In December, considering the operational planning, YSP INTERNATIONAL COMPANY LIMITED disposed of its shares in YUNG SHIN CHINA HOLDING COMPANY LIMITED.</p>
2022	<p>In January, the liquidation of Youkong Trade (Shanghai) Limited was completed, bringing down the number of controlled companies held by the Corporation to 11. YSP INTERNATIONAL COMPANY LIMITED acquired the equity of Shanghai Yung Zip Pharm. Trading Co., Ltd. and YungShin Corporation Limited.</p>

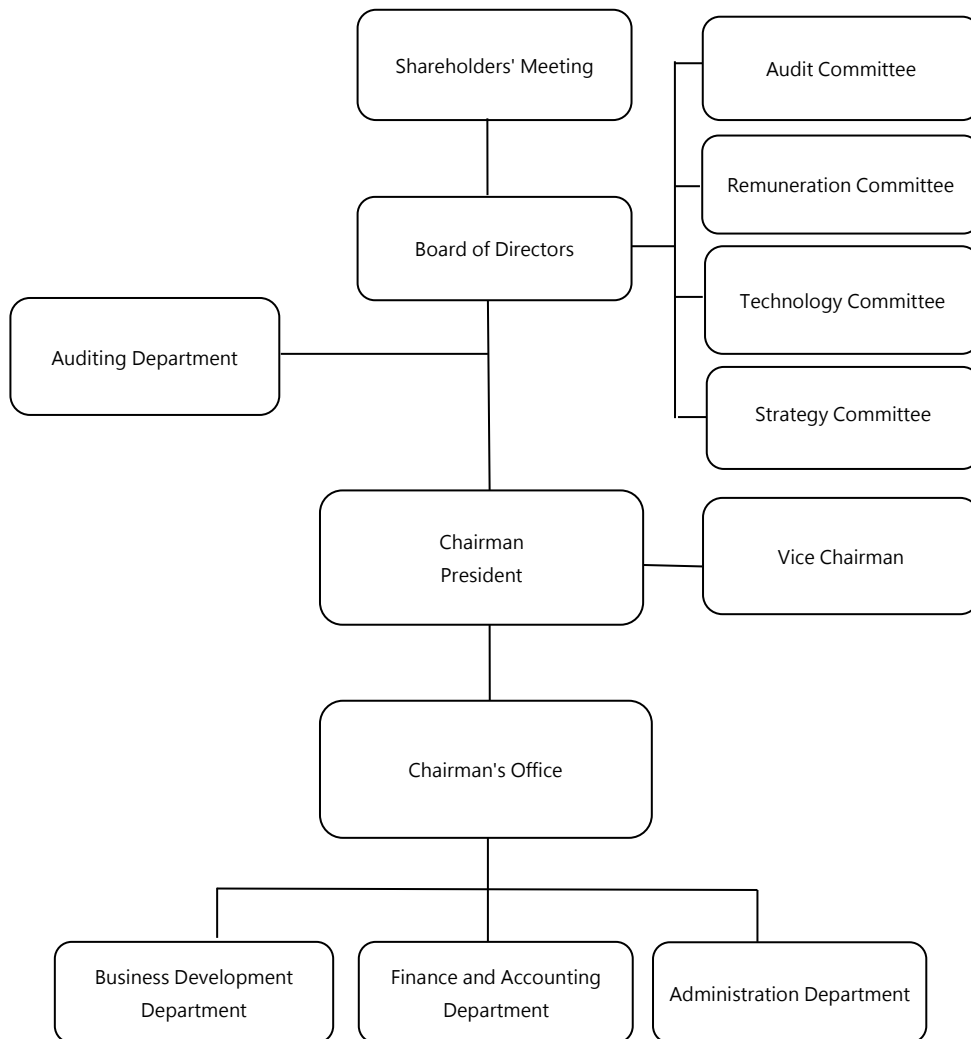
\*For more information on corporation history, please visit our website (the URL on the cover).

## Chapter 3 Corporate Governance Report

### I. Organization System

#### (I) Organizational Structure

#### YungShin Global Holding Corporation Organizational 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 opinion or self-inspection reports submitted by corporation and make improvements to its internal control system deficiencies and irregularities.</p> <p>(X) Audit on ad-hoc basis based on requirements. Identify possible discrepancies in the internal control system and make recommendations for improvement. Regularly report progress and outcomes to the Board of Directors.</p> <p>(XI) Other matters related to implementation and as per law.</p> <p>(XII) Other assigned tasks.</p>
Chairman's Office	<p>Assist the Chairman and President achieve Corporation's operational and management objectives , perform tasks assigned by the Board, and oversee the supervision of the Group.</p> <p>(I) Assist in achieving business objectives.</p> <p>(II) Project management.</p> <p>(III) General contact window for matters of the Group (including matters related to shareholders' meetings and board meetings of investee companies) and manage relevant information of investee companies.</p> <p>(IV) Other assigned tasks.</p>

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

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

Mar. 31, 2022

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

Title	Nationality or place of registration	Name	Gender/ Age	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		Major Education and Work Experience	Position(s) Held Concurrently in the Corporation and/or in Any Other Company	Executives, directors or supervisors who are spouses or within the second degree of kinship			Remarks
							Number of Shares	Shareholding Ratio	Number of shares	Shareholding Ratio	Number of shares	Shareholding Ratio	Number of shares	Shareholding Ratio			Title	Name	Relationship	
Chairman	Republic of China	Fang-Hsin Lee	Male 62 years old	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	Ling-Chin Lee Fang-Yu Lee Fang-Chen Lee	Sister and younger brother Brothers	(Note 5)
Director	Republic of China	Ling-Chin Lee (Note 3)	Female 73 years old	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	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 70 years old	2019.06.20	3 years	2016.06.22	7,986,918	3.00%	7,826,918	2.94%	3,058,682	1.15%	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 66 years old	2019.06.20	3 years	2010.06.09	10,492,344	3.94%	5,513,344	2.07%	369,322	0.14%	6,100,000	2.29%	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	
Director	Republic of China	Meng-Pi Lin	Male 65 years old	2019.06.20	3 years	2013.06.11	5,923,326	2.22%	7,129,326	2.68%	1,712,000	0.64%	10,234,000	3.84%	Department of Accounting, Soochow University	(Note 4)	None	None	None	

Title	Nationality or place of registration	Name	Gender/ Age	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		Major Education and Work Experience	Position(s) Held Concurrently in the Corporation and/or in Any Other Company	Executives, directors or supervisors who are spouses or within the second degree of kinship			Remarks
							Number of Shares	Shareholding Ratio	Number of shares	Shareholding Ratio	Number of shares	Shareholding Ratio	Number of shares	Shareholding Ratio			Title	Name	Relationship	
Director	Republic of China	Chi-Li Lee	Male 49 years old	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 57 years old	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-Hsien Lin	Male 64 years old	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 73 years old	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 YungShin 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, with a total of 14,401,368 shares (a shareholding ratio of 5.41%).

Note 4: Position(s) Held Concurrently in the Corporation and/or in Any Other Company

Name	Position(s) Held Concurrently in the Corporation and/or in Any Other Company
<b>Fang-Hsin Lee</b>	<ol style="list-style-type: none"> <li>1. Chairman and President of the Corporation (YungShin Global Holding Corporation).</li> <li>2. President and Group Managing Director of Y.S.P. Southeast Asia Holding Bhd.</li> <li>3. Chairman of YSP INTERNATIONAL CO., LTD., CARLSBAD TECHNOLOGY, INC., etc.</li> <li>4. Legal representative of Director of YungShin Pharm Ind. Co., Ltd., Vetnostrum Animal Health Co., Ltd., YUNG SHIN CHINA HOLDING CO., LTD., YungShin Pharm Ind. (KS) Co., Ltd., Shanghai Yung Zip Pharm. Trading Co., Ltd., YungShin Company Limited, etc.</li> <li>5. Director of ALPHA ACTIVE INDUSTRIES SDN BHD.</li> <li>6. Legal representative of Supervisor of Chemix Inc.</li> <li>7. President of Y.S.P. INDUSTRIES(M) SDN BHD, KUMPULAN YSP (M) SDN BHD, YUNG SHIN (PHILIPPINES) INC, 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.</li> <li>8. Managing 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.</li> </ol>
<b>Ling-Chin Lee</b>	<ol style="list-style-type: none"> <li>1. Vice Chairman of the Corporation (YungShin Global Holding Corporation).</li> <li>2. Vice Chairman and President of YungShin Pharm Ind. Co., Ltd.</li> <li>3. Chairman of Angel Associates (Taiwan), Inc.</li> <li>4. Legal representative of 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.</li> <li>5. Legal representative of Supervisor of YungShin Pharm Ind. (KS) Co., Ltd., Shanghai Yung Zip Pharm. Trading Co., Ltd., YungShin Company Limited, etc.</li> <li>6. Director of Tien Te Lee Biomedical Foundation and Medical and Pharmaceutical Industry Technology and Development Center.</li> <li>7. Consultant of Taiwan Pharmaceutical Manufacturer's Association and Taiwan Pharmaceutical Manufacture and Development Association.</li> <li>8. Standing Director of Taiwan Generic Pharmaceutical Association</li> </ol>
<b>Fang-Yu Lee</b>	<ol style="list-style-type: none"> <li>1. Chairman of YungShin Pharmaceutical Industrial Co., Ltd., Vetnostrum Animal Health Co., Ltd., TienTe Lee Biomedical Foundation, YungShin Social Welfare Foundation, YungShin Education Entertainment Enterprise Co., Ltd., etc.</li> <li>2. Chairman and President of CHEMIX INC.</li> <li>3. Legal representative of Director of Angel Associates (Taiwan), Inc., YSP INTERNATIONAL CO., LTD., YUNG SHIN CHINA HOLDING CO., LTD., YungShin Pharm Ind. (KS) Co., Ltd., Shanghai Yung Zip Pharm. Trading Co., Ltd., YungShin Company Limited, CARLSBAD TECHNOLOGY, INC., etc.</li> <li>4. Director of Shuz Tung Machinery Industrial Co., Ltd.</li> <li>5. Executive Director of Hsing Yuan Foundation.</li> </ol>
<b>Fang-Chen Lee</b>	<ol style="list-style-type: none"> <li>1. Chairman of YUNG SHIN CHINA HOLDING CO., LTD., YungShin Pharm Ind. (KS) Co., Ltd., Shanghai Yung Zip Pharm. Trading Co., Ltd., YungShin Company Limited, Fuentes Investment Corporation, etc.</li> <li>2. Legal representative of Director of YungShin Pharm. Ind. Co., Ltd., Vetnostrum Animal Health Co., Ltd., CARLSBAD TECHNOLOGY, INC., CHEMIX INC., YSP INTERNATIONAL CO., LTD., Y.S.P. SOUTHEAST ASIA HOLDING BHD., KUMPULAN YSP (M) SDN BHD, Y.S.P. INDUSTRIES (M) SDN BHD, YUNG SHIN PHARMACEUTICAL (SINGAPORE) PTE. LTD., PT YUNG SHIN PHARMACEUTICAL INDONESIA, PT YSP INDUSTRIES INDONESIA., etc.</li> <li>3. Director of Yung Zip Chemical Ind. Co., Ltd. and Taiwan Way Chein Industrial Co., Ltd.</li> <li>4. Supervisor of Angel Associates (Taiwan), Inc.</li> <li>5. President of Chinese Chemical Society, Taiwan Pharmaceutical Manufacture and Development Association, Adjunct Associate Professor of Department of Accounting, Tunghai University.</li> </ol>
<b>Meng-Pi Lin</b>	<ol style="list-style-type: none"> <li>1. Chairman of Wen Shan Resort Corporation.</li> <li>2. Legal representative of Director of YungShin Pharmaceutical Industrial Co., Ltd. And YSP INTERNATIONAL CO., LTD.</li> <li>3. Director of Lih Dar Steel Co., Ltd., Ta Chia Iron &amp; Steel Co., Ltd., Hsin Lin Chi Co., Ltd., etc.</li> <li>4. Legal representative of Supervisor of CARLSBAD TECHNOLOGY, INC.</li> </ol>
<b>Chi-Li Lee</b>	<ol style="list-style-type: none"> <li>1. Chairman of Yung Zip Chemical Ind. Co., Ltd. and Taiwan Way Chein Industrial Co., Ltd.</li> <li>2. Legal representative of Director of YungShin Pharm Ind. Co., Ltd. and Assistant General Manager of Health and Living Division.</li> <li>3. Legal representative of Director of CHEMIX INC.</li> <li>4. Director of YungShin Pharm Ind. (KS) Co., Ltd., Shanghai Yung Zip Pharm. Trading Co., Ltd., YungShin Company Limited, CARLSBAD TECHNOLOGY, INC., etc.</li> </ol>
<b>Shih-Kuang Tsai</b>	<ol style="list-style-type: none"> <li>1. Legal representative of Independent Director of YungShin Pharmaceutical Industrial Co., Ltd.</li> <li>2. President of T.K. Tsai &amp; Co., CPAs.</li> <li>3. Independent Director of AIC Inc., Syncmold Enterprise Corp., Opto Tech Corporation, etc.</li> <li>4. Supervisor of Zhi-Hang Technology Co., Ltd.</li> </ol>
<b>Kun-Hsien Lin</b>	<ol style="list-style-type: none"> <li>1. Legal representative of Independent Director of YungShin Pharmaceutical Industrial Co., Ltd.</li> <li>2. Executive (Independent) Director of COTA Commercial Bank Co., Ltd.</li> <li>3. Independent Director of United Integrated Services Co., Ltd.</li> </ol>
<b>Hong-Yi Chen</b>	<ol style="list-style-type: none"> <li>1. Legal representative of Independent Director of YungShin Pharmaceutical Industrial Co., Ltd.</li> <li>2. Director of Country Hospital.</li> <li>3. Honorary Professor/Honorary President of Chang Jung Christian University.</li> <li>4. Consultant of Military General Hospital and Xin Tai General Hospital.</li> <li>5. Director of Liming Foundation, Chang Jung Christian University, and Ta-Kuang Hospital Management Consulting Co. Ltd.</li> </ol>

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 (9 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. Except the Chairman who concurrently serves as the President, none of other Directors serves as the manager or employee of the Corporation.



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

## 1. Disclosure of professional qualifications of directors and their independence:

Criteria Name	Professional qualifications and experience	Independent status	Number of other public companies where the individual concurrently serves as an independent director
<b>Director Fang-Hsin Lee</b>	Established Y.S.P. Southeast Asia Holding, focusing on southeast Asia market for more than 30 years. Act as the Chairman and concurrently as the President of the Corporation, serve as a manager on the board of directors for strategic communication and advice on business management, and put forward the relevant management advice. Has the practical skills in marketing, finance, mergers and acquisitions, industry-related business planning, operation and management. Not under any of the circumstances stated in Article 30 of the Company Act.	—	0
<b>Director Ling-Chin Lee</b>	Vice Chairman of the Corporation and the President of the subsidiary company YungShin Pharm. Specialize in the pharmaceutical industry for more than 30 years, and develop nutrition and health food and maintenance products market, with the practical skills in finance, business, marketing, operation and management. Not under any of the circumstances stated in Article 30 of the Company Act.	—	0
<b>Director Fang-Yu Lee</b>	Chairman of the subsidiary company YungShin Pharm. Ind. Co., Ltd. Dedicated to the pharmaceutical industry for over 30 years. Focus on intelligent production line and other future trends, with the practical skills in finance, business, marketing, operation and management. Not under any of the circumstances stated in Article 30 of the Company Act.	—	0
<b>Director Fang-Chen Lee</b>	Established the first biotech holdings company - the Corporation, transformed it into a global pharmaceutical company through joint ventures or mergers. Have a medical degree and have studied business management and law across industries. Have the relevant practical skills in finance, business, marketing, operation and management. Not under any of the circumstances stated in Article 30 of the Company Act.	—	0
<b>Director Meng-Pi Lin</b>	Currently serve as the Chairman of Wen Shan Resort Corporation. Have the relevant practical skills in finance, business, operation and management. Not under any of the circumstances stated in Article 30 of the Company Act.	—	0
<b>Director Chi-Li Lee</b>	Currently serve as the Chairman of Yung Zip Chemical Ind. Co., Ltd., and the Assistant Vice President of Health and Living Division of YungShin Pharm Ind. Co., Ltd., with more than 25 years of experience in sales management in the pharmaceutical industry, and practical skills in marketing, finance, mergers and acquisitions, industry-related business planning, operation and management. Not under any of the circumstances stated in Article 30 of the Company Act.	—	0
<b>Independent Director Shih-Kuang Tsai</b>	Have experience in accounting and crisis management, and have passed the national examination required for CPAs with the Certificate of Professional and Technician. Currently serve as the President of T.K. Tsai & Co., CPAs. In performing the functions of the independent director, remuneration committee and audit committee, his expertise in finance and accounting facilitates to enhance the quality of corporate governance of the board and oversight functions of functional committees. Not under any of the circumstances stated in Article 30 of the Company Act.	Serve as an independent director, conforming to the conditions of independence, including but not limited to the fact that he, his spouse or his relatives within the second degree are not directors, supervisors or employees of the Corporation or its affiliated enterprises; Does not hold shares of the Corporation; Not being a director, supervisor or employee of a company having a particular relationship with the Corporation; No remuneration obtained from providing business, legal, financial, accounting and other services to the Corporation or its affiliated enterprises in the recent 2 years.	3

<b>Independent Director Kun-Hsien Lin</b>	Have experience in legal and crisis management, and have passed the national examination required for the practice of law with the Certificate of Professional and Technician. Currently serve as the President of BN Law Firm. He is able to provide advice on risk management, legal strategy, compliance and management decisions with his expertise in law. Not under any of the circumstances stated in Article 30 of the Company Act.	Serve as an independent director, conforming to the conditions of independence, including but not limited to the fact that he, his spouse or his relatives within the second degree are not directors, supervisors or employees of the Corporation or its affiliated enterprises; Does not hold shares of the Corporation; Not being a director, supervisor or employee of a company having a particular relationship with the Corporation; No remuneration obtained from providing business, legal, financial, accounting and other services to the Corporation or its affiliated enterprises in the recent 2 years.	2
<b>Independent Director Hong-Yi Chen</b>	Have experience in medical and crisis management, and have passed the national examination required for the medical practitioners with the Certificate of Professional and Technician. Currently serve as a consultant of the Tri-Service General Hospital and Honorary Professor/Honorary President of Chang Jung Christian University. He is able to provide advice on pharmaceutical development, quality management and risk management decisions with his expertise in medicine. Not under any of the circumstances stated in Article 30 of the Company Act.	Serve as an independent director, conforming to the conditions of independence, including but not limited to the fact that he, his spouse or his relatives within the second degree are not directors, supervisors or employees of the Corporation or its affiliated enterprises; Does not hold shares of the Corporation; Not being a director, supervisor or employee of a company having a particular relationship with the Corporation; No remuneration obtained from providing business, legal, financial, accounting and other services to the Corporation or its affiliated enterprises in the recent 2 years.	1

## 2. Diversity and independence of the Board of Directors:

### (1) Diversity of the Board of Directors:

The Corporation upholds a policy of director diversity to enhance the overall performance of the Corporation so as to strengthen corporate governance and promote the sound development of the composition and structure of the board of directors. The selection of board members shall be based on the following two principles:

- A. Basic requirements and values: gender, nationality, age, etc.
- B. Professional knowledge and skills: Professional experience (such as experience in banking, insurance, securities, asset management, etc.), professional skills and industry experience (such as experience in accounting, law, information technology, risk management, etc.).

To Strengthen the functions of the Board of Directors, achieving the ideal objectives of corporate governance, the Board of Directors as a whole shall possess the following capabilities as set out in Article 20 of the Corporate Governance Best Practice Principles:

- A. The ability to make judgments about operations.
- B. Accounting and financial analysis ability.
- C. Ability to manage business activities (including ability to manage subsidiaries).
- D. Crisis management ability.
- E. Knowledge of the industry.
- F. An international market perspective.
- G. Leadership ability.
- H. Decision-making ability.

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 Item	Basic Composition								Industry Experience				Professional Skills				
	Nationality	Gender	Also Serves as An Employee of the Corporation	Age			Term Seniority of Independent Director			Medicine and Pharmaceutical	Finance and Accounting	Business Management	Legal Practices	Medicine	Law	Accounting	Business Management
				41 to 50	51 to 60	61 above	3 years below	3 to 9 years	9 years above								
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	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-Hsien Lin	Republic of China	Male				V		V				V	V		V		
Independent Director Hong-Yi Chen	Republic of China	Male				V	V			V		V		V			

(2) Independence of the Board of Directors:

The Corporation's fourth board of Directors consists of 9 members, including 3 independent directors. The number of independent directors shall not be less than 3 and not less than 1/5 of the total number of directors. In 2021, there were 3 independent directors, accounting for 1/3 of the total number of directors. The number of directors who is also an employee of the Corporation shall not exceed 1/2 (inclusive) of the number of directors. At present, there is only one director who is also an employee of the Corporation. Directors shall hold a majority of the seats and shall not have relationship with spouses or second degree relatives. At present, there are 4 directors with second degree relatives. In summary, the objective of independence have been achieved.

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

## Information on President, Vice Presidents, Assistant Vice Presidents, and Heads of Departments and Branches

Title	Nationality	Name	Gender	Date elected (appointed)	Shareholding		Shares Held by Spouse and Minor Children		Shareholding by nominees		Major Education and Work Experience	Titles Currently hold concurrent posts in other companies	Managers Held by Spouse or Second-degree Relations			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	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	Legal representative of Director of Yung Zip Chemical Ind. Co., Ltd.	None	None	None	

## Note 1:

Name	Position(s) Held Concurrently in the Corporation and/or in Any Other Company
Fang-Hsin Lee	<ol style="list-style-type: none"> <li>Chairman and President of the Corporation (YungShin Global Holding Corporation).</li> <li>President and Group Managing Director of Y.S.P. Southeast Asia Holding Bhd.</li> <li>Chairman of YSP INTERNATIONAL CO., LTD., CARLSBAD TECHNOLOGY, INC., etc.</li> <li>Legal representative of Director of YungShin Pharm Ind. Co., Ltd., Vetnostrum Animal Health Co., Ltd., YUNG SHIN CHINA HOLDING CO., LTD., YungShin Pharm Ind. (KS) Co., Ltd., Shanghai Yung Zip Pharm. Trading Co., Ltd., YungShin Company Limited, etc.</li> <li>Director of ALPHA ACTIVE INDUSTRIES SDN BHD.</li> <li>Legal representative of Supervisor of Chemix Inc.</li> <li>President of Y.S.P. INDUSTRIES(M) SDN BHD, KUMPULAN YSP (M) SDN BHD, YUNG SHIN (PHILIPPINES) INC, 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.</li> <li>Managing 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.</li> </ol>

Note 2: 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 (9 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. Except the Chairman who concurrently serves as the President, none of other Directors serves as the manager or employee of the Corporation.

## (IV) Remuneration Paid to Directors and Independent Directors:

2021; Unit: NT\$1,000

Title	Name	Directors' Remuneration								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, Bonus 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	Cash Amount	Stock Amount	Cash Amount	Stock Amount	The Corporation	All companies listed in this Financial Report	
Chairman	Fang-Hsin Lee	0	0	0	0	2,318	2,318	80	178	2,398 0.3255%	2,496 0.3388%	0	0	0	0	0	0	0	0	2,398 0.3255%	2,496 0.3388%	8,219
Vice Chairman	Ling-Chin Lee	0	120	0	0	2,318	2,318	80	178	2,398 0.3255%	2,616 0.3551%	0	7,819	0	0	0	0	0	0	2,398 0.3255%	10,435 1.4166%	687
Director	Fang-Yu Lee	0	6,624	0	0	2,318	2,318	80	1,361	2,398 0.3255%	10,303 1.3986%	0	0	0	0	0	0	0	0	2,398 0.3255%	10303 1.3986%	0
Director	Fang-Chen Lee	0	6,964	0	0	2,318	2,318	80	1,173	2,398 0.3255%	10,455 1.4194%	0	0	0	0	0	0	0	0	2,398 0.3255%	10,455 1.4194%	776
Director	Meng-Pi Lin	0	0	0	0	2,318	2,318	80	120	2,398 0.3255%	2,438 0.3310%	0	0	0	0	0	0	0	0	2,398 0.3255%	2,438 0.3310%	0
Director	Chi-Li Lee	0	0	0	0	2,318	2,318	80	148	2,398 0.3255%	2,466 0.3348%	0	3,430	0	83	0	0	0	0	2,398 0.3255%	5,979 0.8117%	252
Independent Director	Shih-Kuang Tsai	0	0	0	0	600	960	150	230	750 0.1018%	1,190 0.1615%	0	0	0	0	0	0	0	0	750 0.1018%	1,190 0.1615%	0
Independent Director	Kun-Hsien Lin	0	0	0	0	600	960	80	120	680 0.0923%	1,080 0.1466%	0	0	0	0	0	0	0	0	680 0.0923%	1,080 0.1466%	0
Independent Director	Hong-Yi Chen	0	0	0	0	600	960	80	120	680 0.0923%	1,080 0.1466%	0	0	0	0	0	0	0	0	680 0.0923%	1,080 0.1466%	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 received by Directors of the Corporation for services rendered (e.g. serving as a non-employee consultant to the parent company/to all companies listed in the financial report/to investee companies) 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:

2021; Unit: NT\$1,000

Title	Name	Pay (A)		Severance pay and pension (B)		Bonus and special allowances (C)		Employees' remuneration (D) (Note 1)				Proportion of total amount of A, B, C, and D to the net income after tax (%)		Remuneration paid to Directors from an invested company other than the Corporation's subsidiaries or parent company
		The Corporation	All companies listed in this Financial Report	The Corporation	All companies listed in this Financial Report	The Corporation	All companies listed in this Financial Report	The Corporation		All companies listed in this Financial Report		The Corporation	All companies listed in this Financial Report	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
President	Fang-Hsin Lee	0	0	0	0	0	0	0	0	0	0	0%	0%	8,219
Vice President	Chih-Wei Chien	2,700	2,700	108	108	900	900	203	0	203	0	3,911 0.53%	3,911 0.53%	60

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

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

2021; Unit: NT\$1,000

Manager	Title	Name	Stock Amount	Cash Amount (Note 1)	Total	Percentage of total compensations to net income after tax (%)
	President	Fang-Hsin Lee	0	500	500	0.07%
	Vice President	Chih-Wei Chien				
	Chief Corporate Governance Officer	I-Yun Wang				
	Accounting Manager	Yu-I Lee				

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

(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	
	2021 (Note 1)	2020	2021 (Note 1)	2020
Directors' Remuneration	2.24%	2.23%	4.63%	4.37%
Remuneration for the President and Vice Presidents	0.53%	0.50%	0.53%	0.50%

Note 1: The remuneration for directors, President, and Vice Presidents in 2021 is the proposed amount, which shall be subject to the actual paid amount.

2. Directors' remuneration of the Corporation includes base compensation, Director's compensation, 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.
3. The President is now adjunctly served by the Chairman without additional pay.
4. 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:

A total of 9 meetings (A) have been held by the Board of Directors in 2021, with the Directors' attendance shown as follows:

Title	Name	Number of attendance in person (B)	Attendance by proxy	Attendance rate in person (%) [B/A] (Note 1)	Remarks
Chairman	Fang-Hsin Lee	9	0	100%	Reelected on June 20, 2019
Director	Ling-Chin Lee	9	0	100%	Reelected on June 20, 2019
Director	Fang-Yu Lee	9	0	100%	Reelected on June 20, 2019
Director	Fang-Chen Lee	9	0	100%	Reelected on June 20, 2019
Director	Meng-Pi Lin	9	0	100%	Reelected on June 20, 2019
Director	Chi-Li Lee	9	0	100%	Newly appointed on June 20, 2019
Independent Director	Shih-Kuang Tsai	9	0	100%	Newly appointed on June 20, 2019
Independent Director	Kun-Hsien Lin	9	0	100%	Reelected on June 20, 2019
Independent Director	Hong-Yi Chen	9	0	100%	Newly appointed on June 20, 2019

Note 1: Attendance rate in person (%) shall be calculated using the number of board meetings convened and attendance in person during the term of service.

##### 2. Other matters:

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

##### A. Items Listed in Article 14-3 of Securities and Exchange Act:

Term and Session	Agenda and Resolution	Items Listed in Article 14-3 of Securities and Exchange Act	Independent Director Objection or qualified opinion	the Corporation's Handling of the Opinions of the Independent Director
4th-term 13th meeting Board of Directors 02.03.2021	Passed the amendment to relevant measurements 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 Director Election Measures" 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 of Procedure of the Board of Shareholders" 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 03.30.2021	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



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 19th meeting Board of Directors 11.10.2021	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 independence evaluation of the CPAs for the Corporation in 2022. Resolution: The Chair consulted all Directors present who unanimously agreed to the proposed proposal.	V	None	None
4th-term 21st meeting Board of Directors 12.29.2021	Passed the proposal of the major subsidiary YSP INC' intention to dispose of its shares in CNH. Resolution: The Chair consulted all Directors present who unanimously agreed to the proposed proposal.	V	None	None
4th-term 22nd meeting Board of Directors 01.17.2022	Passed the proposal of YSP INC' acquisition of shares in Shanghai Yung Zip Pharm. Trading Co., Ltd. Resolution: The Chair consulted all Directors present who unanimously agreed to the proposed proposal.	V	None	None
4th-term 23rd meeting Board of Directors 01.26.2022	Passed the proposal of YSP INC' acquisition of shares in YungShin Company Limited. Resolution: The Chair consulted all Directors present who unanimously agreed to the proposed proposal.	V	None	None
	Passed the proposal for loans to subsidiaries in 2022. Resolution: The Chair consulted all Directors present who unanimously agreed to the proposed proposal.	V	None	None
	Passed the proposal for increasing 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 of the Corporation's plan to dilute shares of its subsidiary Vetrostrum Animal Health Co., Ltd. and waive to involve in the cash capital increase of Vetrostrum Animal Health Co., Ltd. in cooperation with the future stock listing (OTC) plan of such subsidiary. Resolution: The Chair consulted all Directors present who unanimously agreed to the proposed proposal.	V	None	None
4th-term 24th meeting Board of Directors 03.30.2022	Passed individual and consolidated financial statements for 2021. Resolution: The Chair consulted all Directors present who unanimously agreed to the proposed proposal.	V	None	None
	Passed the 2021 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 2021. Resolution: The Chair consulted all Directors present who unanimously agreed to the proposed proposal.	V	None	None
	Passed the 2021 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 Corporation's proposal for the amendments of the "Procedures for Acquisition and Disposal of Assets". Resolution: The Chair consulted all Directors present who unanimously agreed to the proposed proposal.	V	None	None
	Passed the discussion on follow-up matters of subsidiary CNH's equity transaction. 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 were listed in Article 14-3 of the Securities and Exchange Act.

- B. Except for the aforementioned matters, any other resolutions from the Board of Directors where an Independent Director has a dissenting or qualified opinion that is on record or stated in a written statement: None.

- (2) Where a Director recuse himself or herself from a proposal in which he/she has a personal interest, the name of the Director, the content of proposal, the reason for recusal and the results of the voting should be stated:

Term and Session /Date	Name of Recused Directors	Proposals	Reason for Recusal	Participation in Voting
4th-term 13th meeting Board of Directors 02.03.2021	Fang-Yu Lee Fang-Chen Lee Chi-Li Lee Hong-Yi Chen	Proposal for the removal of the non-competition restrictions for Directors.	Discussed the lifting of non-competition restrictions of 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 03.30.2021	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"
4th-term 17th meeting Board of Directors 08.10.2021	Ling-Chin Lee Fang-Yu Lee	Proposal for the adjustment of donation to related parties by the subsidiary YungShin 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"
4th-term 19th Meeting Board of Directors 11.10.2021	Ling-Chin Lee Fang-Yu Lee	Donation to related person by the subsidiary YungShin Pharmaceutical Industrial Co., Ltd. in 2022.	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"
		Proposal for ratifying the subsidiary YungShin Pharmaceutical Industrial Co., Ltd.'s intention to sell its 35% shareholding in Biotrust International Corporation.	Director Ling-Chin Lee and Director Fang-Yu Lee are the related parties to this proposal.	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 20th meeting Board of Directors 12.15.2021	Fang-Chen Lee	Progress discussion on Project Wellness.	Director Fang-Chen Lee is a related party to this proposal.	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 21st meeting Board of Directors 12.29.2021	Fang-Chen Lee Ling-Chin Lee Fang-Yu Lee Fang-Hsin Lee	The subsidiary YSP INC intends to dispose of its shares in CNH.	Director Fang-Chen Lee is a related party to this proposal, the remaining recused directors are second relatives of the parties concerned.	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 24th meeting Board of Directors 03.30.2022	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 2021.	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"
	Fang-Hsin Lee Ling-Chin Lee Fang-Yu Lee Fang-Chen Lee	Discussion on follow-up matters of subsidiary CNH's equity transaction	Director Fang-Chen Lee is a related party to this proposal, the remaining recused directors are second relatives of the parties concerned.	Recusal due to conflict of interest in accordance with Article 17 of the Corporation's "Rules of Procedure for Board of Directors Meetings"

3. III. The State of Implementation of the Board Performance Evaluation:

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Content
Executed once in each year	Jan 01, 2021 ~ Dec 31, 2021	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, the Code of Integrity Management, and the Code of Ethical Conduct, and duly amended the election measures for directors and the rules of procedure for the board of directors in accordance with the law; to strengthen the function of the Board of Directors, it has set up functional committees and assigned clear responsibilities to them.
- C. The Corporation established the "Regulations Governing the 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 evaluate the performance of the Board of Directors. The performance 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 and 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. Since 2019, the Corporation has gradually formulated succession planning for the cultivation of

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

(II) Operations of the Audit Committee:

1. A total of 6 meetings (A) have been held by the Audit Committee in the most fiscal year, with the attendance of Independent Directors shown as follows:

Title	Name	Number of attendance in person (B)	Attendance by proxy	Attendance rate in person (%) [B/A]	Remarks
Independent Director	Shih-Kuang Tsai	6	0	100%	
Independent Director	Hong-Yi Chen	6	0	100%	
Independent Director	Kun-Hsien 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 Audit Committee meeting, independent directors' dissenting opinions, qualified opinions or major proposals, the resolution result of the Audit Committee meeting, and the handling of the opinions of the Audit Committee by the Corporation shall be stated:

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

Term / Date	Proposals	Key Work Items for the Year	Dissenting or Qualified Opinion of the Independent Director	Resolution of the Audit Committee and the handling of the opinions of the Audit Committee by the Corporation
2nd-term The 11th meeting on Feb. 03, 2021.	The proposal for the Corporation to amend the "Internal Control Self-evaluation Measures" due to organizational adjustment.	Powers and duties of the Audit Committee: 1. Adoption or amendment of internal control systems in accordance with Article 14-1 of the Securities and Exchange Act. 2. Effectiveness assessment of internal control systems. 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.	None	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 The 12th meeting on Mar. 30, 2021.	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 "Investment Undertaking Management Rules" 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.	4. Items that involve the director's own interests. 5. Material transactions in assets or derivatives. 6. Material loans to others, provision of endorsement or guarantee. 7. Raise, issue, or place private equity securities. 8. Appointment, discharge or remuneration of CPAs.	None	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 13th meeting 05.12.2021	Q1 financial report of 2021.	9. Appointment or discharge of a finance manager, accounting manager or chief internal auditor. 10. Annual financial report and semi-annual financial report. 11. Other major matters stipulated by the Corporation or regulators.	None	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 14th meeting 08.10.2021	Consolidated financial reports for the first half of 2021.		None	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 15th Meeting 11.10.2021	<ol style="list-style-type: none"> <li>1. The financial report for the third quarter of 2021.</li> <li>2. the Corporation's 2022 audit plan.</li> <li>3. Proposal for the independence evaluation of the CPAs for the Corporation in 2022.</li> <li>4. The proposal for the subsidiary to require the Corporation to be the bank loan guarantor for 2022.</li> <li>5. The proposal for donation to related person by the subsidiary in 2022.</li> </ol>		None	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 16th Meeting 12.29.2022	Proposal of the major subsidiary YSP INC' intention to dispose of its shares in CNH.		None	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 17th meeting 01.17.2022	Proposal of YSP INC' acquisition of shares in Shanghai Yung Zip Pharm. Trading Co., Ltd.		None	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 18th Meeting 01.26.2022	<ol style="list-style-type: none"> <li>1. Proposal of YSP INC' acquisition of shares in Yung Shin Company Limited.</li> <li>2. Proposal for loans to subsidiaries.</li> <li>3. Proposal for increasing endorsement and guarantee for subsidiaries.</li> <li>4. Passed the proposal of the Corporation's plan to dilute shares of its subsidiary Vetnostrum Animal Health Co., Ltd. and waive to involve in the cash capital increase of Vetnostrum Animal Health Co., Ltd. in cooperation with the future stock listing (OTC) plan of such subsidiary.</li> </ol>		None	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 19th Meeting 03.30.2022	1. The annual individual financial statements and consolidated financial report of the Corporation for 2021. 2. The proposal on the Corporation's 2021 annual profit distribution. 3. The proposal on the Corporation's 2021 remuneration distribution for employees and directors. 4. the Corporation's 2021 Internal Control System Statement. 5. The Corporation's proposal for the amendments of the "Procedures for Acquisition and Disposal of Assets". 6. Discussion on follow-up matters of subsidiary CNH's equity transaction.		None	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.
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- (2) Except for the aforementioned matters, any other resolutions passed by more than two-thirds of all Directors but without approval of the Audit Committee: None.
3. Where an independent director recuses himself or herself from a proposal in which he/she has a personal interest, the name of the independent director, the content of proposal, the reason for refusal and the results of the voting should be stated: None.
4. Communication between the Independent Director and the Internal Audit Manager and CPA (contents must include material matters, methods, and results of communication on the finances and state of business of the Corporation):
- (1) The internal audit manager may communicate with Independent Directors regularly and directly based on actual requirements and the communication is good.
  - (2) The Corporation uses electronic forms to compile monthly reports on the audits and improvement status in the previous month and submit reports to Independent Directors for review.
  - (3) The Corporation's internal audit manager reports the key audit tasks to Independent Directors in the regular meetings of the Audit Committee. The implementation status and results of audit businesses have been fully communicated.
  - (4) The Corporation has disclosed related information on and CPA the communication between Independent Directors and the internal audit manager on the Corporation's website.
  - (5) The CPA attends meetings of the Audit Committee to report on the audit and review of the Corporation's financial statements.

\* The communication between the independent director and the internal audit supervisor is as follows:

Date	Meeting	Key communication points	Communication situation and results
02.03.2021	11th meeting of the 2nd-term Audit Committee	Report on audit work for the fourth quarter of 2020	No opinions from all members present
03.30.2021	12th meeting of the 2nd-term Audit Committee	Issued 2020 internal control statement	Approved by all members present by discussion without any opinion
05.12.2021	13th meeting of the 2nd-term Audit Committee	Report on audit work for the first quarter of 2021	No opinions from all members present
08.10.2021	14th meeting of the 2nd-term Audit Committee	Report on audit work for the second quarter of 2021	No opinions from all members present
11.10.2021	15th meeting of the 2nd-term Audit Committee	Report on audit work for the third quarter of 2021 2022 Audit Plan	No opinions from all members present Approved by all members present by discussion without any opinion

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

Date	Meeting	Key communication points	Communication situation and results
03.30.2021	12th meeting of the 2nd-term Audit Committee	Report on Communication between accountants and Corporate Governance Unit (2020)	Adopted by all attendees without opinion after being discussed by the accountants and attendees
05.12.2021	13th meeting of the 2nd-term Audit Committee	Report on Communication between accountants and Corporate Governance Unit (2021 Q1)	Adopted by all attendees without opinion after being discussed by the accountants and attendees
08.10.2021	14th meeting of the 2nd-term Audit Committee	Report on Communication between accountants and Corporate Governance Unit (2021 Q2)	Adopted by all attendees without opinion after being discussed by the accountants and attendees
11.10.2021	15th meeting of the 2nd-term Audit Committee	Report on Communication between accountants and Corporate Governance Unit (2021 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):

December 31, 2021

Title	Name	Education Date	Organizer	Course title	Hours
Chairman	Fang-Hsin Lee	11.23.2021	Taiwan Corporate Governance Association	Enterprise Operational Risk Management and Corporate Governance	3
		11.23.2021	Taiwan Corporate Governance Association	Corporate Governance -3.0 Blueprint for Sustainable Development	3
Director	Ling-Chin Lee	09.01.2021	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum	6
		09.03.2021	Taiwan Corporate Governance Association	Governance Structure of Family Business Inheritance and Case Study	3
		10.28.2021	Taiwan Corporate Governance Association	Sharing of Key Examples of Success or Failure of Digital Transformation	3
		11.23.2021	Taiwan Corporate Governance Association	Enterprise Operational Risk Management and Corporate Governance	3
		11.23.2021	Taiwan Corporate Governance Association	Corporate Governance -3.0 Blueprint for Sustainable Development	3
Director	Fang-Yu Lee	08.06.2021	Taiwan Corporate Governance Association	How Corporate Governance Works with the Amendment and Adjustment of the Company Act	3
		09.07.2021	Securities and Futures Institute	Corporate Governance 3.0 from the Perspective of Inspection and Adjustment	3
		10.28.2021	Taiwan Corporate Governance Association	Sharing of Key Examples of Success or Failure of Digital Transformation	3
		11.23.2021	Taiwan Corporate Governance Association	Enterprise Operational Risk Management and Corporate Governance	3



Title	Name	Education Date	Organizer	Course title	Hours
		11.23.2021	Taiwan Corporate Governance Association	Corporate Governance -3.0 Blueprint for Sustainable Development	3
Director	Fang-Chen Lee	02.24.2021	Taiwan Institute of Directors	Outlook of the Foothold of Enterprises in the Post-epidemic Era in 2021	2
		07.29.2021	Securities and Futures Institute	Strategy and Management of Enterprise Upgrade and Transformation	3
		09.01.2021	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum	3
		11.15.2021	Taiwan Institute of Directors	10th Chinese Family Businesses Forum	3
		11.23.2021	Taiwan Corporate Governance Association	Enterprise Operational Risk Management and Corporate Governance	3
Director	Meng-Pi Lin	11.23.2021	Taiwan Corporate Governance Association	Enterprise Operational Risk Management and Corporate Governance	3
		11.23.2021	Taiwan Corporate Governance Association	Corporate Governance -3.0 Blueprint for Sustainable Development	3
Director	Chi-Li Lee	04.16.2021	Securities and Futures Institute	2021 Economic Outlook Issue 3	3
		10.14.2021	Independent Director Association Taiwan	Analysis of Practical Cases of "Crimes of Non-arm's Length Transactions" and "Crimes of Special Breach of Faith" and Prevention Strategies of Board of Directors	3
		10.28.2021	Securities and Futures Institute	2021 Annual Legal Compliance Seminar for Insider Equity Transactions of (Online Publicity Seminar)	3
		11.18.2021	Taiwan Corporate Governance Association	Case Analysis of Hostile Mergers and Acquisitions and Competition for Management Rights and Corporate Countermeasures	3
		11.25.2021	Taiwan Corporate Governance Association	How Does the Audit Committee Implement Financial Statement Review	3
		11.26.2021	Taiwan Corporate Governance Association	2030/2050 Net Zero Emissions - Sustainability Challenges and Opportunities for Global Businesses	3
		12.07.2021	Taiwan Corporate Governance Association	Talking about Taiwanese Business Operation and M&A Strategy from the Perspective of Global Political and Economic Situation	3
Independent Director	Shih-Kuang Tsai	08.23.2021	CPA Association, ROC	Analysis of the Latest Regulations on the Integration of Property Tax 2.0-Income Tax Act and Analysis of the Key Points of Income Tax Declaration for Property Tax	3
		09.24.2021	CPA Association, ROC	How to Guide Small and Medium-sized Enterprises in Labor Management - Starting from Accounting Firms	3
		10.04.2021	CPA Association, ROC	Practical Analysis of Income Tax for Non-profit making organizations	3
		10.05.2021	CPA Association, ROC	Tax Planning for Inheritance of Trust Assets	3
Independent Director	Kun-Hsien Lin	03.19.2021	Taiwan Academy of Banking and Finance	Seminar for Supervisors of Trust Industry (Including On-the-job) (Term 788)	6
		09.23.2021	Taiwan Academy of Banking and Finance	Workshop on Operations of Board of Directors and Corporate Governance	7
Independent Director	Hong-Yi Chen	04.14.2021	Securities and Futures Institute	Corporate M&A Practice Sharing Centered on Hostile M&A	3
		08.19.2021	Securities and Futures Institute	Impact of AVM on Management Decisions	3
		09.01.2021	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum	6

(IV) Operations of the Remuneration Committee:

1. Information regarding the members of the Remuneration Committee:

March 31, 2022

Identity	Criteria Name	Professional qualifications and experience	Independent status	Number of other public companies where the individual concurrently serves as a remuneration committee member
Independent Director	Shih-Kuang Tsai (Convener)	Have experience in accounting and crisis management, and have passed the national examination required for CPAs with the Certificate of Professional and Technician. Currently serve as the President of T.K. Tsai & Co., CPAs. In performing the functions of the independent director, remuneration committee and audit committee, his expertise in finance and accounting facilitates to enhance the quality of corporate governance of the board and oversight functions of functional committees. Not under any of the circumstances stated in Article 30 of the Company Act.	Serve as an independent director, conforming to the conditions of independence, including but not limited to the fact that he, his spouse or his relatives within the second degree are not directors, supervisors or employees of the Corporation or its affiliated enterprises; Does not hold shares of the Corporation; Not being a director, supervisor or employee of a company having a particular relationship with the Corporation; No remuneration obtained from providing business, legal, financial, accounting and other services to the Corporation or its affiliated enterprises in the recent 2 years.	2
Independent Director	Kun-Hsien Lin	Have experience in legal and crisis management, and have passed the national examination required for the practice of law with the Certificate of Professional and Technician. Currently serve as the President of BN Law Firm. He is able to provide advice on risk management, legal strategy, compliance and management decisions with his expertise in law. Not under any of the circumstances stated in Article 30 of the Company Act.	Serve as an independent director, conforming to the conditions of independence, including but not limited to the fact that he, his spouse or his relatives within the second degree are not directors, supervisors or employees of the Corporation or its affiliated enterprises; Does not hold shares of the Corporation; Not being a director, supervisor or employee of a company having a particular relationship with the Corporation; No remuneration obtained from providing business, legal, financial, accounting and other services to the Corporation or its affiliated enterprises in the recent 2 years.	0
Independent Director	Hong-Yi Chen	Have experience in medical and crisis management, and have passed the national examination required for the medical practitioners with the Certificate of Professional and Technician. Currently serve as a consultant of the Tri-Service General Hospital and Honorary Professor/Honorary President of Chang Jung Christian University. He is able to provide advice on pharmaceutical development, quality management and risk management decisions with his expertise in medicine. Not under any of the circumstances stated in Article 30 of the Company Act.	Serve as an independent director, conforming to the conditions of independence, including but not limited to the fact that he, his spouse or his relatives within the second degree are not directors, supervisors or employees of the Corporation or its affiliated enterprises; Does not hold shares of the Corporation; Not being a director, supervisor or employee of a company having a particular relationship with the Corporation; No remuneration obtained from providing business, legal, financial, accounting and other services to the Corporation or its affiliated enterprises in the recent 2 years.	0

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 (2021), the Salary and Remuneration Committee held 2 meetings (A), in which the membership qualifications and attendance situation were as follows:

Title	Name	Attendance Times (B)	Attendance by proxy	Attendance rate in person (%) (B/A)	Remarks
Convener	Shih-Kuang Tsai	2	0	100%	
Committee Member	Hong-Yi Chen	2	0	100%	
Committee Member	Kun-Hsien Lin	2	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
8th meeting of the 4th-term 03.30.2021	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.
9th meeting of the 4th-term 08.10.2021	The appointment and remunerations for Vice Presidents 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.
10th meeting of the 4th-term 03.30.2022	Proposal for the distribution of the remuneration to employees and Directors for 2021.	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 recommendations proposed by the Remuneration Committee, the date, session, proposal contents and resolutions of the Board of Directors, and the Corporation's actions in response to the opinions of the Remuneration shall be stated: None.
- B. Where resolutions of the Remuneration Committee include dissenting or qualified opinion which is on record or stated in a written statement, the date, session, proposal contents, opinions from every member, and actions in response to 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	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. Ownership Structure and Shareholders' Equity				
(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 with the relevant laws and regulations for the invested enterprises that have the control ability. 3. The regulations in the Procedures for Loaning of Funds and Making of Endorsements/Guarantees meet related regulations: (1) The Corporation is only permitted to loan funds to affiliate companies with at least 40% of shares directly or indirectly held by the Corporation. Where the Corporation is required to extend loans to affiliate companies with less than 40% of shares directly or indirectly held by the Corporation, it shall only be conducted for short-term financing due to business transactions or advance payment for operating capital turnover. (2) The Corporation'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.	

(IV) Has the Corporation established internal rules against insiders using undisclosed information to trade with?	✓	(IV) The Corporation has established "Management Procedures for Prevention of Inside Trading" to prevent and prohibit the Corporation's insiders from using information that has not been disclosed on the market to purchase and sell securities that may damage the interests of investors or the corporation.	
III. Composition and Responsibilities of the Board of Directors			
(I) Has the Corporation developed a diversity policies of the Board of Directors, specific management objectives and implement them?	✓	(I) The Corporation elects its Directors for the Board not limited to gender, age, nationality and cultural background, but will choose those with professional background and professional ability, so as to meet the operational needs of the Corporation and achieve the effectiveness of corporate governance. The Corporation's Directors have different expertise in their respective fields for helping the Corporation's operations and development.	No Deviation
(II) Has the Corporation voluntarily established other functional committees in addition to the Remuneration Committee and the Audit Committee?	✓	(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.	
(III) Has the Corporation established Board of Directors performance assessment guidelines and assessment methods and perform the assessments periodically on a yearly basis? Does the Corporation submit results of assessments to the Board of directors and use results as the basis for the salary, remuneration, nomination and reappointment of individual Directors?	✓	(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 2021 annual performance appraisal of the Board of Directors has been completed and has been reported by the Board of Directors on January 26, 2022.	No Deviation
(IV) Does the Corporation regularly evaluate the independence of the CPA?	✓	(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: 1. The CPA or his or her spouse or minor child does not have the investment or financial interests relations with the Corporation. 2. The CPA or his or her spouse or minor child does not have borrowings from the Corporation. However, the constraint does not apply if the client is a financial institution and carries out normal transactions. 3. The accounting firm did not issue an assurance report on the effectiveness of the operation on the Corporation's financial systems which were either designed by the firm or the firm has assisted in its implementations. 4. The CPA or members of the assurance team do not currently serve or had served within the past two years as the Corporation's director, manager, or other positions that could seriously impact the audit. 5. There are no important items that will directly affect the auditing of non-assurance services provided for the Corporation. 6. The CPA or the members of the assurance team are not involved in the promotion or brokerage of the stocks or other securities issued by the Corporation.	

		<ol style="list-style-type: none"> <li>7. Besides legally permitted businesses, the CPA or members of the assurance team did not act as an advocate on behalf of the Corporation in litigation or disputes with third parties.</li> <li>8. The CPA or members of the assurance team are not a spouse, lineal relative, lineal relative by marriage or relative within second degree of kinship of the Corporation's director, manager or an individual whose duties may exert considerable influence over the assurance case.</li> <li>9. A former partner within one year of disassociating from the firm does not join the Corporation as a director, supervisor, or officer or is in a key position to exert significant influence over the subject matter of the engagement.</li> <li>10. The CPA has not accepted gifts or preferential treatment from the Corporation, the Corporation's director, officer or major stockholder.</li> <li>11. The CPA is not hired by the client or the party to be audited for a regular job with regular salary or serving as a director or a supervisor thereof.</li> <li>12. There is no CPA who has provided assurance services to the Corporation for seven consecutive years.</li> </ol>	
<p>IV. Does the TWSE/TPEX listed company have a dedicated and appropriate number of personnel for corporate governance and appointed an officer in charge of the company's corporate governance affairs(including but not limited to providing information required for Director/Supervisor's operations, assisting Directors and Supervisors to comply with laws and regulations, convening board/shareholder's meetings in compliance with the law, and producing meeting minutes of board/shareholder's meetings)?</p>	✓	<p>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 2021 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: 12 hours in total in 2021.</p>	No Deviation

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?	✓	(I) The Corporation's website is www.yungshingroup.com which is available in both Chinese and English. Dedicated units are responsible for updating the financial, business, and material information on the website on a regular basis and provide information for the reference of shareholders and investors	No Deviation
(II)	Has the Corporation adopted other means of information disclosure (such as establishing a website in English, appointing specific personnel to collect and disclose company information, implementing a spokesperson system, and disclosing the process of investor conferences on the Corporation's website)?	✓	(II) The Corporation promptly discloses financial, business and material information in the Market Observation Post System in accordance with related regulations and discloses the information on the Corporation's website at the same time.	No Deviation
(III)	Does the Corporation publish and report its annual financial report within two months after the end of a fiscal year, and publish and report its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline?)	✓	(III) The Corporation's annual financial report is not yet available for public filing within two months after the end of the fiscal year due to local regulations at the place of the overseas listed affiliated companies 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 after the end of each quarter. The monthly operational status is filed and reported in advance of the prescribed period to 1--5 days.	Continuous Improvement
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)?	✓	(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. (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. (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.	No Deviation

			<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>	
IX.	<p>Please provide information on the status of improvement regarding the results of Corporate Governance evaluation published by the TWSE Corporate Governance Center in the most recent year. For improvements that are yet to be implemented, state the areas and policies the Corporation has set as priority for improvement.</p> <p>The 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.</p> <p>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.</p>			



(VI) State of Sustainable Development and Deviations from the Corporate: Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof:

Evaluation Item	Implementation Status			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Description	
I. Does the Corporation set up a governance structure to promote sustainable development, and set up a full-time (part-time) unit to promote sustainable development, which is in charge by senior management authorized by the Board of Directors, and the supervision state of the Board of Directors?		✓	The implementation state in this form is summarized by the Corporation and its subsidiary YungShin Pharm Ind. Co., Ltd. (hereinafter referred to as "the Corporation"). The Corporation has not yet set up a professional (part-time) unit to promote sustainable development. It plans to set up a corporate sustainability promotion team in 2022 to establish a sustainable operation mechanism, formulate plans and promote related measures.	Carry out in future according to plan
II. Does the Corporation assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies?	✓		Adhering to the spirit of "service, integrity and innovation", the Corporation promotes sustainable development while pursuing profits with the business philosophy of "Providing the best medicine to enhance people's health", attach great importance to the rights and interests of stakeholders, and pay attention to ESG issues, incorporate them into the Corporation's management policy, evaluate various risk levels that may affect the Corporation, and regularly track and incorporate them into the daily operations of each unit. 1. Environment: (1) Established environment management policies for each plant. (2) Set up sewage pre-treatment equipment, with its sewage treatment in accordance with the standard. (3) Reduced air pollution emissions and converted the fuel of all boilers from heavy fuel oil to natural gas. (4) Contaminant treatment is entrusted to professional manufacturers for scrap and disposal. (5) Green electricity: The Corporation has installed a solar energy supply system on the top floor of the Corporation's factory building, to provide green energy generation. The total installed capacity of solar photovoltaics is 655.3KW/hour. 2. Social: (1) Occupational safety: Organize occupational safety education training and fire drill regularly to improve staff's ability of emergency response and self-safety management. (2) Product safety: Comply with government regulations in product manufacturing; Product liability insurance; Pay drug damage relief. (3) Social responsibility: Established TienTe Lee Biomedical Foundation and YungShin Social Welfare Foundation, engaged in social welfare and public welfare activities. 3. Corporate governance: (1) Social economy and legal compliance: Based on the principles of corporate governance and integrity management, the Corporation has formulated a code of integrity management and a code of ethical conduct, and trading companies have signed a letter of commitment to integrity. (2) Strengthen the functions of Directors: Arrange continuing education for Directors every year; Take out director's liability insurance. (3) (3) Employee remuneration and welfare: Formulate employee welfare measures, and set up the salary and reward system in accordance with the Corporation's regulations. Set up the Employee Welfare Committee, allocate welfare fund every year to provide various benefits to colleagues.	No Material Deviation
III. (I) Environmental issues Has the Corporation established a proper environmental management system based on the characteristics of the industry?	✓		(I) In response to the new trend of environmental protection, the Corporation has successively made planning for relevant environmental management systems, including: 1. Establish environmental management system of the plant and cultivate the concept of environmental protection among colleagues. 2. Formulate and develop a sustainable environmental management plan consistent with the characteristics of the Corporation.	No material deviation

			<p>3. In line with the energy-saving and carbon-reduction policy, encourage colleagues to bring tableware for meals.</p> <p>4. Make planing and design for an environmental protection plant, and promote environmental afforestation and beautification.</p> <p>5. Regularly conduct water quality inspections and do a good job in water quality management.</p> <p>6. Promote plant environmental audit to strengthen plant environmental management.</p>	
(II) Is the Corporation committed to improving energy efficiency and using recycled materials with low impact on the environment?	✓	(II)	<p>The Corporation's implementation results for improving the utilization efficiency of various resources and reduce the impact of environmental impact are as follows:</p> <ol style="list-style-type: none"> <li>1. Use bubble bags currently (recyclable and environmentally friendly materials) as the cushioning material of the shipping box.</li> <li>2. Regularly test the use efficiency of high-energy-consuming equipment, such as boilers, ice water machines, air compressors and other equipment, and use high-efficiency boilers to replace old ones with new ones.</li> <li>3. Steam recycling.</li> <li>4. Reuse the domestic wastewater after treatment for the irrigation of surrounding flowers and trees.</li> <li>5. Plant more trees and shrubs in the greening plants; Reduce the thermal temperature of plants.</li> <li>6. Advocate to use the toilet paper to wipe the wash basin and keep it clean.</li> <li>7. Recommend colleagues to save electricity, set the office temperature above 26°C and turn off the lights at will.</li> <li>8. Implement garbage classification to recycle reusable resources.</li> </ol>	No material deviation
(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)	In response to climate change and energy supply risks, the Corporation works with energy companies to install a solar energy supply system on the top floor of plant to provide green energy generation, contributing to Taiwan's energy sustainability and environmental protection.	No material deviation
(IV) Does the Corporation calculate the amount of greenhouse gas emission, water consumption, and waste production in the past two years and implement policies to cut down energy and water consumptions, carbon and greenhouse gas emissions, and waste production?	✓	(IV)	In 2019, the Corporation replaced the heavy oil supply for all boilers with liquefied petroleum gas, which is a clean energy source, which can reduce air pollution and greenhouse gas emissions, and can also achieve energy-saving effects due to improved combustion efficiency. Replaced heavy oil for boilers with natural gas in Youshi Second and Third Plant. A total of 25 natural gas boilers have been installed, which can reduce carbon emissions by about 740 tons per year, equivalent to the annual carbon absorption by 49 hectares of forest.	No material deviation
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)	The Corporation formulates relevant management systems in accordance with labor laws and regulations, and formulates employee work rules to guide employees' behavior and development direction, respect internationally recognized principles of basic human rights in labor, regardless of gender, age, religion, sexual orientation without any discrimination in employment, and rationally and legally protect the rights and interests of employees.	No Material 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 Corporation has established relevant measures for salary, attendance management, on-the-job training, etc., to improve the management of employees' salary pay, absence and other issues. The Corporation encourages employees to participate more actively in operation and management. Based on creating profits and sharing and comforting employees, the Compensation pays employees remuneration and implements performance-based salary adjustments every year in accordance with the Articles of Incorporation and the resolutions passed by the shareholders' general meeting.	No Material Deviation
(III) Does the Corporation provide a healthy and safe work environment and organize training on health and safety for its employees on a regular basis?	✓	(III)	The Corporation vigorously promotes "zero occupational disasters in plant", and strengthens the focus on plant safety through independent management. The Corporation has always regarded employees as important assets and focuses on taking care of employees. We provide a complete employee in-service health examination to a standard superior to that prescribed by law and track various health anomalies. The Corporation has set up nursing room and hold a series of health promotion activities, enabling all partners working in the Corporation to receive perfect health care, so as to achieve the goal of "win-win for work and health", and strengthen the overall competitiveness.	No Material Deviation

(IV)	Does the Corporation provide its employees with career development and training sessions?	✓	(IV)	The Corporation cultivates employees' ability for professional knowledge and skills that each position should possess. Plan for complete training for new recruits, on-the-job professional training, new supervisor training... Assist supervisors and colleagues in continuing education and growing. The Corporation makes plan for external training courses every year according to the training needs put forward by each unit, to enhance employees' key professional capabilities.	No Material Deviation
(V)	Does the Corporation comply with relevant regulations and international standards regarding customer health and safety, right to privacy, marketing and labeling, etc. of its products and services and set up relevant consumer or customer protection policies and complaint procedures?	✓	(V)	The Corporation complies with the relevant laws and regulations and the provisions announced by the central health authority, and complies with Taiwan and local laws and regulations in the export of product and labeling. The Corporation formatted the western medicine over-the-counter drug instructions box to make it easier for the public to read and take medicine safely.	No Material Deviation
(VI)	Has the Corporation formulated supplier management policies that require suppliers to comply with relevant regulations on environmental protection, occupational safety and health, and labor rights and request their reporting on the implementation of such issues?	✓	(VI)	The Corporation has formulated the Supplier Commitment Code or the Supply Management Standard, which requires suppliers to commit or sign the "Letter of Supplier's Commitment to Environment, Safety and Health" to strictly abide by the labor safety and health-related regulations.	No Material Deviation
V.	Did the Corporation, following internationally recognized guidelines, prepare and publish reports such as its Sustainability Report to disclose non-financial information of the Corporation? Has the Corporation received assurance or certification of the aforesaid reports from a third-party accreditation institution?	✓		The Corporation plans to set up a corporate sustainability promotion team in 2022, establish a sustainable operation mechanism, and start the preparation of a sustainability report, which is expected to issue in 2023.	Carry out in future according to plan
VI.	Where the Corporation has developed its own sustainability code in accordance with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, the deviation between the operation and the code shall be stated: The Corporation plans to set up a corporate sustainability promotion team in 2022, establish a sustainable operation mechanism, and plan to prepare a sustainable development report and issue it in 2023.				
VII.	Other key information useful for understanding of the implementation status of sustainable development:				
(I)	<p>YungShin Social Welfare Foundation</p> <p>Founded in 1978, it is committed to various social welfare work.</p> <ol style="list-style-type: none"> <li>1. Organize fundraising project: "Raising integrated services for adult care".</li> <li>2. Sponsored by the Grateful Social Welfare Foundation, it has carried out the "Life Support Service Training Program, community Care Service Business Implementation and Home-Based Bathing Service".</li> <li>3. Funded by the Ministry of Health and Welfare and supported by the Fuyu Social Welfare Charity Foundation, it has established Private Wuling Community Elderly Care Institution in Taichung City.</li> <li>4. YungShin Xin Jia Community Elderly Care Agency won the third place in Taichung City Golden Care Award.</li> <li>5. YungShin Home-based Elderly Care Agency has obtained the certification of Home Service Alliance -Taiwan High-quality Home Service Unit.</li> </ol>				
(II)	YungShin Sports Park				
	The Corporation has been carrying out park greening and ecological maintenance for a long time, providing free public use.				
(III)	YungShin Elderly Nursing Home				
	<ol style="list-style-type: none"> <li>1. "YungShin Elderly Nursing Home" was officially opened in September 2001. Adhering to its values for "always caring and standing by its commitment" and integrating its corporate resources, regional medical systems, and research centers, it provides high-quality care services for seniors in accordance with government regulations and the supervision of competent authorities at all levels.</li> <li>2. Passed the [Excellent Program for Quality Improvement of Accommodation Service Organizations].</li> <li>3. Implemented the [Photonic City Food Forest] Program of Taichung City Government Low-Carbon Office.</li> <li>4. Entrusted by the Social Affairs Bureau of Taichung City Government for "Fire Drill Observation of Welfare Institutions for the Elderly".</li> </ol>				
(IV)	<p>Community care bases</p> <p>The Corporation implements primary preventive health care and delays disability in the community, increases the social interaction and participation of the community, and uses local volunteers to exert the spirit of mutual assistance, enabling the bases to achieve sustainable operation and development, as well as the goal of defer senility and local aging.</p> <p>The Corporation mainly provides "health promotion activities", "care visits", "telephone greeting" and "group dining service" for the community.</p>				
(V)	<p>Home-based care services</p> <p>Home service personnel provide professional and complete "home care services", including physical care services, domestic services and assistance in participating in social activities, so that the elderly and the disabled who receive services can maintain a stable and comfortable life in a familiar community</p>				
(VI)	<p>Day-based care services</p> <p>The Corporation provides day-based care services for the elderly in Dajia District, Qingshui District and Waipu District to relieve family members from the multiple pressures caused by work, care and family, and to enhance a happy and healthy life that the elderly can enjoy continuously, achieving a better quality of life for the elderly and their families.</p>				
(VII)	<p>Group home for the elderly with dementia</p> <ol style="list-style-type: none"> <li>1. It provides services for elders with moderate to severe dementia but capable of action. Emphasizing the people-oriented care concept and adopting the unit care model to create a warm family atmosphere, it is the second group home for the elderly with dementia in Taichung City.</li> <li>2. Held an exhibition of works from elders with dementia.</li> </ol>				

(VIII)	Small-scale multifunction (dementia) It provides continuous home-based and community services for elders with dementia in Qingshui District and Dajia District. The single institution can provide flexible home-based services, day-based care services and night accommodation services.
(IX)	Organize the Evergreen Happy School Combining the independent participation of the community, the Corporation focuses on the prevention of early stages through a series of course planning (health promotion, cognitive activities, handmade artworks, music therapy, DIY food... Etc.), and follows the principle of "active aging" and "aging guidelines" to achieve happiness, vitality and natural aging.
(X)	Community activities and resource networking 1. The Corporation undertakes the Taichung Elderly Care 2.0 "Integrated Community Care Service Model", and implements the concept of "seeing, finding, and using" of Elderly Care 2.0, so that those in need in the community can quickly obtain long-term care services. 2. The Corporation held the Jia'anpu Elderly Evergreen Garden Tour.
(XI)	Bath service to the house The Corporation provides a comfortable and dignified full-body bath service for long-term bed-ridden patients with severe disability without infectious diseases, using a dedicated well-being vehicle, carrying a modular bathtub, with an operator and two caregivers.
(XII)	Care visit and security service for the elderly living alone The Corporation is entrusted by the Social Affairs Bureau of Taichung City Government to provide supplementary and supportive services for the elderly living alone, enabling them to receive proper and complete social care and network support, with its services covering 11 administrative districts in Taichung City, including Dajia, Wuqi, Shalu, Daan, Longjing, Xitun, Qingshui, Dadu, Nantun, Wuri and Waipu.
(XIII)	TienTe Lee Biomedical Foundation It was established in 2004 to help people gain biomedical knowledge promote relevant academic activities in biomedical research by professionals, and facilitate the development of domestic biomedical science and technology. The activities held in 2021 are as follows: 1. Selection of the 17th Medical Science and Technology Award: Awarded for outstanding contributions to the research and development of medicine and pharmaceutical science and technology. 2. The 17th Meditech Award Ceremony: The winners gathered with members of the biotech industry to promote communication. 3. Southeast Asia Outstanding Paper Award: Continue to conduct overseas scholarship selection to reward outstanding pharmaceutical-related research talents. 4. The 14th YungShin TienTe Lee Pharmaceutical Technology Award Winners Networking Seminar: The previous winners took the advantage of this event to increase exchanges, grasp opportunities for cooperation, promoting the development of pharmaceutical research. 5. Held the Iron Mountain Market to attract the public to participate in activities such as the market and storytelling to promote drug-related knowledge. 6. Organized health promotion activities to enable the public to understand their body control and gain relevant knowledge through various physical fitness experiences. 7. Organized a visit to the YungShin Medical Museum for primary and secondary school students in remote areas to learn about drug safety knowledge through guided tours, DIY experiences and games. 8. Promoted the knowledge of drug safety in elementary schools to enable students understand the design of different drug dosage forms and drug recycling methods with interactive teaching materials. 9. YungShin Medical Museum provides guided and interpretive services and DIY experience courses, organizes themed experience activities during holidays, and help the public to get knowledge about drug safety in an interactive way through different themes and game experiences. 10. Special Exhibition of YungShin Medical Museum - "What Happened to the Poisoned Apple" Introduced the importance of food safety from the producers of crops, to operators of food manufacturing, processing, packaging, transportation, sales, etc., and provided tips to pay attention to when buying, cooking or ingesting, so that everyone can eat safely and healthy.
(XIV)	YungShin Cup National Volleyball Championship For promoting public health, the Corporation is committed to advocating volleyball. Up to 2020, it has held 47 consecutive sessions, which is the largest green energy volleyball competition in Taiwan.

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

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Description	
I. Establishment of ethical corporate management policies and programs	✓			
(I) Has the Corporation established the ethical corporate management policies approved by the Board of Directors and specified in its rules and external documents the ethical corporate management policies and practices and the commitment of the board of directors and senior management to rigorous and thorough implementation of such policies?	✓		(I) The Corporation has established the Ethical Corporate Management Best Practice Principles and Code of Conduct as guidelines for Directors, managerial officers, and employees to carry out their fiduciary duties with the attention and loyalty of a prudent administrator based on the principle of good faith.	
(II) Has the Corporation established a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within its business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include the preventive measures specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?	✓		(II) For high-risk and unethical conduct, the Corporation has established an effective internal control and audit system and adopted regular and ad hoc audits to review the design the effectiveness of the design and implementation of the system. The mechanisms are as follows: 1. The Corporation confirms whether the supplier of the transaction or procurement is a stakeholder and verifies the supplier's authenticity through the Department of Commerce of the Ministry of Economic Affairs. the Corporation also checks the transaction records of the supplier to confirm the business integrity of the counterparty. 2. The Corporation inquires customers' credit records through the Joint Credit Information Center to prevent business transactions with unethical suppliers. 3. Each donation is reported to the respective level for approval in accordance with the approval authority level which meets relevant laws and internal operating procedures.	No deviation
(III) Has the Corporation specified in its prevention programs the operating procedures, guidelines, punishments for violations, and a grievance system and implemented them and review the prevention programs on a regular basis?			(III) The Corporation's Ethical Corporate Management Best Practice Principles and Code of Conduct expressly prohibit dishonest conduct such as frauds and insider trading. the Corporation also established disciplinary and complaint channels and punishes violators accordingly based on the severity of the violation. The related contents and results of cases handled are disclosed. The Corporation closely monitors the development of domestic and overseas regulations associated with ethical corporate management and reviews and improves its ethical corporate management policies in order to enhance the effectiveness of its ethical corporate management.	
II. Implementation of Ethical Corporate Management	✓			
(I) Does the Corporation evaluate business counterparty's ethical records and include ethics-related clauses in business contracts?		✓	(I) The Corporation 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 Corporation set up a dedicated unit under the Board of Directors to promote ethical corporate management and regularly (at least once every year) report to the Board of Directors the implementation of the ethical corporate management policies and prevention programs against unethical conduct?	✓		(II) the Corporation has established a Code of Conduct for Honest Management for the management to operate in good faith.	No material deviation
(III) Has the Corporation established policies to prevent conflicts of interests, implemented such policies, and provided adequate channels of communications?	✓		(III) The directors, managers, and employees of the Corporation 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 Corporation's Rules of Procedure for Board of Director Meetings states that Directors must recuse themselves from proposals with conflicts of interests involving themselves or the legal entities they represent.	No deviation
(IV) Has the Corporation established effective accounting systems and internal control systems to implement ethical corporate management and had its internal audit unit, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans and audit the compliance with the prevention programs accordingly or entrusted a CPA to conduct the audit?			(IV) The Corporation has established and implemented an effective accounting system, internal control system, internal audit system, and various management 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.	No deviation

(V)	Does the Corporation regularly hold internal and external educational training on ethical corporate management?	✓	(V)	The Corporation 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 Corporation's whistleblowing system	✓	(I)	The Corporation has a complaint standard and has a special unit to deal with the relevant affairs according to the provisions of the measures.	No deviation
(I)	Does the Corporation have a specific whistle-blowing and reward system, establish convenient whistle-blowing channels, and assign the appropriate personnel to deal with the reported personnel?	✓	(II)	In order to avoid unnecessary interference to and influence on the appellant, the Corporation adopts confidentiality measures in the process of handling the complaint cases. The Corporation establishes follow-up measures to be taken after investigations on a report are completed based on the severity of the case. Where necessary, the case may be reported to the competent authority or transferred to judicial authorities for investigations.	
(II)	Has the Corporation established the standard operating procedures for investigating reported misconduct, follow-up measures to be adopted after the investigation, and related confidentiality mechanisms?	✓	(III)	The Corporation keeps the informants confidential in handling complaints, who will not be punished for informing.	
(III)	Does the Corporation take measures to protect whistleblowers from improper treatment?				
IV.	Enhancing Information Disclosure Does the Corporation disclose its ethical corporate management policies and the results of its implementation on the Corporation's website and MOPS?	✓		The Corporation has disclosed information related to Ethical Corporate Management Best Practice Principles and related implementation status on the Corporation's website and MOPS (company website URL: <a href="http://www.yungshingroup.com">www.yungshingroup.com</a> ).	No deviation
V.	Where the Corporation has stipulated its own best practices on ethical corporate management according to the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, please describe any gaps between the prescribed best practices and the actual measures taken by the Corporation: No material gap is found: No difference was found.				
VI.	Other important information that facilitates the understanding of the implementation of ethical corporate management: (such as review and amendment of the Corporation's Ethical Corporate Management Best Practice Principles)				
(I)	In accordance with the New Corporate Governance Blueprint, the Corporation has amended the Ethical Corporate Management Best Practice Principles of the Corporation 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 Corporation 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 Corporation specifies requirements for ethical corporate management in the Rules of Procedure for Board of Directors Meetings and management regulations for preventing insider trading, employees' work rules, related party transactions, accounting system, and internal control system to prevent any conflict of interest or gifts. The rules are provided to facilitate compliance.				

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

1. The Articles of Incorporation, Rules and Procedures of Shareholders' Meeting, and Rules Governing the Election of Directors are provided in the 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 Corporation's website [www.yungshingroup.com](http://www.yungshingroup.com) under I.R. & Stakeholder\Corporate Governance\Articles of Incorporation and Regulations.

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

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

## 2. Continuing education of managerial officers in 2021

December 31, 2021

Title	Name	Organizer	Course title	Training Hours	Remarks
President	Fang-Hsin Lee	Taiwan Corporate Governance Association	Enterprise Operational Risk Management and Corporate Governance	3	
		Taiwan Corporate Governance Association	Corporate Governance -3.0 Blueprint for Sustainable Development	3	
Vice President	Chih-Wei Chien	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum	6	
		Taiwan Corporate Governance Association	Enterprise Operational Risk Management and Corporate Governance	3	
		Taiwan Corporate Governance Association	Corporate Governance -3.0 Blueprint for Sustainable Development	3	
Audit Manager	Hsiang-Lien Huang	Securities and Futures Institute	Internal Audit on the Operation of the Functional Committee	6	
		Securities and Futures Institute	Study of Internal Audit on the Operation of the Board of Directors	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	
Subsidiaries and Affiliates Governance Manager	I-Yun Wang	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum	6	
		Taiwan Corporate Governance Association	Enterprise Operational Risk Management and Corporate Governance	3	
		Taiwan Corporate Governance Association	Corporate Governance -3.0 Blueprint for Sustainable Development	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, 2022

Based on the findings of a self-assessment, YungShin Global Holding Corporation states the following with regard to its internal control system during the year of 2021:

- I. The Corporation fully understands that the establishment, implementation, and maintenance of Internal Control System (ICS) are the responsibilities of the Corporation's Board of Directors and managerial officers, and have established the said system accordingly. The internal control system is designed to provide reasonable assurance for the effectiveness and efficiency of the operations (including profitability, performance and protection of assets), reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations.
- II. All ICS are bound by natural limitations and regardless of the robustness of designs, effective ICS can only provide reasonable assurance for the three objectives listed above. Efficacy of the ICS will also change with the changing environment or context. However, the ICS of the Corporation has self-monitoring mechanisms in place, and the Corporation will take corrective action against any defects identified.
- III. The Corporation will refer to the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter referred to as "ICS Regulations") to identify assessment items for determining the effectiveness of ICS as well as the performance of design and implementation of the system. The Regulations are made to examine the following five factors during the management and control process: (1) control environment, (2) risk assessment and response, (3) control activities, (4) information and communication, and (5) supervision. Each factor also includes several items. Please refer to the Guidelines for the preceding items.
- IV. The Corporation has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
- V. Based on the findings of the evaluation mentioned in the preceding paragraph, the Corporation believes that as of December 31, 2021 its internal control system (including its supervision and management of subsidiaries), encompassing internal controls for knowledge of the degree of achievement of operational effectiveness and efficiency objectives, reliability of reporting, and compliance with applicable laws and regulations, is effectively designed and operating, and reasonably assures the achievement of the above-stated objectives.
- VI. This Statement shall be a major content of the Corporation's annual report and prospectus, and shall be publicly disclosed. If any of the above disclosed contents contains false information or omits any material content, the Corporation will involve legal liability under Article 20, Article 32, Article 171 and Article 174 set forth in the Security and Exchange Act.
- VII. This Statement was approved by the Board of Directors of the Corporation on March 30, 2022. Among the 9 Directors, 0 dissented, and the rest agreed to the contents of this Statement.

YungShin Global Holding Corporation

Chairman: Fang-Hsin Lee

President: Fang-Hsin Lee

2. Where a CPA is commissioned to conduct a project review of the ICS, the CPA's review report shall be disclosed: None.



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

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

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

Session of Meeting	Time of Meeting	Major Resolutions	Status of Execution
2021 Shareholders' Meeting	07.20.2021	1. Adoption of the 2020 Business Report and Financial Statements	Promulgated after the resolution of shareholders.
		2. Adoption of the 2020 earnings distribution proposal with cash dividends of NT\$2 per share.	Cash dividends were paid on September 9, 2021.
		3. Repeal and re-establish the Rules of Procedure of the Board of Shareholders of the Corporation.	The new amendments were passed.
		4. Amendments to the Rules for Election of Directors.	The new amendments were passed.
		5. The proposal for lifting the non-competition restriction of the new directors.	Removed the non-competition restrictions for newly appointed Directors in accordance with the resolutions of the shareholders' meeting.

2. Significant resolutions by the Board of Directors

Term and Session / Time	Agenda and Resolution
13th meeting of the 4th-term Board of Directors 02.03.2021	Reported the performance evaluation of the Board of Directors of the Corporation in 2020. Passed the amendment to some provisions of the "Director Election Measures" of the Corporation. Passed the proposal to repeal and re-enact the "Rules of Procedure of the Board of Shareholders" of the Corporation. Passed the proposal for the Corporation to lift the non-competition restrictions for directors of the Corporation.
14th meeting of the 4th-term Board of Directors 03.30.2021	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.
15th meeting of the 4th-term Board of Directors 05.12.2021	Passed the consolidated financial report for the first quarter of 2021.
The 16th of the 4th Session Board of Directors 06.30.2021	Passed the decision on the date and place of adjournment of the 2021 General Shareholders' Meeting.
17th meeting of the 4th-term Board of Directors 08.10.2021	Passed the consolidated financial reports for the first half of 2021.
19th meeting of the 4th-term Board of Directors 11.10.2021	Reported the liability insurance for the directors, supervisors and managers. Passed the consolidated financial statements for 2021 Q3. Passed the Corporation's annual audit plan in 2022. Passed the proposal for the independence evaluation of the certified accountants of the Corporation in 2022. Approve the proposal for the endorsement and guarantee quota to the subsidiary in 2022. Passed the proposal for donation to related person by the subsidiary YungShin Pharmaceutical Industrial Co., Ltd. in 2022.
21st meeting of the 4th-term Board of Directors 12.29.2021	Passed the proposal of the major subsidiary YSP INC' intention to dispose of its shares in CNH.
22nd meeting of the 4th-term Board of Directors 01.17.2022	Passed the proposal of YSP INC' acquisition of shares in Shanghai Yung Zip Pharm. Trading Co., Ltd.
23rd meeting of the 4th-term Board of Directors 01.26.2022	Reported the performance evaluation of the Board of Directors of the Corporation in 2021. Passed the amendments to the Corporation's Articles of Incorporation. Passed the proposal for convening the Corporation's 2022 General Shareholders' Meeting. Passed the proposal of YSP INC' acquisition of shares in Yung Shin Company Limited. Passed the proposal for increasing loans to subsidiaries in Additions 2022. Passed the proposal for increasing endorsement and guarantee for subsidiaries.

Term and Session / Time	Agenda and Resolution
	Passed the proposal of the Corporation's plan to dilute shares of its subsidiary Vetnostrum Animal Health Co., Ltd. and waive to involve in the cash capital increase of Vetnostrum Animal Health Co., Ltd. in cooperation with the future stock listing (OTC) plan of such subsidiary.
24Th meeting of the 4th-term Board of Directors 03.30.2022	Passed individual and consolidated financial statements for 2021. Passed the 2021 Internal Control System Statement. Passed the proposal for the distribution of the remuneration to employees and Directors for 2021. Passed the 2021 earnings distribution proposal. Passed the amendment to the agenda of the Corporation's 2022 Meeting Agenda Shareholders' Meeting. Passed the Corporation's proposal for the amendments of the "Procedures for Acquisition and Disposal of Assets". Passed the Corporation's proposal for the amendments of the Rules of Procedure for Shareholders Meetings. Passed the proposal for the nomination of the Board of Directors and review of the candidates list of directors (including independent directors). Passed the proposal on the election of the 5th Board of Directors. Passed the proposal for lifting the non-competition restriction of the new directors.

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

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

#### IV. Information on CPA Professional Fees

CPA Firm	Name of CPAs	Auditing Period	Audit fees	Non-audit fees	Total	Remarks
Deloitte & Touche	Chih-Yuan Chen Tung-Feng Li	01.01.2021 to 06.30.2021	2,340	-	2,340	Replacement of CPA resulting from the internal work adjustment of the accounting firm
	Chih-Yuan Chen Han-Ni Fang	07.01.2021 to 12.31.2021				

- (I) The Corporation has replaced accounting firms and the annual audit shared expenses are less than that of the previous year prior to the replacement: None.
- (II) Where the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more: None.

V. Replacement of CPAs:

(I) Former CPA

Date of Replacement	From the third quarter of 2021		
Reason for Replacement and Explanation	As a result from the internal adjustment of Deloitte & Touche, the former CPAs Chih-Yuan Chen and Tung-Feng Li were replaced by Chih-Yuan Chen and Han-Ni Fang from the third quarter of 2021.		
Any details for the termination or rejection of the appointment of the CPA	<div>Contracting Parties</div> <div>Condition</div>	CPA	Appointee
	Voluntarily ended the engagement	-	-
	Rejection of (continuing) appointment	-	-
Opinions and reasons for audit report issued during the most recent two fiscal years containing an opinion other than an unqualified opinion		None	
Any disagreement with the issuer	Yes	-	Accounting principles or practices
		-	Disclosure of financial reports
		-	Scope or procedure of audit
		-	Others
	None	V	
Description:			
Additional Disclosure (items to be disclosed as prescribed by Article 10, Paragraph 6, Subparagraphs 1-4 to 1-7 in the Standards)	None		

(II) Successor CPAs

Firm Name	Deloitte & Touche
Name of the CPA	CPA Han-Ni Fang
Date of Appointment	From the third quarter of 2021
Accounting treatment or accounting principle for specific transactions as well as consultation items and results on audit assessment on the financial report prior to engagement	Not applicable
Written views on disagreements between the successor CPA and former CPA	None

(III) The former CPA's respond to matters as described in subparagraph 1 and item 3 of subparagraph 2, paragraph 6 of Article 10 of these Regulations: Not applicable.

VI. The Corporation's Chairperson, President, or any managerial officer in charge of finance or accounting matters who has, in the most recent year, held a position at the accounting firm of its CPA or at an affiliated enterprise: of such accounting firm: None.

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	2021		For the year ended March 31, 2022	
		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	Fang-Hsin Lee	0	0	0	0
Director	Ling-Chin Lee	0	0	0	0
Director	Fang-Yu Lee	(100,000)	0	0	0
Director	Fang-Chen Lee	(5,000,000)	3,000,000	0	(2,000,000)
Director	Meng-Pi Lin	1,048,000	0	0	0
Director	Chi-Li Lee	0	0	0	0
Independent Director	Shih-Kuang Tsai	0	0	0	0
Independent Director	Kun-Hsien Lin	0	0	0	0
Independent Director	Hong-Yi Chen	0	0	0	0
Vice President	Chih-Wei Chien	0	0	0	0
Accounting Manager	Yu-I Lee	0	0	0	0
Chief Corporate Governance Officer	I-Yun Wang	0	0	0	0

(II) Equity transfer: None.

(III) Shares pledged: None.

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

March 26, 2022

Name	Shares held by shareholders		Shares held by spouse and minor children		Total shareholding through 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 (or 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-Hsin Lee	Mother and son Sister and younger brother Sister and younger brother Brothers Brothers Brothers	-
TienTe Lee Biomedical Foundation	11,572,487	4.34%	-	-	-	-	-	-	-
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	-
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	-
Hsin Lin Chi Co., Ltd.	10,234,000	3.84%	-	-	-	-	Meng-Pi Lin	Shares held through nominees	-
Ling-Fen Lee	8,931,768	3.35%	21,000	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	-
Pao-Chen Lin	7,910,681	2.97%	-	-	-	-	Fang-Jen Lee Fang-Hsin Lee	Mother and son Mother and son	-
Yishun Fund - Yishun Greater China Equity Fund under the custody of HSBC	7,885,550	2.96%	-	-	-	-	-	-	-
Fang-Yu Lee	7,826,918	2.94%	3,058,682	1.15%	-	-	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 Brothers	-
Meng-Pi Lin	7,129,326	2.68%	1,472,000	0.55%	10,234,000	3.84%	Hsin Lin Chi Co., Ltd.	Shares held through nominees	-

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

IX. The Total Number of Shares and Total Equity Stake Held in Any Single Enterprise by the Corporation, Its Directors and Supervisors, Managers, and Any Companies Controlled Either Directly or Indirectly by the Corporation

Total Equity Stake Held

December 31, 2021; Unit: Shares; %

Reinvestment Entities	Investment by the Corporation		Investment by Directors, Supervisors, Managerial Officers, and Entities either Directly or Indirectly Controlled by the Corporation		Total Investments	
	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio
YungShin Pharm. Ind. Co., Ltd.	83,377,170	100%	-	-	83,377,170	100%
YSP International Company Limited	10,000	100%	-	-	10,000	100%
Carlsbad Technology, Inc..	7,502,874	74.65% (Note 1)	836,555	8.27%	8,339,429	82.92%
Yung Shin China Holding Co., Ltd.	29,541,265	91.93% (Note 2)	-	-	29,541,265	91.93%
Shanghai Yung Zip Pharm. Trading Co., Ltd.	-	91.93% (Note 3)	-	-	-	91.93%
YungShin 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 (HK)	7,720	88.71% (Note 5)	76	0.95%	7,796	89.66%
Globecare Trading (Shanghai) Co., Ltd. (Note 6)	-	70.03%	-	-	-	70.03%
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 7)	17,200,000	100%	-	-	17,200,000	100%

Note 1: The Corporation and Yung Zip Chemical Ind. Co., Ltd. indirectly own 74.13% and 2.52% of Carlsbad Technology, Inc. Based on the shareholding status, the Corporation owns 74.65% of the shares.

Note 2: The Corporation and Yung Zip Chemical Ind. Co., Ltd. indirectly own 89.81% and 10.19% of Yung Shin China Holding Co., Ltd. Based on the shareholding status, the Corporation owns 91.93% of the shares.

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

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

Note 5: YungShin Company Limited is a subsidiary with 96.50% of its shares held by Yung Shin China Holding Co., Ltd. Based on the shareholding status, the Corporation owns 88.71% of the shares.

Note 6: Globecare Trading (Shanghai) Co., Ltd. has completed the deregistration on January 10, 2022.

Note 7: AnTec Biotech Co., Ltd. was dissolved on December 31, 2016 and the dissolution was registered in Fu-Shou-Jing-Shang No. 10607018000 approval letter from Taichung City Government. However, the liquidation procedures are still being implemented.

## Chapter 4 Financing Status

### I. Capital and Shares:

#### (I) Sources of capital:

##### 1. Sources of capital

Year/Month	Offering Price	Authorized capital		Paid-in capital		Remarks		
		Number of shares	Amount	Number of Shares	Amount	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 Corporation'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			Remarks
	Outstanding shares	Unissued shares	Total	
Ordinary share	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 26, 2022

Shareholder Structure Quantity	Government Agencies	Financial Institutions	Other Institutional Shareholders	Individuals	Foreign Institutions and Natural Persons	Total
Number of Individuals	0	1	181	27,348	140	27,670
Number of Shares Held	0	3,979,461	42,436,468	188,583,239	31,423,815	266,422,983
Shareholding Ratio	0%	1.49%	15.93%	70.78%	11.80%	100%

#### (III) Shareholding distribution status:

Shareholding Range	Number of Shareholders	Number of Shares Held	Shareholding Ratio
1 to 999	15,594	910,796	0.34%
1,000 to 5,000	8,928	17,962,800	6.74%
5,001 to 10,000	1,507	11,222,681	4.21%
10,001 to 15,000	518	6,241,653	2.34%
15,001 to 20,000	295	5,342,864	2.01%
20,001 to 30,000	273	6,775,599	2.54%
30,001 to 40,000	120	4,203,423	1.58%
40,001 to 50,000	79	3,613,497	1.36%
50,001 to 100,000	159	11,323,460	4.25%
100,001 to 200,000	90	12,632,938	4.74%
200,001 to 400,000	47	13,142,343	4.93%
400,001 to 600,000	9	4,424,840	1.66%
600,001 to 800,000	6	4,225,512	1.59%
800,001 to 1,000,000	9	8,264,226	3.10%
Over 1,000,001	36	156,136,351	58.61%
Total	27,670	266,422,983	100.00%

## (IV) List of major shareholders:

March 26, 2022

Name of Major Shareholders	Shares	Number of Shares Held	Shareholding Ratio
Fang-Jen Lee		11,775,595	4.42%
TienTe Lee Biomedical Foundation		11,572,487	4.34%
Fang-Hsin Lee		11,260,832	4.23%
Ling-Chin Lee (Note)		10,401,368	3.90%
Hsin Lin Chi Co., Ltd.		10,234,000	3.84%
Ling-Fen Lee		8,931,768	3.35%
Pao-Chen Lin		7,910,681	2.97%
Yishun Fund - Yishun Greater China Equity Fund under the custody of HSBC		7,885,550	2.96%
Fang-Yu Lee		7,826,918	2.94%
Meng-Pi Lin		7,129,326	2.68%

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

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

Year			2020	2021	Current year as of March 31, 2022
Market Price Per Share	Maximum		53.00	45.70	43.35
	Minimum		36.55	41.80	42.10
	Average		44.86	43.49	42.74
Net Worth Per Share	Before Distribution		24.03	24.54	-
	After Distribution		22.03	Undetermined	-
Earnings Per Share	Weighted Average Number Of Shares (Thousand Shares)		266,365	266,365	-
	Earnings Per Share		2.97	2.77	-
Dividends Per Share	Cash Dividends		2.00	1.70(註)	-
	Stock Grants	-	-	-	-
		-	-	-	-
	Accumulated Undistributed Dividends		-	-	-
Investment Return Analysis	Price/Earnings Ratio		15.10	15.70	-
	Price/Dividend Ratio		22.43	25.58	-
	Cash Dividend Yield		0.05	0.04	-

Note: The Corporation's earnings distribution proposal for the year 2021 has been adopted by the Board of Directors but not yet resolved by the shareholders' meeting.



(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 prior years' losses.
- (3) 10% appropriation for statutory reserve.
- (4) Provision of reversal of special surplus reserves in accordance with laws and regulations.
- (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 will be done in three ways: capital increase from earnings, capital increase from capital surplus, and cash dividends. In case of appropriate investment plan capable of increasing the Corporation's profitability, a low cash dividend ratio policy will be adopted, and either capital increase from earnings or capital increase from capital surplus will be adopted. In case capital expansion will impact the profitable standards, the ratio of cash dividend payment will be increased accordingly.

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

The Board of Directors of the Corporation resolved on March 30, 2022 to propose the distribution of shareholders' dividends for 2021. The dividends shall be distributed as cash dividend of totaling 1.70 per share which shall be distributed after the resolution of the shareholders' meeting.

3. Any expected material changes in the 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\$1.70
	Number of shares allotted for capital transferred from surplus	-
	Capital reserve to capital increase	-
Change in Operating Performance	Operating profit	Note
	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: The regulations do not require the Corporation to publish financial forecasts and this item is therefore not applicable.

Chairman: Fang-Hsin Lee

President: Fang-Hsin Lee

Accounting Manager: Yu-I 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 remuneration for employees, Directors, and Supervisors for 2021 was determined based profitability in the current period and appropriate in accordance with regulations in the Articles of Incorporation. The employee remunerations will be paid in cash. The estimated amount of employee remuneration in this period is NT\$2,357 thousand, and that of director remuneration is NT\$15,715 thousand. The estimation is based on the provisions of the articles of association of the Corporation and shall be recognized as operating costs and expenses of the current period, provided that if there is any discrepancy between the actual distribution amount and the estimated amount, it shall be recognized as the annual profit or loss of the year when the shareholders' meeting is held.
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 financial statements or individual financial statements for the current period: The Board has resolved to distribute remuneration for employees and Directors in cash. Therefore, the distribution of stock dividends does not apply.
4. The actual distribution of remuneration for employees and Director for the previous fiscal year

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

Distribution Status	Previous Year				
	Shareholders' meeting on July 20, 2021 Resolved the actual distribution	Board meeting on March 30, 2021 Passed the proposed distribution	Actual cash distribution amount for 2021	Discrepancy	Cause of Discrepancy
1. Remuneration for employees 2. Remuneration for Directors and Supervisors	NT\$2,475,385 NT\$16,502,567	NT\$2,475,385 NT\$16,502,567	NT\$ 801,254 NT\$16,502,567	NT\$1,674,131 NT\$ 0	Note None

Note: The Corporation has been continuously adjusting its organization and operation plan, and has been downsizing in the second half of 2019. Therefore, the employee remuneration withdrawn has not been paid in full.

(IX) Company share repurchase status: None.

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

III. Capital Utilization Plan and Its Implementation:

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

## Chapter 5 Operational Highlights

### I. Business Activities

#### (I) Business scope:

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

2. YungShin 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	2,826,604	66.71%
Cosmetics	22,800	0.54%
Health food	525,716	12.41%
Product distribution	319,647	7.55%
OEM products	504,785	11.92%
Others	36,860	0.87%
Total	4,236,412	100.00%

#### (2) The main commodity items of YungShin Pharmaceutical:

- A. There are totally 821 licenses
  - a. Pharmaceuticals for human consumption  
(including 13 permits for contracted 660  
production by other factories and 2 permits permits  
for drug import)
  - b. Medical equipment 3 permits
  - c. Active pharmaceutical ingredients 28 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 55 permits  
commissioned)
  - i. Subsidies for feed 13 permits
  - j. Food additives 6 permits
- B. Totally 27 OEM licenses
  - a. Pharmaceuticals for human consumption 25 permits
  - b. Health food 1 permits
  - c. Cosmetics that contain drugs 1 permits
- C. Other products (no license required): 192 kinds

- a. Regular cosmetics 44 types
  - b. Regular traded cosmetics 11 types
  - c. Food 117 types
  - d. Traded food 20 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 Corporation 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 YungShin Pharmaceutical encompass multiple treatment categories. The development strategies of YungShin Pharmaceutical are as follows:
- A. We focus on satisfying market demands and use high-quality requirements and market penetration strategies to improve the Corporation'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 Corporation's strong R&D team and the performance and integration of technology and marketing systems allow the Corporation 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 Corporation 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	2020		2021	
	Operating income	Weight (%)	Operating income	Weight (%)
Trading of preparations	1,080,636	53%	1,188,442	49%
Trading of raw materials	944,277	57%	1,241,750	51%
Total	2,024,913	100%	2,430,172	100%

### 4. Vetnostrum 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 ("Meatafac", "Versazyme", "YungStrong", etc.) and customized vitamin mineral pre-mix agent. the Corporation provides animal husbandry operators with safe and reliable products to facilitate industrial development.

(2) Percentage of Revenue:

Unit: NT\$1,000; %

Item \ Year	2020		2021	
	Operating income	Weight (%)	Operating income	Weight (%)
Products for animal consumption:				
Powder	704,395	63.74%	746,619	63.74%
Solutions	52,727	4.77%	54,580	4.77%
Injections	25,804	2.33%	99,998	2.33%
Product distribution	320,592	29.01%	272,493	29.01%
Others	1,608	0.15%	2,531	0.15%
Total	1,105,126	100.00%	1,176,221	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 innovative breakthrough therapy 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 number of innovative biopharmaceuticals in launched 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 2020 to 2025 may yet reach 9.%.

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\$241.0 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:

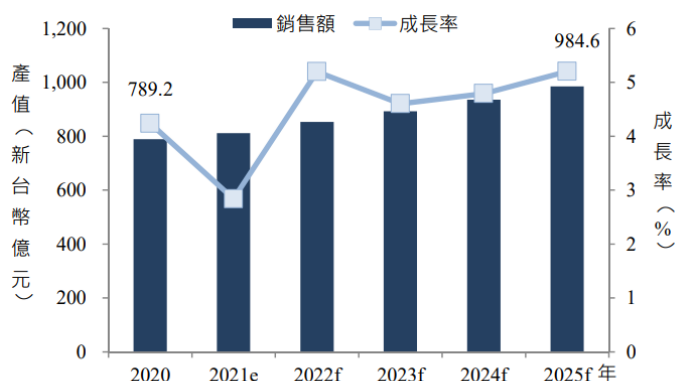
Biological preparations include biopharmaceuticals, vaccines, blood preparations and drugs with allergen extracts. Due to the complex product molecular structure, the development process and R&D expenses are higher than those of small molecule new drugs. However, biological preparations are highly effective 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. YungShin Pharmaceutical Industrial Co., Ltd.:

According to the survey by the Department of Statistics of the Ministry of Economic Affairs, the total output value of western medicine preparations in Taiwan kept growing in 2020. Driven by the obvious rebound in the output value of APIs, the total output value of the pharmaceutical industry reached NT\$78.92 billion, an increase of 4.2% over the previous year. Looking ahead, in 2021, the domestic hospital-end market was affected by COVID-19, resulting in a decrease in drug use and expected output value; If the vaccination can be implemented smoothly in 2022 and the epidemic is brought under control, life can be gradually resumed to its normal state, and the output value will

gradually stabilize after the hospital resumes operations and the demand for drugs will see an increase. By 2025, it will maintain stable growth due to the launch of new drugs and export growth. It is estimated that the total output value of Taiwan's pharmaceutical industry will reach NT\$98.46 billion in 2025, with a CAGR of 4.5% from 2020 to 2025.



資料來源：經濟部統計處；DCB 產資組 ITIS 研究團隊推估 (2021.08)

Western medicine preparation factories in Taiwan mainly produce generic drugs, and sell and supply domestically in bulk. Despite the growing demand for drugs due to the aging population, drug prices in Taiwan have been continuously reduced by the health insurance drug price policy in recent years. As a result, the drug price in Taiwan becomes one of the lowest around the world, which also reduces the operating profit of manufacturers, resulting in a slowdown in the overall drug market growth. Therefore, the government should take into consideration the sustainable development of the generic drug industry while cutting drug prices so as to drive a virtuous circle of new drug investment.

### 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.

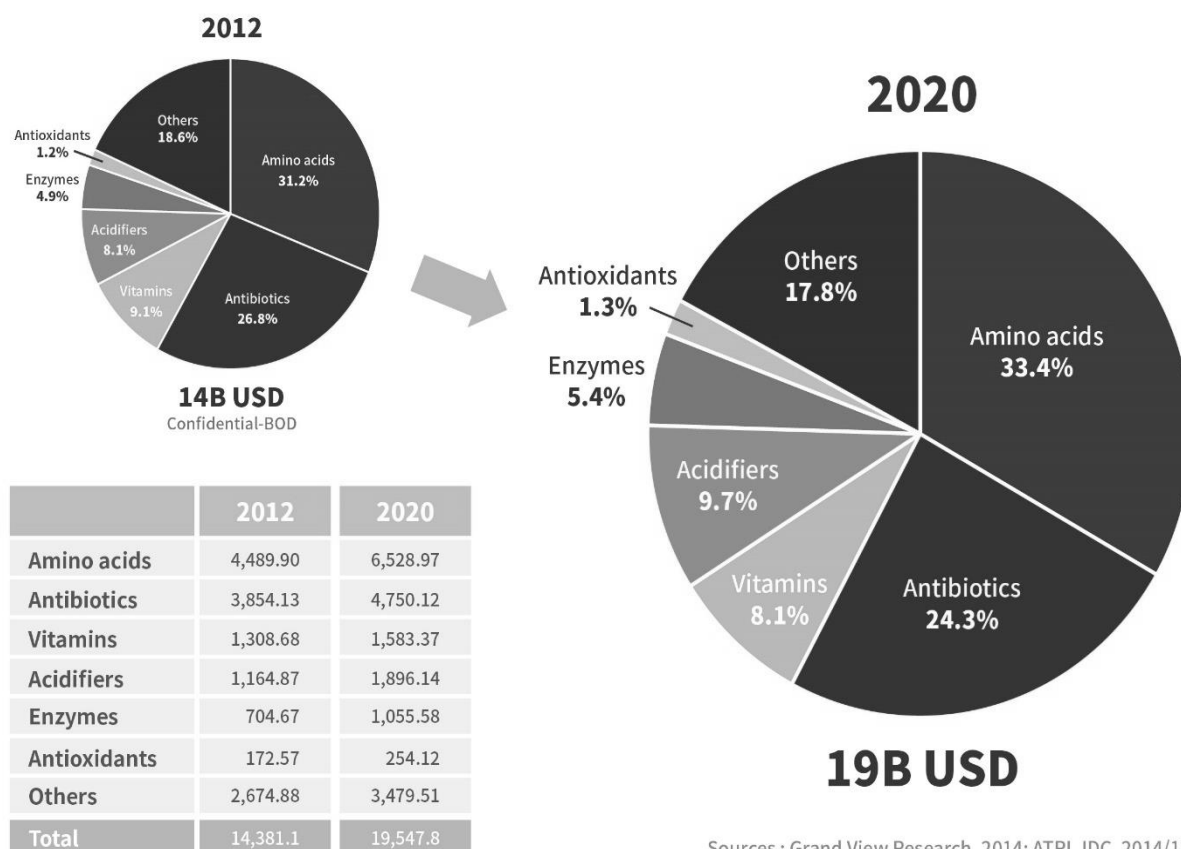
### 4. Vetnostrum Animal Health Co., Ltd.:

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.

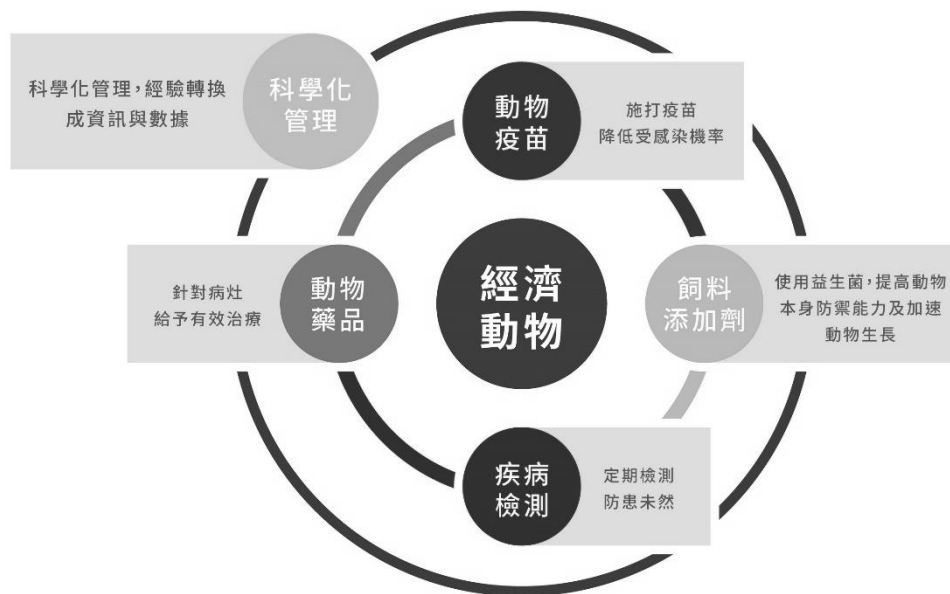
According to the report from the Development Center for Biotechnology, the global feed additives

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.



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	2020	2021
R&D expenditure (NT\$1,000)	410,600	395,483
Percentage of revenue (%)	5.08%	5.07%

Data source: 2020 Consolidated Financial Statements

##### (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.

##### (3) The Group's expected R&D expenditure: 3%-5%.

#### 2. YungShin Pharmaceutical Industrial Co., Ltd.:

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

Unit: In Thousand of New Taiwan Dollars; %

Item \ Year	2020	2021
R&D expenditure (NT\$1,000)	303,417	285,907
Percentage of revenue (%)	6.42%	6.75%

##### (2) Technologies or products developed successfully:

- A. An API and preparation for the treatment of hepatitis B were licensed in Malaysia and approved by the DMF in the United States.
- B. An API for the treatment of secondary parathyroidism in dialysis patients was licensed in Taiwan.
- C. The new generation of anti-fungal API obtained US DMF approval and was licensed in Taiwan.
- D. An API for the treatment of locally advanced or metastatic non-small cell lung cancer (NSCLC) was licensed in Taiwan.
- E. Entecavir film-coated tablet for vertical integration of raw materials and preparations for the treatment of hepatitis B virus infection was approved by the US FDA.
- F. Pemetrexed frozen crystal injection, a anti-tumor drug with vertical integration of raw materials and preparations was approved by TFDA.
- G. A medical device containing anesthetic crosslinked hyaluronic acid subcutaneous injection was launched in Taiwan.
- H. Animal feed additives (probiotics) for intestinal health is licensed for aquatic use in

Vietnam.

3. CHEMIX INC.: Not applicable.

4. Vetnostrum Animal Health Co., Ltd.:

(1) Existing technologies and new technologies

Vetnostrum currently has more than 267 domestic animal product licenses and about 38 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, probiotics and pet health products. 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 Corporation 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	2020	2021
R&D expenditures (NT\$1,000)	14,044	20,750
Percentage of revenue (%)	1.27%	1.76%

(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 competition of the generic drug market, the Group controls the R&D and supply of APIs, which are important elements for the survival and development of generic drug companies. YungShin Group 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 Province and Mainland China and will continue to increase its API varieties and capacity expansion by means of cooperation, investment, merger, and acquisition.

2. YungShin 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. YungShin 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 Corporation 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 Corporation shall actively expand the self-paid medicine market for OTC drugs, healthcare products, and medical beauty products.
    - D. The business model is also gradually moving towards international cooperation including mergers and acquisitions, technology transfer/authorization, sharing of marketing channels, research and development cooperation, supply of products or raw materials, with the aim of accelerating the time to market, enhancing research and development capacity, completing product lines, and expanding market share in international markets.
  - (2) R&D strategy
    - A. 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 to expand the generic drug market in Japan.
  - (2) Medium-term (long-term) goal: Establish new business and production locations, and integrate the Group's production energy for pharmaceuticals, animal medicines, APIs and health products, diversifying the products in Japan.
4. Vetnostrum Animal Health Co., Ltd.:
- (1) Short-term objectives:
    - A. Rapidly increase the utilization rate 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 and health care products.
    - D. Start to prepare for registration of animal drugs in Japan.
    - E. Non-medicated feed additives for aquatic products were officially launched.
  - (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 Corporation's main business is general investment and it is therefore not applicable.

2. YungShin Pharmaceutical Industrial Co., Ltd.:

- (1) Sales area and market share of major commodities:

The main products of YungShin Pharmaceutical are mainly sold in the Taiwan market, accounting for about 92% of individual sales revenue, and export sales account for 8%. 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 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:

YungShin 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, YungShin 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 Corporation 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. 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
Export sales	21,940	1%
Domestic sales	2,408,232	99%
Total	2,430,172	100%

4. Vetnostrum Animal Health Co., Ltd.:

Sales regions of major products:

Unit: NT\$1,000

Region	Amount	Percentage
Export sales	199,437	17%
Domestic sales	976,784	83%
Total	1,176,221	100%

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

1. YungShin Global Holding Corporation: The Corporation's main business is general investment and it is therefore not applicable.
2. YungShin 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 Corporation 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. In the field of medical equipment, the Corporation has gradually expanded its product category, developed a number of hyaluronic acid joint cavity injections and medical beauty subcutaneous injections, and the products have been launched in succession.

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. The Corporation has completed the construction of an animal injection factory (including sterile filling and final sterilization process) and an external preparation factory in 2019, completed the construction of a pet preparation factory, and obtained GMP inspection certification in February 2020, and completed the construction of a pet nutrition production line in May 2021.

(III) Supply status of main raw materials:

1. YungShin Global Holding Corporation: The Corporation's main business is general investment and it is therefore not applicable.

2. YungShin Pharmaceutical Industrial Co., Ltd.:  
The COVID-19 pandemic continuously affects the stability of supply sources in various countries due to the spread of the virus. The impact of COVID-19 has reduced the capacity of some manufacturers, reduced the number of shipping routes, and extended the purchase period, etc., affecting the global supply of many goods, including the supply of APIs. Since the procurement of the Corporation relies on long-term orders and pre-orders, or advance procurement to ensure the stability of the sources, 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 rise of transportation costs have caused the price fluctuation of raw materials.
3. CHEMIX INC.: Not applicable.
4. Vetnostrum Animal Health Co., Ltd.:  
Global shipping prices and the epidemic situation have not eased as expected in the short term. The green inflation has been triggered by the concept of ESG, countries have continued to ease monetary easing, and freight rates have soared., all of which has pushed inflation to record highs and feed prices have continued to rise, while pig prices have remained low. However, the major global supply chains are overly concentrated in China, resulting in China's policies such as carbon neutralization, leading to power and production restrictions, allowing supplies to affect the world. In response to the changing environment, the Corporation prepared a higher inventory level to avoid the impact of uncertain factors leading to the lack of materials for production and supply, and reduce the impact on operations.

(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 Corporation's main business is general investment and it is therefore not applicable.
2. YungShin 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	2020				2021				2022 up to the end of the previous quarter (Note)			
	Name	Amount	Percentage of net purchases of the year (%)	Relationship with the issuer	Name	Amount	Percentage of net purchases of the year (%)	Relationship with the issuer	Name	Amount	Percentage accounting for net purchase in current year as of the end of last quarter (%)	Relationship with the issuer
1	-	-	-	-	-	-	-	-	T36146	14,390	27.7%	Distribution cooperation
	Net purchases	0	0		Net purchases	0	0		Net purchases	51,869	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

	2020				2021				2022 up to the end of 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 accounting for net purchase in current year as of the end of last quarter (%)	Relationship with the issuer
1	Company A	239,115	14%	None	Company A	465,882	24.8%	None	Company A	123,793	24.1%	None
2	Company B	167,677	10%	Yes	Company R	218,627	11.7%	None	Company R	112,139	21.8%	None
	Net purchases	1,689,598	100%		Net purchases	1,876,395	100%		Net purchases	513,353	100%	

(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

	2020				2021				2022 up to the end of 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	Company T	253,051	12.5%	None	Company N	460,732	19.0%	None	Company N	213,324	36.3%	None
2	Company S	126,640	6.3%	None	Company T	151,134	6.2%	None	Company T	46,876	8.0%	None
	Net sales	2,024,913	100.0%		Net sales	2,430,172	100.0%		Net sales	587,627	100.0%	

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

### 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

	2020				2021				2022 up to the end of 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 accounting for net purchase in current year as of the end of last quarter (%)	Relationship with the issuer
1	YungShin Pharmaceutical	214,058	35%	Related party	YungShin Pharmaceutical	215,468	32%	Related party	YungShin Pharmaceutical	48,447	28%	Related party
2	Supplier K	70,872	11%	None	Supplier K	58,614	9%	None	Supplier K	38,252	22%	None
	Net purchases	617,744	100%		Net purchases	682,979	100%		Net purchases	173,337	100%	

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

(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

	2020				2021				2022 up to the end of 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	161,659	15%	None	Customer B	192,399	16%	None	Customer B	47,530	15%	None
	Net sales	1,105,126	100%		Net sales	1,176,221	100%		Net sales	315,013	100%	

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

(V) Production table for the last two years:

1. YungShin Global Holding Corporation: The Corporation's main business is general investment and

it is therefore not applicable.

2. YungShin Pharmaceutical Industrial Co., Ltd.:

Production table for the last two years

Unit: NT\$1,000

Production Primary product	Year	2020			2021		
		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	14,091	13,996	73,146	13,362	11,801
Capsules (thousand units)		2,984,420	838,682	676,128	2,984,420	759,350	549,335
Granules and powder (kg)		128,032	25,088	40,717	128,032	12,163	22,610
Injections (thousand units)		107,980	17,712	313,076	107,980	13,482	252,186
Ointment (kg)		222,307	72,857	47,088	222,307	82,524	53,264
Solutions (liter)		1,254,960	113,602	28,379	1,254,960	132,087	34,938
Pills (thousand units)		7,263,040	1,278,850	609,406	7,263,040	1,312,744	620,918
Active pharmaceutical ingredient (kg)		353,000	3,884	94,208	353,000	4,808	132,435
Animal drugs:							
Injections (thousand units)		0	203	18,173	0	0	0
Powder (kg)		1,685,000	25,097	9,829	1,685,000	49,335	10,126
Cosmetics:							
Solutions (liter)		418,320	10,716	7,528	418,320	9,447	7,398
Cream (liter)		54,382	2,813	3,838	54,382	1,934	3,440
Powder (kg)		0	5	1,824	0	0	0
Active pharmaceutical ingredient (kg)		1,000	0	926	1,000	5	1,993
Masks (thousand units)		0	32	943	0	0	0
Other (thousand units)		0	3	2,040	0	26	6,070
Food:							
Capsules (thousand units)		287,480	53,558	134,907	287,480	56,877	135,025
Granules and powder (kg)		313,740	13,677	19,102	313,740	16,621	20,569
Solutions (liter)		0	0	0	0	284	686
Pills (thousand units)		499,970	81,518	102,026	499,970	82,021	100,690
Other (thousand units)		0	0	0	0	0	0
Medical equipment:							
Medical equipment (thousand units)		253	76	10,312	253	82	10,480
Medical equipment (grams)		0	0	2,671	0	0	1,552
OEM products (Note 2):							
Capsules for human consumption (thousand units)		0	3,116	4,145	0	2,167	2,878
Injections for human consumption (thousand units)		0	1,735	59,312	0	760	44,336
Pills for human consumption (thousand units)		0	712	828	0	3,357	2,619
Animal drugs powder (mt)		0	954	103,278	0	1,206	138,823
Cosmetic solutions (liter)		0	9,232	2,395	0	10,152	2,608
Cosmetic cream (kg)		0	1,327	931	0	827	914
Cosmetic masks (thousand units)		0			0	0	0
Food capsules (thousand units)		0	12,155	27,812	0	15,221	36,718
Food powder (kg)		0	41,834	62,196	0	37,150	51,699
Food pills (thousand units)		0	32,547	58,280	0	39,725	64,238
Active pharmaceutical ingredient (ton)		0	312	6,291	0	0	0
Total				2,462,585			2,320,349

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. Vetrinum Animal Health Co., Ltd.:

Production table for the last two years

Value Unit: NT\$1,000

Production Primary product	Year	2020			2021		
		Capacity (Note 1)	Production volume	Production value	Capacity (Note 1)	Production volume	Production value
Powder (kg)		4,792,000	2,451,715	456,760	4,949,000	2,733,568	461,227
Solutions (liter)		945,000	93,907	30,799	945,000	104,570	38,926
Injections (PCS)		3,225,000	152,918	23,034	3,225,000	648,444	65,721
Total				510,593			565,874

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

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

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

Sales table for the last two years

Unit: NT\$1,000

Sales Primary Product	Year	2020				2021			
		Domestic sales		Export sales		Domestic sales		Export sales	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Pharmaceuticals for human consumption:									
Suppository (thousand units)		14,441	37,663	795	2,171	12,344	32,702	385	1,234
Capsules (thousand units)		576,451	971,593	242,818	242,516	488,913	723,950	185,163	157,316
Granules (kg)		2,051	4,915	14,226	31,092	571	3,048	9,931	21,217
Injections (thousand units)		9,860	479,117	5,882	58,826	9,297	477,602	4,048	34,263
Ointment (kg)		79,861	109,581	449	658	66,764	95,952	632	840
Powder (kg)		430	2,588	11,016	21,777	286	1,653	676	2,943
Solutions (liter)		110,684	52,166	0	0	75,209	42,395	0	0
Pills (thousand units)		1,217,363	1,283,161	111,206	69,550	1,057,306	1,165,214	74,841	48,604
Active pharmaceutical ingredient (kg)		0	0	0	0	0	0	120	1,956
Animal drugs:									
Injections (thousand units)		280	26,362	50	3,782	0	0	0	0
Powder (kg)		28,090	14,394	0	0	51,334	15,715	0	0
Solutions (liter)		0	0	0	0	0	0	0	0
Cosmetics:									
Solutions (liter)		5,186	9,037	0	0	4,846	9,541	0	0
Cream (liter)		1,321	6,841	0	0	1,337	7,479	0	0
Masks (thousand units)		59	647	0	0	61	625	0	0
Other (thousand units)		1	1,549	0	0	12	5,155	0	0
Food:									
Capsules (thousand units)		49,592	281,582	0	0	53,015	298,926	0	0
Granules (kg)		451	2,967	0	0	390	2,183	0	0
Powder (kg)		14,312	28,513	0	0	10,824	29,866	0	0
Solutions (liter)		0	0	0	0	110	518	0	0
Pills (thousand units)		70,162	177,664	0	0	78,721	194,223	0	0
Others		0	0	0	0	0	0	0	0
Medical equipment:									
Test agents (thousand units)		0	0	0	0	0	0	0	0
Medical equipment (thousand units)		75	28,503	0	0	74	28,730	0	0
Product distribution:									
Others		16,800	290,686	0	0	18,758	290,917	0	0
OEM products:									
Capsules for human consumption (thousand units)		3,756	9,755	0	0	1,530	3,893	0	0
Injections for human consumption (thousand units)		0	0	1,576	76,207	31	9,169	744	72,396
Pills for human consumption (thousand units)		2,676	2,810	0	0	1,422	3,029	0	0
Animal drugs powder (mt)		931	150,910	0	0	1,181	185,077	0	0
Cosmetic solutions (liter)		9,220	3,652	0	0	10,142	4,084	0	0
Cosmetic cream (kg)		1,323	1,578	0	0	620	981	0	0
Cosmetic masks (thousand units)		0	0	0	0	0	0	0	0
Food capsules (thousand units)		12,678	47,451	0	0	14,553	55,537	0	0
Food powder (kg)		43,530	89,248	0	0	36,622	74,758	228	285
Food pills (thousand units)		30,233	75,494	1,766	7,200	37,756	89,314	1,509	6,262
Active pharmaceutical ingredient (kg)		0	0	158	5,018	0	0	0	0

Total		4,190,427		518,797		3,852,236		347,316
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### 3. CHEMIX INC.:

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

Sales value unit: JPY 1,000

Sales Volume Primary product	Year	2020				2021			
		Domestic sales		Export sales		Domestic sales		Export sales	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Injection solutions (EA)		446,486	1,043,327	0	0	460,3	1,124,865	0	0
Other non-injection solutions (EA)		10,611	37,309	233,690	6,019	14,514	41,017		21,940
Raw materials (KG)		54,043	878,367	31,726	59,891	56,154	1,242,350	0	0
Total			1,959,003		65,911		2,408,232		21,940

### 4. Vetnostrum Animal Health Co., Ltd.:

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

Unit: NT\$1,000

Sales Volume Primary product	Year	2020				2021			
		Domestic sales		Export sales		Domestic sales		Export sales	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Products for animal consumption:									
Powder (kg)		2,193,125	668,983	97,030	35,412	2,708,187	741,778	44,040	4,841
Solutions (liter)		99,012	52,073	960	654	110,242	54,580	0	0
Injections (PCS)		74,156	25,804	0	0	384,291	98,419	15,408	1,579
Product distribution EA		375,545	158,933	18,860	161,659	76,214	79,476	31,049	193,017
Others		0	1,608	0	0	0	2,531	0	0
Total			907,401		197,725		976,784		199,437

## 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		2020	2021	Current fiscal year up to March 31, 2022
Number of employees		10	9	9
Average age		40.4	43.22	44.2
Average work tenure		1.4	2.4	2.6
Education Distribution Ratio	PhD	10%	11.1%	11.1%
	Masters	20%	22.2%	22.2%
	University / College	60%	55.6%	55.6%
	Senior high school	10%	11.1%	11.1%



(II) YungShin Pharmaceutical Industrial Co., Ltd.:

Year		2020	2021	Current fiscal year up to March 31, 2022
Numbers of employees	Production personnel	626	623	613
	R&D personnel	137	138	136
	Sales personnel	276	252	252
	Administrative personnel	247	259	246
	Total	1,286	1,272	1,247
Average Age		39.5	40.5	40.5
Average Years of Services		11.6	12.6	12.6
Educational Distribution Ratio	Doctor	1.2%	1.0	1.0
	Master	14.9%	14.9	14.9
	College	57.8%	58.4	58.5
	High School	22.8%	22.6	22.5
	Below High School	3.3%	3.1	3.1

(III) CHEMIX INC.:

Year		2020	2021	Current fiscal year up to March 31, 2022
Numbers of employees		68	68	65
Average age		47.7	48.1	48.1
Average Years of Services		6.0	7.2	7.4
Educational Distribution Ratio	Doctor	2.9%	4.4%	4.6%
	Master	23.5%	20.6%	21.5%
	College	50.0%	50.0%	49.2%
	High School	23.5%	25.0%	24.6%

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

Year		2020	2021	Current fiscal year up to March 31, 2022
Numbers of employees		160	164	165
Average age		37.6	38.2	38.2
Average Years of Services		5.7	5.8	5.5
Educational Distribution Ratio	Doctor	0.6%	0.6%	0.0%
	Master	25.6%	24.4%	26.1%
	College	61.9%	61.6%	63.0%
	High School	11.9%	13.4%	10.9%

#### 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) YungShin Pharmaceutical Industrial Co., Ltd.:

1. Pollution prevention and control of YungShin Pharmaceutical:
  - (1) Wastewater treatment:
    - A. YungShin 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 YungShin 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 Corporation conducts regular exhaust pipe sampling inspections for production processes in each plant as required by laws and regulations.
    - B. the Corporation reports air pollutant emission volume online and pays the air pollution fees each quarter.
    - C. The Corporation 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	2020	2021	Current fiscal year up to March 31, 2022
Status of pollution (type and level)	None	None	Violation of the Air Pollution Act
Compensation claimed by/Penalty incurred by	None	None	Environmental Protection Administration
Amount of compensation or penalty	None	None	A suspended fine of NT\$320,000
Other losses	None	None	None

3. Protection measures for work environment and employees' personal safety:
- YungShin 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 Corporation established the Occupational Safety and Health Work Rules which govern safety and health management items for compliance by employees.
    - B. YungShin 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 Corporation 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 Corporation introduced the occupational safety information management system and established mechanisms for managing regular automatic inspections and professional certification.
    - B. the Corporation 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. YungShin Pharmaceutical sets up a complete fire protection system according to laws and regulations, including alarm system, fire water system, escape system...
  - B. YungShin Pharmaceutical entrusts a qualified professional testing agency to test the functions of system units of its firefighting equipment and make complete report.
  - C. YungShin 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: YungShin 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, 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:

Item \ Year	2020	2021	Current fiscal year up to March 31, 2022
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 Corporation 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, class A pressure vessel) 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 and arrange training for first aid personnel in plant to strengthen the familiarity of emergency response of high-risk groups.
    - D. Regularly assigns doctors and nurses to the plants to provide in-house labor health services, on-site inspections and health protection plans.

- (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. In case of construction in plants, a construction application form for general and special work shall be filled in and the list of construction personnel shall be submitted to ensure the work items and personnel state of the day.
  - C. In case of a high-risk operation, the construction personnel shall separately fill in an inspection form and obtain the on-site confirmation of the plant affairs and environmental safety personnel of Vetnostrum before construction, and subsequently carry out inspection of the construction safety situation from time to time, 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. Give priority to the management of chemicals declaration, declare the operational environment monitoring, etc.
- (8) No major occupational safety incidents occurred at the company in 2020 and 2021.

## V. Labor Management Relations

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

1. Employee welfare measures:

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

2. Employee education and training:

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

The Corporation's education and training plan implementation status in 2021

Course title	Annual education and training expenditures	Course enrollments	Average training hours per enrollment
(I) Pre-service education and training (II) On-the-job education and training (III) Manager cultivation training (IV) Self-development	NT\$72 thousand	33 person-times	3.5hrs/person-time

3. Pension system and implementation status:

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

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

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

5. Employee health management

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

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

(III) Employee Code of Conduct and Ethics:

1. The Corporation has established the "Articles of Incorporation", "Corporate Governance Best Practice Principles", "Ethical Corporate Management Best Practice Principles", and "Code of Ethical Conduct" as the guidelines for the conduct of Director, managerial officers, and employees.

2. The Corporation has established a code of conduct for employees for their services and development at the Corporation. The main contents include:

- (1) Clearly separate public and private interests, give mutual respect, show sincerity, and collaborate to achieve the Corporation'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 Corporation.

- (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 Corporation without permission.
3. Employees must be notified of the reward and penalty regulations and evaluation guidelines so that they have a clear understanding of the code of conduct. Rewards and punishments are prescribed when employees have performed actions that merit encouragement or disciplinary actions.
  4. The interactions between supervisors and employees at all levels of the Corporation shall be based on the principle of integrity and compliance which are also the Corporation's highest guiding principles of ethical conduct.
  5. We do not accept any proprietary or confidential business information given to the Corporation by other companies or individuals except with the written approval of the data provider.
  6. Every employee of the Corporation must understand that he/she may not use the Corporation's assets for the benefit of others in an illegitimate manner. Such conduct is a gross violation of the Corporation's policy and ethical standards.
  7. All employees of the Corporation must abide by the principle of recusal for duties within the organization in matters that involve their personal interest or that of specific related parties.

#### VI. Information and Communication Security Management:

##### (I) Information and Communication Security Management Framework

The chairman's office (ministerial level) is the responsible unit for the information security of the Corporation, which is responsible for formulating internal information security policies, planning and implementing information security operations and the promotion and implementation of information security policies, and regularly reports the Corporation's information security governance status to the Chairman and President.

The Auditing Office of the Corporation is the audit unit of information security supervision, with an Audit Manager being set, who is responsible for checking the implementation status of internal information security. In case of any defect found, the Audit Manager will require the inspected unit immediately to put forward relevant improvement plans and specific actions, and track the improvement results on a regularly basis to reduce risks of internal information security.

##### (II) Policy and specific management plan of information and communication security

1. The Corporation has established an information and communication security policy aiming to ensure the confidentiality, integrity and availability of information.
  - (1) Confidentiality: Ensure that only authorized persons have access to the information to avoid inappropriate information disclosure.
  - (2) Integrity: Ensure that information is protected from unauthorized tampering and information is processed in a correct manner.
  - (3) Availability: Ensure that authorized users have access to information and use related assets as required.

In addition to the above 3 basic principles, there are also other elements as follow:

- (1) Authenticity: Ensure that users log in with proper authentication procedures.
- (2) Accountability: Ensure that any action performed by the user is properly traced back to the performer.
- (3) Non-repudiation: Ensure that users cannot repudiate works done on the system.
- (4) Reliability: Ensure that all operations are performed with consistent results.



## 2. Specific management plan of information and communication security

Item	Execution status
Personnel safety management and education training	<ul style="list-style-type: none"> <li>■ The Corporation publishes information security articles on the employee website from time to time.</li> <li>■ Send information security announcements by E-mail from time to time.</li> <li>■ Conduct information security promotion for all new staff.</li> </ul>
Computer system Security management	<ul style="list-style-type: none"> <li>■ Change the password of employee's computer login account periodically.</li> <li>■ Install legitimate enterprise antivirus software on all computers and servers, and update the virus protection code on a daily basis.</li> <li>■ Install licensed software on employees' computers and system hosts, and patch the operating systems regularly with vulnerability fixes published by Microsoft.</li> <li>■ X-fort waterproof wall is installed on all employees' computers to record the use of computers, strictly control the use of portable storage media such as USB&amp;CD to write/burn the Corporation's internal data, and control the use of laptops out of the office.</li> <li>■ Internet access of all employees requires to go through the Internet behavior management device to filter malicious and inappropriate web content, improve work efficiency, and prevent the enterprise's sensitive data from being uploaded to the external cloud through the network.</li> <li>■ Use the email auditing system to strengthen the sensitive data control of the content and attachments of outgoing emails.</li> <li>■ Important documents are encrypted and stored in the document management system, with appropriate access according to the level of confidentiality and business needs.</li> </ul>
Network security management	<ul style="list-style-type: none"> <li>■ The network is physically controlled, and non-company-approved external information equipment is prohibited from accessing the corporate intranet.</li> <li>■ Guests use the network to physically separate from the corporate intranet to ensure information and system security.</li> <li>■ Internet access of all employees requires to go through the Internet behavior management device to block malicious and inappropriate web content and improve work efficiency.</li> <li>■ Set up a firewall to separate the internal and external networks of the enterprise, and install an anti-intrusion detection system to prevent network attacks and unauthorized access to ensure the security of the corporate intranet.</li> <li>■ Set up the website application firewall (WAF) in the front end of the enterprise website that provides services externally, strengthen the security protection of enterprise website, block common OWASP vulnerabilities, and avoid hacker attacks.</li> <li>■ Hire vendors to perform security vulnerability scans for network services and patch critical vulnerabilities every year.</li> </ul>
System access management	<ul style="list-style-type: none"> <li>■ Employees have to go through a VPN or Citrix system to access internal data. The above permissions must be applied for and moderately opened according to business needs.</li> <li>■ Introduce the database audit system, and keep the activity details and behavior traces for important databases.</li> </ul>
Server security management	<ul style="list-style-type: none"> <li>■ Important information systems and file servers are backed up on a daily basis, and disaster recovery drills are performed for critical systems such as ERP/ mail/network on a regular basis.</li> <li>■ Both the servers and core routers are built with a hardware fault-tolerant mechanism to prevent hardware damage from affecting the operation of the information system.</li> <li>■ Set up UPS and environment monitoring system in information room, aiming at close monitoring of power, temperature and humidity, fire fighting, etc. In case of abnormal situation, the computer room manager will be notified by text message and email to eliminate the abnormal situation.</li> </ul>

### (III) Information and communication security notification

#### 1. Notification of abnormal information and communication security

##### (1) Definition of information and communication security abnormal incidents:

- A. Internal hazards: Suspected incidents such as artificial malicious destruction and damage, careless operation and other incidents.
- B. External intrusion incidents: Suspected computer virus infection incidents, etc.
- C. Natural disasters: Typhoons, floods, earthquakes, etc.
- D. Emergencies: Fires, explosions, major building disasters, and interruption of the backbone of the information network system (backbone broadband)., etc.
- E. Device fault incidents: For example, a host device fault, etc.

##### (2) Hierarchy of impact of abnormal incidents about information on confidentiality, integrity, and availability:

Hierarchy of impact		Nature	Low	Medium	High
Classification of abnormal information and communication incidents					
Abnormal Information And Communication Incident 1	Internal hazards: Suspected incidents such as artificial malicious destruction and damage, careless operation and other incidents.	Confidentiality	The Corporation's non-confidential data is leaked.	The Corporation's sensitive data is leaked.	The Corporation's confidential data is leaked.
Abnormal Information And Communication Incident 2	External intrusion incidents: Suspected computer virus infection incidents, etc.	Integrity	The Corporation's non-core business and confidential data is tampered with.	The Corporation's core business systems or data is slightly tampered with.	The Corporation's core business systems or data is seriously tampered with.
Abnormal Information And Communication Incident 3	Natural disasters: Typhoons, floods, earthquakes, etc.	Availability	The operation of the Corporation's non-core business systems or data is affected or temporarily suspended.	The operation of the Corporation's core business is affected or the system efficiency is reduced, and normal operations can be resumed within the tolerable interruption time.	The operation of the Corporation's core business is affected or the system efficiency is reduced, cannot and normal operations can not be resumed within the tolerable interruption time.
Abnormal Information And Communication Incident 4	Emergencies: Fires, explosions, major building disasters, and interruption of the backbone of the information network system (backbone broadband)., etc.				
Abnormal Information And Communication Incident 5	Device fault events: For example, a host device fault.				

#### 2. Notification procedure

- (1) When a suspected information communication abnormal event occurs, the discoverer shall notify the information unit by telephone.
- (2) Related information personnel preliminarily determine whether it is an information and communication abnormal event:
  - A. When it is determined to be a non-abnormal event of information and communication, the result will be feedback to the discoverer.
  - B. When it is determined to be an abnormal event of information and communication, estimate the processing time of the event, report the judgment result to the information supervisor by phone first, and continuously report the processing status, notify all colleagues by E-mail announcement, and start the abnormality notification process.
- (3) In case of abnormal information and communication event 1~5 with a [low] impact: Report to the head of department, who will organize a meeting to discuss the way to deal with, submit to the head of department the investigation results and suggestions, and implement upon the review of the head of department.
- (4) In case of abnormal information and communication event 1~5 with a [medium] impact, and abnormal information and communication event 3~5 with a [high] impact: Report to the President, the head of the department shall set up a team to conduct an internal investigation, submit the investigation results and suggestions to the President, and implement upon the review of the President.
- (5) In case of abnormal information and communication event 1~2 with a [high] impact: In addition to reporting to the chairman of the board immediately and reporting to the police, the chairman shall appoint dedicated personnel according to the circumstances, and the information unit shall establish a dedicated team to assist in the police investigation, submit the investigation results, and implement upon the review of the chairman.

(IV) Information and communication security risks and countermeasures:

Risks and management measures of information technology security

The Corporation has established a sound network and developed computer-related information security protection measures, but is yet not able to guarantee that its computer systems that the computer systems that control or maintain critical corporate functions such as manufacturing operations and accounting of the Corporation will completely avoid cyber attacks from any third party's system crashes.

Such attacks are illegal intrusions into the Corporation's internal network system to conduct activities that disrupt the Corporation's operations and damage the Corporation's goodwill. In the event of a serious cyber attack, the Corporation's systems could lose important company data and production lines may come to a halt.

Cyber attacks may also attempt to steal company trade secrets and other confidential information, such as the proprietary information of other stakeholders and the personal data of employees.

Malicious hackers may also attempt to introduce computer viruses, destructive software or ransomware into the Corporation's network system to interfere with company operations, blackmail or extort money from YungShin, gain control of computer systems, or snoop on confidential information.

Such attacks may result in the Corporation being liable to compensate customers for delayed or disrupted orders; Or having to incur costly remedial and improvement measures to strengthen the Corporation's network security system; It may also cause the Corporation to bear significant legal liability for related legal cases or regulatory investigations resulting from information leakage of employees, customers or third parties to which the Corporation is obligated to keep confidential.

The Corporation continuously reviews and evaluates its information security policies and procedures to ensure their adequacy and effectiveness, but is yet not able to guarantee that the Corporation will not be affected by emerging risks and attacks amid the ever-changing information security threats.

(V) The losses suffered as a result of major information security incidents in the most recent fiscal year up to the publication date of this Annual Report, possible impacts and the corresponding countermeasures. If it cannot be reasonably estimated, facts of which estimation cannot be made shall be explained: None.

VII. Important Contracts

(I) YungShin Global Holding Corporation: None.

(II) YungShin Pharmaceutical Industrial Co., Ltd.:

Nature of contract	Contracting Parties	Commencement and Expiration Date	Major Content	Restrictions
Commissioned research (OEM)	TAISHO Pharmaceutical (Taiwan) Co., Ltd.	12/15/2010 - 12/31/9999	OEM contract	None
	Taiwan Liposome Co., Ltd.	6/28/2021 - 6/27/2033	OEM contract	None
Commissioned research	Hungkuang University	3/1/2020 - 12/31/2021	Product development	None
	Rosetta Pharmamate Co., Ltd.	9/3/2020 - 12/31/2021	Commissioned bioequivalence tests	None
	isRed Pharma & Biotech Research Co., Ltd.	6/16/2020 - 6/15/2021	Commissioned bioequivalence tests	None
	Master Laboratory Co. Ltd.	12/30/2020 - 7/31/2021	Commissioned product tests	None
Technical cooperation	GlyTech, Inc.	12/22/2020 - 12/31/9999	Product development	None
Technology transfer	Y.S.P.Industries (M) Sdn. Bhd.	9/18/1998 - 7/14/2029	Technology transfer	None
	Y.S.P.Southeast Asia Holding Berhad			
Sales contract	Y.S.P.Industries (M) Sdn. Bhd.	3/25/2020 - 3/24/2025	Distribution contract	None
	Y.S.P.Southeast Asia Holding Berhad			
	Carlsbad Technology, Inc.	7/7/2016 - 7/6/2023	Distribution contract	None
	Chemix Inc.	12/30/2016 - 12/29/2026	Distribution contract	None
	Uni-Shinmed Company Ltd.	3/18/2019 - 12/31/2021	Distribution contract	None

(III) CHEMIX INC.:

Nature of contract	Contracting Parties	Commencement and Expiration Date	Major Content	Restrictions
Loan Capital loan	MUFG Bank, Ltd.	11/17/2017 - 9/30/2022	Short-term loan contract	None
Loan Capital loan	Mizuho Bank	9/2/2016 automatic renewal each year	Short-term loan contract	None
Loan Capital loan	Japan Finance Corporation	12/29/2008 - 3/20/2025	Long-term loan contract	None

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

Nature of contract	Contracting Parties	Commencement and Expiration Date	Major Content	Restrictions
Loan contract	Cathay United Bank	7/10/2018 - 7/10/2023	Medium-term loan	Land and building
Loan contract	Cathay United Bank	7/22/2021 - 7/22/2022	Import financing limit	None
Loan contract	Fubon Bank	10/1/2021 - 9/30/2022	Tariff guarantee quota	None
Loan contract	Fubon Bank	7/22/2021 - 7/22/2022	Short-term borrowings	None
Loan contract	Citibank Taiwan	8/1/2021 - 7/31/2022	Short-term borrowings	None

## Chapter 6 Financial Overview

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

#### (I) Condensed Balance Sheets - Consolidated

Unit: NT\$1,000

Item	Year	Financial Data for the Most Recent Five Fiscal Years					Financial Data in the Current Year up to March 31, 2022 (Note 2)
		2017	2018	2019	2020	2021 (Note 1)	
Current assets		5,176,668	5,687,775	6,042,317	6,454,840	6,387,283	Related information not yet available
Property, plant and equipment		4,285,343	4,441,706	4,537,304	4,459,976	4,204,912	
Intangible assets		38,763	45,977	41,252	64,886	45,240	
Other assets		1,517,535	1,590,191	1,739,904	1,632,190	1,371,831	
Total assets		11,018,309	11,765,649	12,360,777	12,611,892	12,009,266	
Current liabilities	Before distribution	4,449,681	4,693,383	5,078,156	4,305,130	3,654,975	
	After distribution	4,982,527	5,279,514	5,664,286	4,837,976	To be determined	
Non-current liabilities		545,827	872,837	863,796	1,730,500	1,566,192	
Total liabilities	Before distribution	4,995,508	5,566,220	5,941,952	6,035,630	5,221,167	
	After distribution	5,528,354	6,152,351	6,528,082	6,568,476	To be determined	
Equity attributable to owners of parent company		5,882,510	6,083,742	6,250,116	6,403,322	6,537,968	
Capital		2,664,230	2,664,230	2,664,230	2,664,230	2,664,230	
Capital surplus		2,169,405	2,118,665	2,143,919	2,146,301	2,152,909	
Retained earnings	Before distribution	1,311,603	1,545,483	1,709,371	1,898,235	2,113,430	
	After distribution	778,757	959,352	1,123,241	1,365,389	To be determined	
Other equity		(261,289)	(243,197)	(265,965)	(304,005)	(391,162)	
Treasury stock		(1,439)	(1,439)	(1,439)	(1,439)	(1,439)	
Non-controlling Interests		140,291	115,687	168,709	172,940	250,131	
Total equity	Before distribution	6,022,801	6,199,429	6,418,825	6,576,262	6,788,099	
	After distribution	5,489,955	5,613,298	5,832,695	6,043,416	To be determined	

Note 1: The proposal of the Corporation's 2021 earnings distribution 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 2022 Q1 was available.

#### (II) Condensed Statements of Comprehensive Income - Consolidated

Unit: NT\$1,000

Item	Year	Financial Data for the Most Recent Five Fiscal Years					Financial Data in the Current Year up to March 31, 2022 (Note 1)
		2017	2018	2019	2020	2021	
Operating income		6,622,635	7,513,686	8,191,531	8,084,664	7,805,055	Related information not yet available
Gross profit		2,707,264	3,434,963	3,807,772	3,682,119	3,723,246	
Operating profit or loss		522,787	802,162	891,904	961,106	957,629	
Non-operating income and expenses		98,307	131,005	119,994	63,384	40,917	
Net profit before tax		621,094	933,167	1,011,898	1,024,490	998,546	
Net income (loss) from continuing operations		467,573	685,252	754,011	781,134	756,293	
Net profit for the current period							
Loss from discontinued operations		-	-	-	-	-	
Net profit (loss) for the current period		467,573	685,252	754,011	781,134	756,293	
Other comprehensive income (loss) for the current period (net after tax)		(39,220)	13,244	(14,394)	(54,335)	(78,367)	
Total comprehensive income for the period		428,353	698,496	739,617	726,799	677,926	
Net income attributable to owners of parent company		514,056	701,982	748,601	791,720	736,622	
Net income attributable to non-controlling interests		(46,483)	(16,730)	5,410	(10,586)	19,671	
Total composite profit / loss attributable to owners of parent company		474,369	723,100	727,251	736,954	660,884	
Total composite profit / loss attributable to non-controlling interests		(46,016)	(24,604)	12,366	(10,155)	17,042	
Earnings per share		1.93	2.64	2.81	2.97	2.77	

Note 1: As of the date of the publication of the Annual Report, no CPA-audited financial data for 2022 Q1 was available.

## (III) Condensed Balance Sheets - Parent Company Only

Unit: NT\$1,000

Year Item		Financial Data for the Most Recent Five Fiscal Years					Financial Data in the Current Year up to March 31, 2022 (Note 2)
		2017	2018	2019	2020	2021 (Note 1)	
Current assets		249,340	196,293	83,539	74,666	63,028	Not applicable
Property, plant and equipment		9,707	6,996	2,037	1,517	850	
Intangible assets		6,200	4,498	4,119	1,948	1,530	
Other assets		6,533,047	6,668,370	6,838,446	7,013,346	7,177,969	
Total assets		6,798,294	6,876,157	6,928,141	7,091,477	7,243,377	
Current liabilities	Before distribution	786,190	323,501	498,820	44,528	41,391	
	After distribution	1,319,036	909,632	1,084,950	577,374	To be determined	
Non-current liabilities		129,594	468,914	179,205	643,627	664,018	
Total liabilities	Before distribution	915,784	792,415	678,025	688,155	705,409	
	After distribution	1,448,630	1,378,546	1,264,155	1,221,001	To be determined	
Equity attributable to owners of parent company		5,882,510	6,083,742	6,250,116	6,403,322	6,537,968	
Capital		2,664,230	2,664,230	2,664,230	2,664,230	2,664,230	
Capital surplus		2,169,405	2,118,665	2,143,919	2,146,301	2,152,909	
Retained earnings	Before distribution	1,311,603	1,545,483	1,709,371	1,898,235	2,113,430	
	After distribution	778,757	959,352	1,123,241	1,365,389	To be determined	
Other equity		(261,289)	(243,197)	(265,965)	(304,005)	(391,162)	
Treasury stock		(1,439)	(1,439)	(1,439)	(1,439)	(1,439)	
Non-controlling Interests		-	-	-	-	-	
Equity	Before Distribution	5,882,510	6,083,742	6,250,116	6,403,322	6,537,968	
	After distribution	5,349,664	5,497,611	5,663,986	5,870,476	To be determined	

Note 1: The proposal of the Corporation's 2021 earnings distribution remains to be approved by the resolution of the shareholders' meeting.

Note 2: As of the publication date of the annual report, the Corporation has not issued a quarterly financial report as of Thursday, March 31, 2022.

## (IV) Condensed Statements of Comprehensive Income - Parent Company Only

Unit: NT\$1,000

Item \ Year	Financial Data for the Most Recent Five Fiscal Years					Financial Data in the Current Year up to March 31, 2022 (Note 1)
	2017	2018	2019	2020	2021	
Operating income	595,787	848,480	917,231	855,830	814,729	Not applicable
Gross profit	595,787	848,480	917,231	855,830	814,729	
Operating profit or loss	504,310	736,561	830,032	807,678	771,118	
Non-operating income and expenses	(7,240)	(5,931)	(58,524)	(1,528)	(3,443)	
Net profit before tax	497,070	730,630	771,508	806,150	767,675	
Net income (loss) from continuing operations	514,056	701,982	748,601	791,720	736,622	
Net profit for the current period	-	-	-	-	-	
Loss from discontinued operations	-	-	-	-	-	
Net profit (loss) for the current period	514,056	701,982	748,601	791,720	736,622	
Other comprehensive income (loss) for the current period (net after tax)	(39,687)	21,118	(21,350)	(54,766)	(75,738)	
Total comprehensive income for the period	474,369	723,100	727,251	736,954	660,884	
Net income attributable to owners of parent company	514,056	701,982	748,601	791,720	736,622	
Net income attributable to non-controlling interests	-	-	-	-	-	
Total composite profit / loss attributable to owners of parent company	474,369	723,100	727,251	736,954	660,884	
Total composite profit / loss attributable to non-controlling interests	-	-	-	-	-	
Earnings per share	1.93	2.64	2.81	2.97	2.77	

Note 1: As of the publication date of the annual report, the Corporation has not issued a quarterly financial report as of Thursday, March 31, 2022.

(V) Names of CPA and Audit Opinions

Year	Name of Accounting Firm	CPA	Audit Opinion
2016	PwC Taiwan	Shu-Hua Hung and Hui-Chin Tseng	Unqualified opinion
2017	PwC Taiwan	Shu-Hua Hung and Hui-Chin Tseng	Unqualified opinion
2018	PwC Taiwan	Shu-Hua Hung and Yu-Chuan Wang	Unqualified opinion
2019	PwC Taiwan	Chien-Yeh Hsu and Yu-Chuan Wang	Unqualified opinion
2020	Deloitte & Touche	Tung-Feng Li, Chih-Yuan Chen	Unqualified opinion
2021	Deloitte & Touche	Chih-Yuan Chen, Han-Ni Fang	Unqualified opinion

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

Analysis Item (Note 2)		Year	Financial Analysis for the Most Recent Five Years					Financial Data in the Current Year up to March 31, 2022 (Note 1)
		2017	2018	2019	2020	2021		
Financial Structure (%)	Debt-to-asset ratio	45.34	47.30	48.07	47.86	43.48	Related information not yet available	
	Ratio of long-term capital to property, plant and equipment	153.28	159.22	160.51	186.25	198.68		
Solvency (%)	Current ratio	116.34	121.18	118.99	149.93	174.76		
	Quick ratio	65.67	67.91	65.86	79.47	85.10		
	Interest coverage ratio	1,321.14	1,604.98	1,531.74	2,349.45	3,427.49		
Operating Ability	Receivables turnover ratio (times)	3.96	4.02	4.19	4.46	4.54		
	Average collection days	92.12	90.79	87.11	81.83	80.39		
	Inventory turnover ratio (times)	1.94	1.86	1.82	1.65	1.38		
	Payables turnover ratio (times)	8.82	8.06	9.34	9.00	8.09		
	Average days for sale	189.12	196.23	200.54	221.21	264.49		
	Property, plant, and equipment turnover ratio (times)	1.55	1.69	1.82	1.80	1.80		
	Total asset turnover ratio (times)	0.60	0.63	0.68	0.65	0.63		
Profitability	Return on assets (%)	4.81	6.45	6.72	6.55	6.34		
	Return on equity (%)	7.77	11.21	11.95	12.02	11.32		
	PBT to pay-in capital (%)	23.31	35.03	37.98	38.45	37.48		
	Net profit margin (%)	7.06	9.12	9.20	9.66	9.69		
	Earnings per share (NT\$)	1.93	2.64	2.81	2.97	2.77		
Cash Flow	Cash flow ratio (%)	11.79	20.32	19.44	28.46	26.49		
	Cash flow adequacy ratio (%)	63.25	55.67	57.14	66.90	73.36		
	Cash flow reinvestment ratio (%)	1.01	3.63	3.01	4.37	2.88		
Leverage	Operating leverage	5.13	7.75	7.43	7.05	6.64		
	Financial leverage	1.11	1.08	1.09	1.05	1.03		
Reasons for changes in financial ratios for the most recent two years: (Analysis is not be required if such changes are within 20%.)								
1. Times interest earned (TIE) ratio: The decrease in loans and interest rates leads to an decrease in interest.								
2. Cash re-investment ratio: The decrease in cash flow from operations and current liabilities lead to the decrease in cash investment ratio.								

Note 1: As of the date of the publication of the Annual Report, no CPA-audited financial data for 2022 Q1 was available.

## 2. Parent Company Only

Analysis Item (Note 2 to Note 5)		Year	Financial Analysis for the Most Recent Five Years					Financial Data in the Current Year up to March 31, 2022 (Note 1)
		2017	2018	2019	2020	2021		
Financial structure (%)	Debt-to-asset ratio	13.47	11.52	9.79	9.70	9.74	Not applicable	
	Ratio of long-term capital to property, plant and equipment	61,935.76	91,248.46	315,626.95	464,531.91	847,292.47		
Solvency (%)	Current ratio	31.71	60.68	16.75	167.68	152.27		
	Quick ratio	31.46	59.85	16.48	162.80	151.05		
	Interest coverage ratio	6,246.53	8,946.47	11,611.61	16,905.29	20,870.43		
Operating ability	Receivables turnover ratio (times)		-	-	-	-		
	Average collection days		-	-	-	-		
	Inventory turnover ratio (times)		-	-	-	-		
	Payables turnover ratio (times)		-	-	-	-		
	Average days for sale		-	-	-	-		
	Property, plant, and equipment turnover ratio (times)	91.25	101.60	203.08	481.62	688.41		
	Total asset turnover ratio (times)	0.09	0.12	0.13	0.12	0.11		
Profitability	Return on assets (%)	7.85	10.36	10.92	11.35	10.32		
	Return on equity (%)	8.79	11.73	12.14	12.51	11.38		
	PBT to pay-in capital (%)	18.66	27.42	28.96	30.26	28.81		
	Net profit margin (%)	86.28	82.73	81.62	92.51	90.41		
	Earnings per share (NT\$)	1.93	2.64	2.81	2.97	2.77		
Cash flow	Cash flow ratio (%)	64.34	198.16	132.33	1,266.93	1,274.15		
	Cash flow adequacy ratio (%)	83.46	96.20	113.91	108.74	111.45		
	Cash flow reinvestment ratio (%)	1.77	2.47	1.15	(0.31)	(0.08)		
Leverage	Operating leverage	1.13	1.12	1.08	1.05	1.05		
	Financial leverage	1.02	1.01	1.01	1.01	1.00		
Reason for changes in financial ratios for the most recent two fiscal years: (Analysis is not be required if such changes are within 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. Times interest earned (TIE) ratio: The decrease in pre-tax net profit and interest expenses results in an increase in the TIE ratio.								
3. 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.								
4. Cash flow ratio: The decrease in cash flow from operations and current liabilities leads to the increase in cash flow ratio.								
5. Cash re-investment 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 publication date of the annual report, the Corporation has not issued a quarterly financial report as of Thursday, March 31, 2022.

Note 2: Formula for calculating the financial analysis:

1. Financial structure

(1) Debt-to-assets ratio = 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) Interest coverage ratio = Income before tax and interest expenses / Interest expenses.
3. Operating ability
- (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 collection days = 365 / Receivables turnover ratio.
- (3) Inventory turnover ratio = Cost of goods sold / Average inventory.
- (4) Payables (including accounts payable and notes payable due to business operations) turnover ratio = Cost of goods sold / Balance of average payables (including accounts payable and notes payable due to business operations).
- (5) Average days for sale = 365 / Inventory turnover ratio.
- (6) Property, plant and equipment turnover ratio = Net sales / Average net property, plant and equipment.
- (7) Total asset turnover ratio = Net sales / Average total assets.
4. Profitability
- (1) Return rate on assets = [After-tax profit or loss + Interest expense  $\times$  (1 - tax rate)] / Average total assets.
- (2) Return on equity = Net income after tax / Average total equity.
- (3) Net profit margin = Net income after tax / Net sales.
- (4) Earnings per share = (Net income attributable to owners of parent company - Dividends on preferred shares) / Weighted average number of shares issued. (Note 3)
5. Cash Flow
- (1) Cash flow ratio = Net cash flow from operating activities / Current liabilities.
- (2) Net cash flow adequacy ratio = Net cash flow from operating activities for the most recent five years / (Capital expenditures + Inventory increase + Cash dividends) for the most recent five years.
- (3) Cash reinvestment ratio = (Net cash flow from operating activities - Cash dividends) / (Gross property, plant and equipment + Long-term investments + Other non-current assets + Working capital). (Note 4)
6. Leverage:
- (1) Operating leverage = (Net operating income - Variable operating costs and expenses) / Operating profit. (Note 5)
- (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 preferred stocks are non-convertible cumulative, 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 stocks are non-cumulative in nature, where net income after tax is available, dividends on preferred shares shall be deducted from net income after tax. No adjustment is required if the Corporation has loss after tax.
- 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 preferred stocks.
  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 Review Report for the Financial Report for the Most Recent Fiscal Year

#### **YungShin Global Holding Corporation**

#### **Audit Committee's Review Report**

The Board of Directors has prepared the Corporation's 2021 Business Report, Financial Statements (including stand-alone and consolidated reports) and Proposal for Earnings Distribution, among which the Financial Statements have been audited by CPAs Chih-Yuan Chen and Han-Ni Fang of Deloitte & Touche, by whom a review report has been issued accordingly. 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

2022 General Shareholders' Meeting

Convener of the Audit Committee: Shih-Kuang Tsai

March 30, 2022

#### IV. Financial Statements for the Most Recent Fiscal Year (P83-158)

##### REPRESENTATION LETTER

In connection with the consolidated financial statements of affiliated enterprises of YungShin Global Holding Corporation, entities required to be included in the consolidated financial statements of affiliated enterprises as of and for the year ended December 31, 2021 in accordance with the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those required to be included in the consolidated financial statements of YungShin Global Holding Corporation and subsidiaries in accordance with the International Financial Reporting Standard No. 10. Also, information required to be disclosed in the consolidated financial statements of affiliated enterprises has been disclosed in the consolidated financial statements of YungShin Global Holding Corporation and subsidiaries. Consequently, YungShin Global Holding Corporation does not prepare the consolidated financial statements of affiliated enterprises separately.

Sincerely,

YungShin Global Holding Corporation

Chairman: Fang-Hsin Lee

March 30, 2022

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders YungShin Global Holding Corporation

### **Opinion**

We have audited the accompanying financial statements of YungShin Global Holding Corporation (the "Corporation") and its subsidiaries (collectively, the Group) as of December 31, 2021 and 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, 2021 and 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 Group's consolidated financial statements for the year ended December 31, 2021. 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 Group's consolidated financial statements for the year ended December 31, 2021 are stated as follows:

### **Operating revenue from major customers**

For the year ended December 31, 2021, the Group's operating revenue from major growing amounted to NT\$3,570,411 thousand, accounting for 45.74% of consolidated operating revenue. As the amount of revenue from growing was significant, revenue from growing was identified as a key audit matter for the year ended December 31, 2021. 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 bills 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, the financial statements of some subsidiaries for the year ended December 31, 2021 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, 2021 and 2020, the total assets of the aforementioned subsidiaries amounted to NT\$1,360,904 thousand and NT\$645,465 thousand, accounting for 11.33% and 5.12% of the consolidated total assets, respectively, and net operating revenue for the year then ended amounted to NT\$1,212,277 thousand and NT\$585,207 thousand, accounting for 15.53% and 7.24% of the consolidated net operating revenue, respectively. Included in the consolidated financial statements, the financial statements of some associates for the year ended December 31, 2021 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, 2021 and 2020, the balance of investments in the aforementioned associates using equity method was NT\$941,378 thousand and NT\$1,172,290 thousand, accounting for 7.84% and 9.30% of the total assets, respectively, and comprehensive income of the associates for the year then ended amounted to NT\$39,555 thousand and NT\$86,836 thousand, accounting for 5.83% and 11.95% of the total comprehensive income.

YungShin Global Holding Corporation has also prepared the financial statements for the year ended December 31, 2021 and 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, 2021 and are therefore the key audit matters. We describe these matters in our review 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 Chih-Yuan Chen

CPA Han-Ni Fang

Financial Supervisory Commission  
Approval Document No.

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

Financial Supervisory Commission Approval  
Document No.

Jin-Guan-Zheng-Shen-Zi No. 1090347472

March 30, 2022



YUNGSHIN GLOBAL HOLDING CORPORATION AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2021 AND 2020

In Thousands of New Taiwan Dollars

Code	ASSETS	December 31, 2021		December 31, 2020	
		Amount	%	Amount	%
	<b>CURRENT ASSETS</b>				
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 1,186,209	10	\$ 1,478,002	12
1110	Financial assets at fair value through profit or loss - current (Notes 4 and 7)	63,482	1	23,868	-
1136	Financial assets at amortized cost - current (Notes 4 and 8)	2,000	-	166,488	1
1150	Notes receivable, net (Notes 4, 10 and 24)	281,747	2	281,295	2
1170	Accounts receivable, net (Notes 4, 10 and 24)	1,455,366	12	1,368,639	11
1180	Accounts receivable from related parties (Notes 4, 24 and 32)	21,981	-	26,832	-
1200	Other receivables (Notes 4 and 32)	33,932	-	50,196	-
1220	Current tax assets (Notes 4 and 26)	3,408	-	570	-
130X	Inventories (Notes 4 and 11)	3,101,357	26	2,829,553	23
1410	Prepayments	175,459	2	203,888	2
1460	Non-current assets held for sale (Notes 4, 14 and 17)	47,509	-	-	-
1479	Other current assets	14,833	-	25,509	-
11XX	Total current assets	<u>6,387,283</u>	<u>53</u>	<u>6,454,840</u>	<u>51</u>
	<b>NON-CURRENT ASSETS</b>				
1517	Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 9)	47,780	1	50,043	1
1550	Investments accounted for using the equity method (Notes 4 and 13)	952,044	8	1,184,511	9
1600	Property, plant and equipment (Notes 4, 14, 32, and 33)	4,204,912	35	4,459,976	35
1755	Right-of-use assets (Notes 4 and 15)	73,695	1	102,937	1
1760	Investment properties (Notes 4 and 16)	34,776	-	37,568	-
1780	Intangible assets (Note 4)	45,240	-	64,886	1
1840	Deferred tax assets (Notes 4 and 26)	140,878	1	125,821	1
1990	Other non-current assets (Notes 4, 18 and 33)	122,658	1	131,310	1
15XX	Total non-current assets	<u>5,621,983</u>	<u>47</u>	<u>6,157,052</u>	<u>49</u>
1XXX	TOTAL ASSETS	<u>\$ 12,009,266</u>	<u>100</u>	<u>\$ 12,611,892</u>	<u>100</u>
	<b>LIABILITIES AND EQUITY</b>				
	<b>CURRENT LIABILITIES</b>				
2100	Short-term borrowings (Notes 19 and 33)	\$ 2,001,136	17	\$ 2,531,337	20
2130	Contract liabilities - current (Note 24)	27,782	-	17,663	-
2150	Notes payable (Note 20)	2,063	-	3,528	-
2170	Accounts payable (Note 20)	468,235	4	491,103	4
2180	Accounts payable to related parties (Note 32)	23,882	-	20,041	-
2219	Other payables (Notes 21 and 32)	893,258	7	990,009	8
2230	Current tax liabilities (Notes 4 and 26)	120,170	1	150,784	1
2280	Lease liabilities - current (Notes 4 and 15)	12,984	-	29,248	-
2320	Current portion of long-term borrowings (Note 19)	3,660	-	16,167	-
2365	Refund liabilities - current (Note 24)	23,829	-	23,785	-
2399	Other current liabilities	77,976	1	31,465	1
21XX	Total current liabilities	<u>3,654,975</u>	<u>30</u>	<u>4,305,130</u>	<u>34</u>
	<b>NON-CURRENT LIABILITIES</b>				
2527	Contract liabilities - non-current (Note 24)	350,933	3	253,867	2
2540	Long-term borrowings (Notes 19 and 33)	692,600	6	921,639	7
2550	Provision of employee benefits - non-current (Notes 4 and 22)	52,343	-	47,047	-
2570	Deferred tax liabilities (Notes 4 and 26)	332,355	3	305,718	3
2580	Lease liabilities - non-current (Notes 4 and 15)	15,716	-	36,246	-
2640	Net defined benefit liabilities (Notes 4 and 22)	64,363	1	111,165	1
2670	Other non-current liabilities	57,882	-	54,818	1
25XX	Total non-current liabilities	<u>1,566,192</u>	<u>13</u>	<u>1,730,500</u>	<u>14</u>
2XXX	TOTAL LIABILITIES	<u>5,221,167</u>	<u>43</u>	<u>6,035,630</u>	<u>48</u>
	<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Note 23)</b>				
3110	Share Capital	<u>2,664,230</u>	<u>22</u>	<u>2,664,230</u>	<u>21</u>
3200	Capital surplus	<u>2,152,909</u>	<u>18</u>	<u>2,146,301</u>	<u>17</u>
	Retained earnings				
3310	Legal reserve	726,190	6	648,691	5
3320	Special reserve	304,005	3	265,965	2
3350	Unappropriated Earnings	<u>1,083,235</u>	<u>9</u>	<u>983,579</u>	<u>8</u>
3300	Total retained earnings	<u>2,113,430</u>	<u>18</u>	<u>1,898,235</u>	<u>15</u>
3400	Other equity	( <u>391,162</u> )	( <u>3</u> )	( <u>304,005</u> )	( <u>2</u> )
3500	Treasury shares	( <u>1,439</u> )	-	( <u>1,439</u> )	-
31XX	Total equity attributable to owners of the Corporation	<u>6,537,968</u>	<u>55</u>	<u>6,403,322</u>	<u>51</u>
36XX	NON-CONTROLLING INTERESTS	<u>250,131</u>	<u>2</u>	<u>172,940</u>	<u>1</u>
3XXX	TOTAL EQUITY	<u>6,788,099</u>	<u>57</u>	<u>6,576,262</u>	<u>52</u>
	<b>TOTAL LIABILITIES AND EQUITY</b>	<u>\$ 12,009,266</u>	<u>100</u>	<u>\$ 12,611,892</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated March 30, 2022)

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, 2021 AND 2020

In Thousands of New Taiwan Dollars

Code		2021		Except Earnings Per Share 2020	
		Amount	%	Amount	%
4000	NET OPERATING REVENUE (Notes 4, 24 and 32)	\$ 7,805,055	100	\$ 8,084,664	100
5000	OPERATING COSTS (Notes 11, 25 and 32)	<u>4,081,809</u>	<u>52</u>	<u>4,402,545</u>	<u>54</u>
5900	GROSS PROFIT	<u>3,723,246</u>	<u>48</u>	<u>3,682,119</u>	<u>46</u>
	OPERATING EXPENSES (Notes 10, 25 and 32)				
6100	Selling and marketing expenses	1,871,196	24	1,832,912	23
6200	General and administrative expenses	495,935	7	475,298	6
6300	Research and development expenses	395,483	5	410,600	5
6450	Expected credit losses	<u>3,003</u>	<u>-</u>	<u>2,203</u>	<u>-</u>
6000	Total operating expenses	<u>2,765,617</u>	<u>36</u>	<u>2,721,013</u>	<u>34</u>
6900	INCOME FROM OPERATIONS	<u>957,629</u>	<u>12</u>	<u>961,106</u>	<u>12</u>
	NON-OPERATING INCOME AND EXPENSES (Notes 25 and 32)				
7100	Interest income	2,762	-	3,917	-
7010	Other income	44,532	1	80,848	1
7020	Other gains and losses	( 13,774 )	-	( 62,673 )	( 1 )
7050	Finance costs	( 30,009 )	-	( 45,544 )	-
7060	Share of profit of associates and joint ventures accounted for under equity method	<u>37,406</u>	<u>-</u>	<u>86,836</u>	<u>1</u>
7000	Total non-operating income and expenses	<u>40,917</u>	<u>1</u>	<u>63,384</u>	<u>1</u>

(Continued on next page)

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Code		2021		2020	
		Amount	%	Amount	%
7900	PROFIT BEFORE INCOME TAX	\$ 998,546	13	\$ 1,024,490	13
7950	INCOME TAX EXPENSE (Notes 4 and 26)	<u>242,253</u>	<u>3</u>	<u>243,356</u>	<u>3</u>
8200	NET PROFIT FOR THE YEAR	<u>756,293</u>	<u>10</u>	<u>781,134</u>	<u>10</u>
	OTHER COMPREHENSIVE INCOME (Notes 22 and 26)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans	13,745	-	( 26,247 )	-
8316	Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	( 1,570 )	-	( 9,014 )	-
8320	Share of other comprehensive income of associates accounted for using the equity method	67	-	6,445	-
8349	Income tax relating to items that will not be reclassified to profit or loss	( 2,751 )	-	4,968	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange Differences on Translation of the Financial Statements of Foreign Operations	( 62,713 )	( 1 )	( 16,115 )	-
8370	Share of other comprehensive income of associates accounted for using the equity method	( 46,452 )	-	( 22,100 )	( 1 )
8399	Income tax relating to items that will be reclassified to profit or loss	<u>21,307</u>	<u>-</u>	<u>7,728</u>	<u>-</u>
8300	Other comprehensive income (loss) for the year	( <u>78,367</u> )	( <u>1</u> )	( <u>54,335</u> )	( <u>1</u> )
8500	TOTAL COMPREHENSIVE INCOME OF THE YEAR	<u>\$ 677,926</u>	<u>9</u>	<u>\$ 726,799</u>	<u>9</u>

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<u>Code</u>		<u>2021</u>		<u>2020</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
	NET PROFIT				
	ATTRIBUTABLE TO:				
8610	Owners of the Corporation	\$ 736,622	10	\$ 791,720	10
8620	Non-controlling interests	<u>19,671</u>	<u>-</u>	<u>( 10,586)</u>	<u>-</u>
8600		<u>\$ 756,293</u>	<u>10</u>	<u>\$ 781,134</u>	<u>10</u>
	TOTAL COMPREHENSIVE				
	INCOME ATTRIBUTABLE				
	TO:				
8710	Owners of the Corporation	\$ 660,884	9	\$ 736,954	9
8720	Non-controlling interests	<u>17,042</u>	<u>-</u>	<u>( 10,155)</u>	<u>-</u>
8700		<u>\$ 677,926</u>	<u>9</u>	<u>\$ 726,799</u>	<u>9</u>
	EARNINGS PER SHARE				
	(Note 27)				
	From continuing operations				
9750	Basic	<u>\$ 2.77</u>		<u>\$ 2.97</u>	
9850	Diluted	<u>\$ 2.76</u>		<u>\$ 2.97</u>	

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

(With Deloitte & Touche auditors' report dated March 30, 2022)

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, 2021 AND 2020

In Thousands of New Taiwan Dollars

		Equity Attributable to Owners of the Corporation (Note 23)													
		Retained Earnings						Other equity							
Code		Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total	Treasury shares	Total	Non-controlling interests	Total Equity	
A1	BALANCE ON JANUARY 1, 2020	\$ 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	-	-	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 )	
M7	Changes in ownership interests in subsidiaries	-	2,157	-	-	-	-	-	-	-	-	2,157	18,782	20,939	
C7	Changes in capital surplus from investments in associates accounted for using the equity method	-	131	-	-	-	-	-	-	-	-	131	-	131	
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 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 ON 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	
	Appropriation of 2020 earnings														
B1	Legal reserve	-	-	77,499	-	( 77,499 )	-	-	-	-	-	-	-	-	
B3	Special reserve	-	-	-	38,040	( 38,040 )	-	-	-	-	-	-	-	-	
B5	Cash dividends distributed by the Corporation	-	-	-	-	( 532,846 )	( 532,846 )	-	-	-	-	( 532,846 )	-	( 532,846 )	
	Subtotal	-	-	77,499	38,040	( 648,385 )	( 532,846 )	-	-	-	-	( 532,846 )	-	( 532,846 )	
M7	Changes in ownership interests in subsidiaries	-	6,196	-	-	-	-	-	-	-	-	6,196	( 1,419 )	4,777	
C7	Changes in capital surplus from investments in associates accounted for using the equity method	-	327	-	-	-	-	-	-	-	-	327	-	327	
M1	Adjustment to capital surplus from dividends paid to subsidiary	-	85	-	-	-	-	-	-	-	-	85	-	85	
O1	Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	( 6,934 )	( 6,934 )	
D1	Net profit for year ended 2021	-	-	-	-	736,622	736,622	-	-	-	-	736,622	19,671	756,293	
D3	Other comprehensive income (loss) for year ended 2021	-	-	-	-	11,419	11,419	( 85,229 )	( 1,928 )	( 87,157 )	-	( 75,738 )	( 2,629 )	( 78,367 )	
D5	Total comprehensive income (loss) for year ended 2021	-	-	-	-	748,041	748,041	( 85,229 )	( 1,928 )	( 87,157 )	-	660,884	17,042	677,926	
O1	Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	68,502	68,502	
Z1	BALANCE ON DECEMBER 31, 2021	\$ 2,664,230	\$ 2,152,909	\$ 726,190	\$ 304,005	\$ 1,083,235	\$ 2,113,430	( \$ 403,587 )	\$ 12,425	( \$ 391,162 )	( \$ 1,439 )	\$ 6,537,968	\$ 250,131	\$ 6,788,099	

The accompanying notes are an integral part of the consolidated financial statements.  
(With Deloitte & Touche auditors' report dated March 30, 2022)

Chairman: Fang-Hsin Lee

President: Fang-Hsin Lee

Accounting Manager: Yu-Yi Lee

YUNGSHIN GLOBAL HOLDING CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

In Thousands of New Taiwan Dollars

Code		2021	2020
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Profit before income tax	\$ 998,546	\$ 1,024,490
A20010	Adjustments for:		
A20100	Depreciation	380,944	382,203
A20200	Amortization	25,887	20,380
A20300	Expected credit losses	3,003	2,203
A20900	Finance costs	30,009	45,544
A21200	Interest income	( 2,762 )	( 3,917 )
A21300	Dividend income	( 677 )	( 979 )
A21900	Share-based remuneration payment cost	4,777	-
A22300	Share of profit or loss of associates using the equity method	( 37,406 )	( 86,836 )
A22500	Loss on disposal of property, plant and equipment	859	13,948
A22900	Gains from lease change	( 6,152 )	-
A23100	Gain on disposal of financial assets at fair value through profit or loss	-	( 40 )
A23200	Loss on disposal of investments accounted for using the equity method	2	-
A23700	Write-downs and disposal of inventories	46,338	113,564
A24100	Unrealized loss (gain) on foreign exchange	1,366	( 1,561 )
A29900	Loss (gain) on disposal of subsidiaries	( 1,427 )	2,596
A30000	Changes in operating assets and liabilities		
A31130	Notes receivables	( 233 )	21,510
A31150	Accounts receivables	( 87,225 )	213,405
A31160	Accounts receivable from related parties	4,851	32,821
A31180	Other receivables	16,264	4,139
A31200	Inventories	( 316,110 )	( 431,124 )
A31230	Prepayments	28,429	( 16,992 )
A31240	Other current assets	10,676	( 20,166 )
A32125	Contract liabilities	107,185	253,381
A32130	Notes payable	( 1,465 )	1,542
A32150	Accounts payable	( 25,611 )	60,256
A32160	Accounts payable to related parties	3,820	( 10,068 )
A32180	Other payables	( 97,951 )	12,300

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Code		2021	2020
A32200	Provisions	\$ 5,296	\$ 3,094
A32230	Other current liabilities	46,555	( 157,995 )
A32240	Net defined benefit liabilities	( 33,057 )	( 23,873 )
A32990	Other non-current liabilities	( 878 )	( 1,456 )
A33000	Cash generated from operations	1,103,853	1,452,369
A33100	Interest received	2,762	3,916
A33200	Cash dividends received from investments accounted for using the equity method	136,100	55,034
A33300	Interest paid	( 28,788 )	( 43,730 )
A33500	Income tax paid	( 245,569 )	( 242,339 )
AAAA	Net cash generated from operating activities	<u>968,358</u>	<u>1,225,250</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
B00010	Acquisition of financial assets at fair value through other comprehensive income	( 237 )	-
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	161,850	17,592
B00100	Acquisition of financial assets at fair value through profit or loss	( 39,614 )	( 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 )
B01900	Net cash generated from disposal of associates	3,713	-
B02400	Refund of stock capital from capital reduction of investee companies using the equity method	84,000	-
B02700	Acquisition of property, plant and equipment	( 174,700 )	( 316,362 )
B02800	Proceeds from disposal of property, plant and equipment	2,342	4,325
B03800	Decrease (increase) in refundable deposits	( 24,589 )	65,664
B04500	Acquisition of intangible assets	( 6,106 )	( 8,627 )
B06700	Decrease in other non-current assets	2,854	10,643
B07200	Decrease in equipment prepayment	30,387	21,235
B07600	Dividends received from associates	<u>677</u>	<u>979</u>
BBBB	Net cash generated from (used in) investing activities	<u>40,577</u>	<u>( 396,508 )</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
C00100	Proceeds from short-term borrowings	2,334,050	1,489,501
C00200	Repayments of short-term borrowings	( 2,827,654 )	( 1,878,698 )

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Code		2021	2020
C01600	Proceeds from long-term borrowings	\$ 606,000	\$ 826,000
C01700	Repayments of long-term borrowings	( 845,701 )	( 506,167 )
C03100	Increase (decrease) in guarantee deposits	3,942	( 3,108 )
C04020	Repayment of the principal portion of lease liabilities	( 27,835 )	( 29,540 )
C04500	Cash dividends paid	( 539,695 )	( 590,432 )
C05800	Changes in non-controlling interests	<u>68,502</u>	<u>18,782</u>
CCCC	Net cash used in financing activities	( <u>1,228,391</u> )	( <u>673,662</u> )
DDDD	Effects of exchange rate changes on cash and cash equivalents	( <u>72,337</u> )	<u>11,162</u>
EEEE	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	( 291,793 )	166,242
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,478,002</u>	<u>1,311,760</u>
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,186,209</u>	<u>\$ 1,478,002</u>

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

(With Deloitte & Touche auditors' report dated March 30, 2022)

Chairman: Fang-Hsin Lee

President: Fang-Hsin Lee

Accounting Manager: Yu-Yi Lee



# YUNGSHIN GLOBAL HOLDING CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 1 TO DECEMBER 31, 2021 AND 2020

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 Yung Shin 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

This consolidated financial statements were approved by the Corporation's Board of Directors on March 30, 2022.

### 3. Application of New, Amended and Revised Standards and Interpretations

(I) 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 (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.

(II) IFRSs recognized by FSC in 2022

New, Amended and Revised IFRSs	Effective Date Announced by the IASB
Annual Improvements to IFRSs 2018-2020	January 1, 2022 (Note 1)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 2)
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 3)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 4)

Note 1: 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 2: 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 3: 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 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

As of the release date of this consolidated financial statement, the Group believes that the amendment of other criteria and interpretations will not have a material impact on its financial position and financial performance.

(III) IFRSs issued by the International Accounting Standards Board (IASB) but not yet endorsed and issued into effect by the FSC.

New, Amended and Revised IFRSs	Effective Date Announced by IASB (Note 1)
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
Amendment to IFRS 17 “First Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023

New, Amended and Revised IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities Arising from Single Transaction"	January 1, 2023 (Note 4)

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

Note 2: These amendments are applicable prospectively to the annual reporting periods beginning on or after January 1, 2023.

Note 3: These amendments are applicable prospectively to accounting estimates and accounting policies changed in the annual reporting periods beginning on or after January 1, 2023.

Note 4: The amendments are applicable prospectively to the transactions incurred after January 1, 2022, except for the deferred tax accounted for on temporary differences in leasing and decommissioning obligation as of January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other criteria and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

#### 4. Summary of Significant Accounting Policies

##### (I) 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.

##### (II) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair values, 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.

#### (III) 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.

#### (IV) 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. In preparing the consolidated financial statements, 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, Tables 5 and 6.

#### (V) 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.

In preparing the consolidated financial statements, 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 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 part of the interest in subsidiaries of the foreign operation with a 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.

#### (VI) 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.

## (VII) Investment in associates

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

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 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, 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 side-stream 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.

#### (VIII) 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. 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.

Freehold land is not depreciated, the depreciation of other 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.

(IX) Investment property

Investment property are property held for rent or capital appreciation or both. Investment property 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.

(X) 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.

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

(XI) Impairment of property, plant and equipment, right-of-use assets, investment property and intangible assets (except goodwill)

On each balance sheet date, the Group evaluates whether there is any indication that its property, plant and equipment, right-of-use assets, investment property and intangible assets (except goodwill) 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, or cash generating unit 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.

#### (XII) Non-current assets held for sale

Non-current assets 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 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 are measured at the lower of carrying amount and fair value less costs to sell and are not depreciated.

#### (XIII) 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.

##### (1) 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.

A. 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 gains or losses. Please refer to Note 31 for the determination of fair value.

B. 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:

- a. Held under a business model whose purpose of holding such financial assets is to collect the contractual cash flows; and
- b. 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, financial assets measured at amortized cost, notes receivable, accounts receivable (including related parties), other receivables, restricted assets, and refundable deposits) 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:

- a. 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.
- b. 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.

- c. 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.

## (2) 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 reduced based on the allowance account.

## (3) 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 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 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 in or deducted from equity. No gain or loss is recognized in profit or loss on purchase, sale, issuance, or write-off of the Group's equity instruments.

## 3. Financial liabilities

### (1) Subsequent measurement

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

### (2) Derecognition of financial liabilities

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

## (XIV) Revenue recognition

After identifying the performance obligations of contracts with the customers, the Group allocates the 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 at that time.

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.

#### (XV) Leases

The Group evaluates whether a contract is (or includes) a lease on the contract establishment date.

##### 1. The Group as a lessor

Leases in which the lessee assumes substantially all of the risks and rewards of ownership are classified as finance leases. 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.

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

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 lease start date less the lease incentives received, 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.

Subsequently, lease liabilities are 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. 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 are accounted for as financing.



(XVI) 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.

(XVII) 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 rereasurement 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 have the same accounting treatment as the pension benefit in defined benefit plan, except that the relevant remeasurements are recognized in profit or loss.

#### (XVIII) Share-Based Payment Agreement

Employee stock options granted to employees are based on the fair value of equity instruments on grant date and the best estimate of the expected value. The expenses are recognized on a straight-line basis over the vested period, and the capital surplus - employee stock options and non-controlling interests are adjusted at the same time. If it is vested at grant date, the expense is recognized in full at the same date. The date of approval by the Board of Directors of the Group is the grant date.

On each balance sheet date, The Group revises its estimate on the number of employee stock options expected to vest. If the original estimate is revised, the effect is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, and the capital reserve – employee stock options and non-controlling interests is adjusted accordingly.

#### (XIX) Income Tax

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

##### 1. Current-period income 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 additional 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 year 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 income 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 income tax 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 recognized 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 recent development of COVID-19 in Taiwan and its possible impact on the economic environment in the estimation of cash flow, growth rate, discount rate, profitability and other relevant significant accounting estimates, and the management will constantly review the estimations and underlying assumptions. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects that year or in the year of the revision and future year if the revision affects both current and future year.

6. Cash and Cash Equivalents

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Cash on hand	\$ 919	\$ 976
Checks and demand deposits	1,179,290	1,471,026
Cash equivalent (investments with original maturities of less than 3 months)		
Time deposits	<u>6,000</u>	<u>6,000</u>
	<u>\$ 1,186,209</u>	<u>\$ 1,478,002</u>

The interest rate range for bank deposits on the balance sheet date is as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current deposit	0.001% to 0.385%	0.001% to 0.385%
Time deposits	0.65%	0.65%

7. Financial Instruments at Fair Value Through Profit or Loss

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial assets - current</u>		
Mandatorily classified as fair value through profit or loss		
Non-derivative financial assets		
Product development investment agreements	<u>\$ 63,482</u>	<u>\$ 23,868</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, 2021</u>	<u>December 31, 2020</u>
<u>Current</u>		
Time deposits with original maturities of more than 3 months	<u>\$ 2,000</u>	<u>\$ 166,488</u>

The interest rate ranges of term deposits with original maturity date over 3 months as of December 31, 2021 and 2020 were 1.045% and 0.400%~1.045% per annum, respectively.

9. Financial Assets at Fair Value Through Other Comprehensive Income

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Non-current</u>		
Listed shares	\$ 6,181	\$ 7,234
Unlisted shares	<u>41,599</u>	<u>42,809</u>
	<u>\$ 47,780</u>	<u>\$ 50,043</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, 2021</u>	<u>December 31, 2020</u>
<u>Notes receivables</u>		
Notes receivables	\$ 282,914	\$ 282,516
Less: Loss allowance	( <u>1,167</u> )	( <u>1,221</u> )
	<u>\$ 281,747</u>	<u>\$ 281,295</u>
 <u>Accounts receivables</u>		
Accounts receivables	\$ 1,474,925	\$ 1,386,058
Less: Loss allowance	( <u>19,559</u> )	( <u>17,419</u> )
	<u>\$ 1,455,366</u>	<u>\$ 1,368,639</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 Group's allowance loss for notes receivable and accounts receivable as measured by the reserve matrix is as follows:

December 31, 2021

	<u>0 to 120 days</u>	<u>121 to 365 days</u>	<u>Above 366 days</u>	<u>Total</u>
Expected credit loss rate	0% to 5%	0% to 30%	100%	
Total carrying amount	\$ 1,627,706	\$ 127,174	\$ 2,959	\$ 1,757,839
Allowance for loss (expected credit losses during the year)	( <u>11,358</u> )	( <u>6,409</u> )	( <u>2,959</u> )	( <u>20,726</u> )
Amortized cost	<u>\$ 1,616,348</u>	<u>\$ 120,765</u>	<u>\$ -</u>	<u>\$ 1,737,113</u>

December 31, 2020

	<u>0 to 120 days</u>	<u>121 to 365 days</u>	<u>Above 366 days</u>	<u>Total</u>
Expected credit loss rate	0% to 5%	0% to 30%	100%	
Total carrying amount	\$ 1,547,098	\$ 121,183	\$ 293	\$ 1,668,574
Allowance for loss (expected credit losses during the year)	( <u>13,948</u> )	( <u>4,399</u> )	( <u>293</u> )	( <u>18,640</u> )
Amortized cost	<u>\$ 1,533,150</u>	<u>\$ 116,784</u>	<u>\$ -</u>	<u>\$ 1,649,934</u>

The above aging analysis is based on date an account is established.

Movements in relation to loss allowance for notes receivable and accounts receivable are as follows:

	<u>2021</u>	<u>2020</u>
Balance on January 1	\$ 18,640	\$ 16,820
Add: Provision of credit loss	3,003	2,203
Less: Amount write-off	( 1,215 )	( 480 )
Difference of foreign exchange	<u>298</u>	<u>97</u>
Balance at end of year	<u>\$ 20,726</u>	<u>\$ 18,640</u>

11. Inventories

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Finished goods	\$ 1,134,388	\$ 998,439
Work in progress	321,480	224,729
Raw materials	1,443,535	1,411,545
Supplies	143,108	146,408
Inventory in transit	<u>58,846</u>	<u>48,432</u>
	<u>\$ 3,101,357</u>	<u>\$ 2,829,553</u>

The costs of goods sold related to inventories for 2021 and 2020 were NT\$4,081,809 thousand and NT\$4,402,545 thousand, respectively.

The costs of goods sold for 2021 and 2020 include diminution in value of inventory and scrapped loss of inventory of NT\$46,338 thousand and NT\$113,564 thousand, respectively.

## 12. Subsidiaries

### (I) Subsidiaries included in the consolidated financial statements

The entities of the consolidated financial statements are as follows:

Investor	Subsidiary Name	Business Activities	Proportion of Ownership (%)		Remark
			December 31, 2021	December 31, 2020	
The Corporation	Yung Shin Pharmaceutical Industrial Co., Ltd.	Manufacturing and sale of medicine and cosmetics	100.00%	100.00%	(2)
The Corporation	Antec Biotech Co., Ltd.	Extraction and manufacturing of trees	100.00%	100.00%	(1)
The Corporation	Chemix Inc. (Chemix)	Sale of medicine	100.00%	100.00%	-
The Corporation	YSP International Company Limited	Trade, investment, and other related businesses	100.00%	100.00%	-
The Corporation	Vetnostrum Animal Health Co., Ltd.	Manufacturing and sale of medicine	100.00%	100.00%	(2)
Yung Shin Pharmaceutical	Angel Associates (Taiwan), Inc.	Import and export trading	73.50%	73.50%	-
YSP INC	Carlsbad Technology, Inc.(CTI)	Manufacturing and sale of medicine	74.13%	82.60%	(4)
YSP INC	Yung Shin China Holding Co., Ltd.	Trade, investment, and other related businesses	89.81%	89.81%	-
YSP CNH	Yung Shin Pharmaceutical Ind. (Kunshan) Co., Ltd.	Manufacturing of medicine	89.66%	89.66%	-
YSP CNH	Shanghai Yung Zip Pharm. Trading Co., Ltd.	Import and export trading	100.00%	100.00%	-
YSP CNH	Yung Shin Company Limited	Sale of medicine	96.50%	96.50%	-
YSP CNH	Farmtec Research Co, Ltd.	Researching and developing medicines and authorizing the transfer of R&D achievements	-	100.00%	(3)
YSP CNH	Globecare Trading (Shanghai) Co., Ltd.	Import and export trading	60.00%	60.00%	-

Remark:

- (1) AnTec Biotech Co., Ltd. was dissolved on December 31, 2016, and approved by the Taichung City Government in Order Fu-Shou-Jing-Shang-Zi No. 10607018000. Currently, it is still in the liquidation process.
- (2) On May 7, 2020, under the approval of the Board of Directors 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.
- (3) Farmtec Research Co, Ltd. has completed the liquidation process in May 2021.
- (4) On January 15, 2021, YSP International Company Limited invested USD6.5 million in capital increase for Carlsbad Technology, Inc. Since YSP International Company Limited did not participate in the capital increase proportionally, its proportion of ownership interest decreased from 82.60% to 74.13% accordingly.



(II) Subsidiaries excluded from consolidated financial statements: None.

(III) The Group didn't have subsidiaries with material non-controlling interests.

### 13. Investments Accounted for Using the Equity Method

#### Investment in associates

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Material associates		
Y.S.P. Southeast Asia Holding Bhd. (YSP SAH)	\$ 855,280	\$ 891,417
Associates that are not individually material	<u>96,764</u>	<u>293,094</u>
	<u>\$ 952,044</u>	<u>\$ 1,184,511</u>

#### (I) Material associates

Name of Associate	Business Activities	Principal Place of Business	<u>Proportion of Ownership and Voting Rights</u>	
			<u>December 31, 2021</u>	<u>December 31, 2020</u>
YSP SAH	Biopharmaceutical research and technical services	Malaysia	37.17%	37.20%

The Group holds 37.17% 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 able to direct the relevant activities of YSP SAH. Management of the Group believe that the Group 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, 2021 was lower than its corresponding carrying amount. Management of the Group then 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 9.5%. 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:

Name of Associate	December 31, 2021	December 31, 2020
YSP SAH	<u>\$ 671,227</u>	<u>\$ 835,098</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.

	December 31, 2021	December 31, 2020
Current assets	\$ 2,028,244	\$ 2,098,620
Non-current assets	945,494	1,040,129
Current liabilities	( 403,042)	( 441,045)
Non-current liabilities	( 233,791)	( 262,283)
Equity	2,336,906	2,435,421
Non-controlling interests	( 35,605)	( 39,140)
	<u>\$ 2,301,301</u>	<u>\$ 2,396,281</u>
The Group's ownership of shares (%)	37.1651%	37.2000%
The Group's share of equity investments	\$ 855,280	\$ 891,417
Less: Impairment loss	-	-
Carrying amount	<u>\$ 855,280</u>	<u>\$ 891,417</u>
	<u>2021</u>	<u>2020</u>
Operating revenue	<u>\$ 1,900,775</u>	<u>\$ 2,082,458</u>
Net profit for the year	\$ 102,383	\$ 154,051
Other comprehensive income	-	-
Total comprehensive income	<u>\$ 102,383</u>	<u>\$ 154,051</u>

(II) Summarized information on associates not individually significant

	2021	2020
<u>The Group's share of profit</u>		
Net profit/(loss) for the year	( \$ 660)	\$ 29,298
Other comprehensive income	<u>67</u>	<u>6,445</u>
Total comprehensive income	<u>( \$ 593)</u>	<u>\$ 35,743</u>

Yung Shin Pharmaceutical Ind. (Kunshan) Co., Ltd. holds a 5.03% 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.

Biotrust International Corporation Ltd. carried out the capital reduction to refund the stock capital and the earnings distribution in May, 2021, and the Group recovered the original investment cost of NT\$84,000 thousand and cash dividend of NT\$107,076 thousand respectively according to its shareholding ratio.

The Group sold all shares of Biotrust International Corporation Ltd. on October 21, 2021, and received the disposal price of NT\$3,713 thousand in full, and recognized the disposal of the investment loss of NT\$2 thousand based on the equity method (show on other gains and losses).

#### 14. Property, Plant and Equipment

	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Construction in Process	Total
<u>Costs</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 and scrapping	-	( 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 On 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 and scrapping	-	( 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 On 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 as 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>
<u>Costs</u>								
Balance on January 1, 2021	\$ 2,229,477	\$ 3,720,807	\$ 3,958,001	\$ 46,173	\$ 181,144	\$ 772,312	\$ 64,426	\$ 10,972,340
Additions	-	24,376	74,880	3,989	5,109	23,055	43,291	174,700
Disposal and scrapping	-	( 718 )	( 30,939 )	( 8,266 )	( 2,473 )	( 7,664 )	-	( 50,060 )
Reclassification to for sale	( 47,509 )	-	-	-	-	-	-	( 47,509 )
Reclassifications	-	12,820	17,777	3,495	4,939	10,643	( 49,865 )	( 191 )
Effects of foreign currency exchange differences	( 13,481 )	( 23,829 )	( 14,339 )	( 103 )	( 434 )	( 1,079 )	-	( 53,265 )
Balance as at December 31, 2021	<u>\$ 2,168,487</u>	<u>\$ 3,733,456</u>	<u>\$ 4,005,380</u>	<u>\$ 45,288</u>	<u>\$ 188,285</u>	<u>\$ 797,267</u>	<u>\$ 57,852</u>	<u>\$ 10,996,015</u>
<u>Accumulated depreciation and impairment</u>								
Balance on January 1, 2021	\$ -	\$ 2,554,302	\$ 3,126,950	\$ 32,927	\$ 161,283	\$ 636,902	\$ -	\$ 6,512,364
Depreciation	-	118,533	175,050	4,895	7,068	46,735	-	352,281
Disposal and scrapping	-	( 672 )	( 30,227 )	( 6,663 )	( 2,187 )	( 7,110 )	-	( 46,859 )
Reclassifications	-	-	-	-	-	-	-	-
Effects of foreign currency exchange differences	-	( 13,757 )	( 11,643 )	( 65 )	( 357 )	( 861 )	-	( 26,683 )
Balance as at December 31, 2021	<u>\$ -</u>	<u>\$ 2,658,406</u>	<u>\$ 3,260,130</u>	<u>\$ 31,094</u>	<u>\$ 165,807</u>	<u>\$ 675,666</u>	<u>\$ -</u>	<u>\$ 6,791,103</u>
Carrying amount as at December 31, 2021	<u>\$ 2,168,487</u>	<u>\$ 1,075,050</u>	<u>\$ 745,250</u>	<u>\$ 14,194</u>	<u>\$ 22,478</u>	<u>\$ 121,601</u>	<u>\$ 57,852</u>	<u>\$ 4,204,912</u>

As there was no indicator of impairment for 2021 and 2020, 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:

Buildings and structures	1 to 45 Years
Machinery and equipment	1 to 15 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 bank borrowings were set out in Note 33.

Please refer to Note 17 for the transfer of part of the land to "Non-current assets held for sale" by the Group in the year 2021.

#### 15. Lease Agreement

##### (I) Right-of-use assets

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Carrying amount of right-of-use assets		
Land	\$ 46,608	\$ 49,930
Buildings	4,289	29,506
Transportation equipment	21,791	21,264
Machinery and equipment	<u>1,007</u>	<u>2,237</u>
	<u>\$ 73,695</u>	<u>\$ 102,937</u>
	<u>2021</u>	<u>2020</u>
Additions to right-of-use assets	<u>\$ 10,279</u>	<u>\$ 23,002</u>
Depreciation charge for right-of-use assets		
Land	\$ 2,714	\$ 2,722
Buildings	12,542	15,641
Transportation equipment	9,481	8,297
Machinery and equipment	<u>1,250</u>	<u>1,334</u>
	<u>\$ 25,987</u>	<u>\$ 27,994</u>

##### (II) Lease liabilities

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Carrying amount of lease liabilities		
Current	\$ 12,984	\$ 29,248
Non-current	<u>15,716</u>	<u>36,246</u>

	<u>\$ 28,700</u>	<u>\$ 65,494</u>
Range of discount rate for lease liabilities is as follows:		
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Carrying amount of right-of-use assets		
Land	0.95% to 1.05%	0.95% to 1.05%
Buildings	0.90% to 1.05%	0.90% to 3.28%
Transportation equipment	0.71% to 1.05%	0.78% to 1.05%
Machinery and equipment	0.78%	0.80% to 1.05%

(III) 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 1 to 4 years. At the end of the lease term, the lease agreement do not entitle the Group to renew the lease agreements or 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.

(IV) Other lease information

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

	<u>2021</u>	<u>2020</u>
Expenses relating to short-term leases and low-value asset leases	<u>\$ 7,461</u>	<u>\$ 7,594</u>
Total cash outflow for leases	<u>\$ 36,287</u>	<u>\$ 38,241</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>Land and buildings</u>
<u>Costs</u>	
Balance at January 1, 2020	\$ 80,224
Effects of foreign currency exchange differences	<u>765</u>
Balance on December 31, 2020	<u>\$ 80,989</u>
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2020	\$ 40,265
Depreciation	2,652
Effects of foreign currency exchange differences	<u>504</u>
Balance on December 31, 2020	<u>\$ 43,421</u>
Net amount on December 31, 2020	<u>\$ 37,568</u>
	<u>Land and buildings</u>
<u>Costs</u>	
Balance on January 1, 2021	\$ 80,989
Effects of foreign currency exchange differences	( <u>326</u> )
Balance as at December 31, 2021	<u>\$ 80,663</u>
<u>Accumulated depreciation and impairment</u>	
Balance on January 1, 2021	\$ 43,421
Depreciation	2,676
Effects of foreign currency exchange differences	( <u>210</u> )
Balance as at December 31, 2021	<u>\$ 45,887</u>
Net amount as at December 31, 2021	<u>\$ 34,776</u>

The buildings and decoration works 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 have no preferential right to purchase the investment properties at the end of the lease term.

The total amount of lease payments to be collected in the future for investment property on operating lease is as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Year 1	\$ 2,904	\$ 2,574
Year 2	835	1,750
Year 3	<u>60</u>	<u>486</u>
	<u>\$ 3,799</u>	<u>\$ 4,810</u>

The 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 evaluation was based on market evidence evaluation based on the inquiry of transaction prices of property transactions by the Dept. of Land Administration.

The fair value of the evaluation income is as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Fair Value	<u>\$ 79,167</u>	<u>\$ 79,190</u>
17. <u>Non-Current Assets Held for Sale</u>		

The subsidiary Chemix Inc.'s Board of directors approved the sale of undeveloped land on June 16, 2021, and transferred the related assets to non-current assets held for sale, with an account balance of NT\$47,509 thousand (JPY 197,541 thousand), which was sold to a non-related party in 2022 at a price of NT\$55,637 thousand (JPY 230,000 thousand). The price was fully received in February 2022, and it was agreed to complete the land transfer registration procedures before the end of February.

18. Other Non-Current Assets

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Refundable deposits	\$ 84,068	\$ 59,479
Prepayments for equipment	14,634	45,021
Restricted assets	4,000	4,000
Other Non-Current Assets	<u>19,956</u>	<u>22,810</u>
	<u>\$ 122,658</u>	<u>\$ 131,310</u>

Other non-current assets pledged as collateral for bank borrowings were set out in Note 33.

19. XIX. Borrowings

(I) Short-term borrowings

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Secured borrowings</u> (Note 33)		
Bank loans	\$ 537,414	\$ 872,621
<u>Unsecured borrowings</u>		
Line of credit borrowings	<u>1,463,722</u>	<u>1,658,716</u>
	<u>\$ 2,001,136</u>	<u>\$ 2,531,337</u>

The bank's interest rates for revolving loan facility as of December 31, 2021 and 2020 were 0.48%~3.85% and 0.49%~4.80%, respectively.

(II) Long-term borrowings

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Secured borrowings</u> (Note 33)		
Bank loans	\$ 149,260	\$ 177,806
<u>Unsecured borrowings</u>		
Bank loans	<u>547,000</u>	<u>760,000</u>
Subtotal	696,260	937,806
Less: Classified as portion due within one year	( <u>3,660</u> )	( <u>16,167</u> )
Long-term borrowings	<u>\$ 692,600</u>	<u>\$ 921,639</u>

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	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Interest rate		
Credit borrowings	0.30% to 0.75%	0.78% to 0.90%
Secured borrowings	0.85% to 1.10%	0.85% to 1.10%
Due date	August 2026	March 2025

20. Notes Payable and Accounts Payable

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Notes payable</u>		
Trade	<u>\$ 2,063</u>	<u>\$ 3,528</u>
<u>Accounts payable</u>		
Trade	<u>\$ 468,235</u>	<u>\$ 491,103</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, 2021</u>	<u>December 31, 2020</u>
Payables for salaries and bonuses	\$ 404,678	\$ 475,285
Compensation payable to employees	32,702	40,671
Remuneration payable to directors	13,915	14,703
Payables for research fee	1,485	5,850
Payables for purchases of equipment	5,681	11,213
Others	<u>434,797</u>	<u>442,287</u>
	<u>\$ 893,258</u>	<u>\$ 990,009</u>

22. Retirement Benefit Plan

(I) 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 2021 and 2020 were NT\$54,391 thousand and NT\$46,100 thousand, respectively.

(II) 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, 2021</u>	<u>December 31, 2020</u>
Present value of defined benefit		
liabilities	\$ 443,541	\$ 461,975
Fair value of plan assets	( <u>379,178</u> )	( <u>350,810</u> )
Net defined benefit liabilities	<u>\$ 64,363</u>	<u>\$ 111,165</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, 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 (incomes)	<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 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>
Service costs			
Service costs for the current period	1,923	-	1,923
Interest expenses (incomes)	<u>3,465</u>	<u>( 2,729 )</u>	<u>736</u>
Recognized in Profit or Loss	<u>5,388</u>	<u>( 2,729 )</u>	<u>2,659</u>

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	Present Value of Defined Benefit Liabilities	Fair Value Of Plan Assets	Net Defined Benefit Liabilities
Remeasurement			
Return on plan assets (excluding amounts that are included in net interest)	\$ -	(\$ 3,542)	(\$ 3,542)
Actuarial (gains) losses			
Changes in demographic assumptions	4	-	4
Changes in financial assumptions	3,685	-	3,685
Experience adjustments	( <u>13,892</u> )	<u>-</u>	( <u>13,892</u> )
Recognized in Other			
Comprehensive Income	( <u>10,203</u> )	( <u>3,542</u> )	( <u>13,745</u> )
Employer contribution	-	( 32,380 )	( 32,380 )
Benefit payment	( <u>13,619</u> )	<u>10,283</u>	( <u>3,336</u> )
December 31, 2021	<u>\$ 443,541</u>	( <u>\$ 379,178</u> )	<u>\$ 64,363</u>

The Group has the following risks owing to the implementation of the pension system under the "Labor Standards Act":

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, 2021</u>	<u>December 31, 2020</u>
Discount rate	0.65% to 0.70%	0.75%
Expected growth rate of salary	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, 2021</u>	<u>December 31, 2020</u>
Discount rate		
Increase by 0.25%	<u>(\$ 9,162)</u>	<u>(\$ 10,591)</u>
Decrease by 0.25%	<u>\$ 9,539</u>	<u>\$ 11,048</u>
Expected growth rate of salary		
Increase by 1%	<u>\$ 39,790</u>	<u>\$ 46,641</u>
Decrease by 1%	<u>(\$ 34,659)</u>	<u>(\$ 40,258)</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, 2021</u>	<u>December 31, 2020</u>
Expected appropriation amount within 1 year		
Yung Shin Pharmaceutical	<u>\$ 32,380</u>	<u>\$ 26,178</u>
Vetnostrum Animal Health Co., Ltd.	<u>\$ -</u>	<u>\$ -</u>
Average maturity period of defined benefit obligations		
Yung Shin Pharmaceutical	11.4	12.4
Vetnostrum Animal Health Co., Ltd.	12.0	15.4

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\$5,296 thousand and NT\$5,249 thousand for 2021 and 2020, respectively. As of December 31, 2021 and 2020, other employee benefit liabilities provided for appointed managers amounted to NT\$52,343 thousand and NT\$47,047 thousand, respectively.

## 23. EQUITY

### (I) Share capital

	<u>December 31, 2021</u>	<u>December 31, 2020</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>

### (II) Capital reserve

	<u>December 31, 2021</u>	<u>December 31, 2020</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)	179	94
<u>May only be used to offset a deficit</u>		
Changes in percentage of ownership interests in subsidiaries and associates (Note 3)	<u>39,833</u>	<u>33,310</u>
Total	<u>\$ 2,152,909</u>	<u>\$ 2,146,301</u>

Note 1: According to Article 30, Item 4 of the Business Mergers and Acquisitions Act, when a company becomes a wholly-owned subsidiary of another company through share swap between the two companies, although its unappropriated retained earnings are recognized as capital reserve of another company (i.e. holding company) due to the share swap, its earnings appropriation is not restricted by Article 241, Item 1 of The Company Act. Additionally, according to 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 surplus 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 and associates resulting from equity transactions other than actual disposals or acquisitions or from changes in capital surplus of subsidiaries and associates accounted for using the equity method.

### (III) Retained earnings and dividend policy

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

- (1) Tax payments in accordance with laws.
- (2) Offset prior years' losses;
- (3) Set aside 10% of remaining amount as legal reserve;
- (4) Recognition or appropriation for special reserve to retained earnings in accordance with law and regulations.
- (5) For the payment dividends, if there is no surplus, the dividends shall not be paid with capital stock.
- (6) The remaining balance, together with the undistributed profits of previous years, shall be distributed as shareholders' dividends and submitted as a motion to the shareholders' meeting.

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

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 appropriations of earnings for 2020 and 2019, which were proposed and approved in the shareholders' meetings on July 20, 2021 and May 28, 2020, were as follows:

	Distribution of Earnings		Dividends Per Share (NT\$)	
	2020	2019	2020	2019
Legal Reserve	\$ 77,499	\$ 75,002	\$ -	\$ -
Special Reserve	38,040	22,768	-	-
Cash Dividends	532,846	586,130	2.00	2.20

On March 30, 2022, the Board of Directors' proposed to distribute earnings for 2021 is described below:

	2021
Legal Reserve	<u>\$ 74,804</u>
Special Reserve	<u>\$ 87,157</u>
Cash Dividends	<u>\$ 452,919</u>
Earnings Per Share (NT\$)	<u>\$ 1.70</u>

The distribution of earnings for 2021 is subject to the resolution of the shareholders' meeting on May 24, 2022.

#### (IV) 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>2021</u>				
Shares held by subsidiaries	<u>58</u>	<u>-</u>	<u>-</u>	<u>58</u>
<u>2020</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 Pharm. Ind. Co., Ltd., acquired 55 thousand shares of Yung Shin Pharm. Ind. Co., Ltd. on November 12, 2001 before the amendments to The Company Act. The purpose of holding shares is solely for investing.

On January 3, 2011, Yung Shin Pharm. Ind. Co., Ltd. was established by the Corporation through share swap and Yung Shin Pharm. Ind. Co., Ltd. became a wholly-owned subsidiary of the Corporation. According to Order Tai-Cai-Zheng-3-Zi No. 0920124301, the shares of Yung Shin Pharm. Ind. Co., Ltd. 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, 2021 and 2020.

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, 2021 and 2020, the market value of treasury shares was NT\$2,494 thousand and NT\$2,595 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>2021</u>	<u>2020</u>
Revenue from contracts with customers	<u>\$ 7,805,055</u>	<u>\$ 8,084,664</u>

(I) Contract balance

	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>January 1, 2020</u>
Notes receivable, net (Note 10)	<u>\$ 281,747</u>	<u>\$ 281,295</u>	<u>\$ 302,418</u>
Accounts receivable, net (Note 10)	<u>\$ 1,455,366</u>	<u>\$ 1,368,639</u>	<u>\$1,586,047</u>
Accounts receivable from related parties (Note 32)	<u>\$ 21,981</u>	<u>\$ 26,832</u>	<u>\$ 59,653</u>
Contract liabilities - current			
Customer loyalty programs	\$ 8,549	\$ 8,549	\$ 5,571
Sales revenue received in advance	<u>19,233</u>	<u>9,114</u>	<u>12,578</u>
	<u>\$ 27,782</u>	<u>\$ 17,663</u>	<u>\$ 18,149</u>
Refund liabilities (Note)	<u>\$ 23,829</u>	<u>\$ 23,785</u>	<u>\$ 128,524</u>
Contract liabilities - non-current			
Sales revenue received in advance	<u>\$ 350,933</u>	<u>\$ 253,867</u>	<u>\$ -</u>

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

(II) Breakdown of revenue from contracts with customers

	2021	2020
<u>Primary product</u>		
Pharmaceuticals for human consumption	\$ 5,442,567	\$ 5,816,467
Health food	751,873	710,120
Veterinary medicinal products or animal drugs	1,140,766	1,071,181
Others	<u>469,849</u>	<u>486,896</u>
	<u>\$ 7,805,055</u>	<u>\$ 8,084,664</u>

25. Net profit

(I) Interest income

	2021	2020
Bank deposits	<u>\$ 2,762</u>	<u>\$ 3,917</u>

(II) Other income

	2021	2020
Rental income	\$ 5,321	\$ 5,149
Development and testing income	4,423	7,536
Dividend income	677	979
Other income	<u>34,111</u>	<u>67,184</u>
	<u>\$ 44,532</u>	<u>\$ 80,848</u>

(III) Other gains and losses

	2021	2020
Net foreign exchange losses	(\$ 11,814)	(\$ 21,066)
Loss on disposal of property, plant and equipment	( 859)	( 13,948)
Gains from lease change	6,152	-
Gain (loss) on disposal of subsidiaries	1,427	( 2,596)
Gain on disposal of financial assets at fair value through profit or loss	-	40
Others	<u>( 8,680)</u>	<u>( 25,103)</u>
	<u>(\$ 13,774)</u>	<u>(\$ 62,673)</u>

(IV) Finance costs

	2021	2020
Interest on bank loans	\$ 29,018	\$ 44,437
Interest on lease liabilities	<u>991</u>	<u>1,107</u>
	<u>\$ 30,009</u>	<u>\$ 45,544</u>

(V) Depreciation and Amortization

	2021	2020
Property, plant and equipment	\$ 352,281	\$ 351,557
Right-of-use assets	25,987	27,994
Investment Properties	2,676	2,652
Intangible assets	<u>25,887</u>	<u>20,380</u>
	<u>\$ 406,831</u>	<u>\$ 402,583</u>

	2021	2020
An analysis of depreciation by function		
Operating costs	\$ 310,722	\$ 308,221
Operating expenses	67,546	70,663
Non-operating costs	<u>2,676</u>	<u>3,319</u>
	<u>\$ 380,944</u>	<u>\$ 382,203</u>

An analysis of amortization by function		
Operating costs	\$ 3,427	\$ 5,220
Operating expenses	<u>22,460</u>	<u>15,160</u>
	<u>\$ 25,887</u>	<u>\$ 20,380</u>

(VI) Employee benefits expense

	2021	2020
Short-term employee benefits	<u>\$ 1,672,669</u>	<u>\$ 1,826,144</u>
Post-employment benefits		
Defined contribution plans		
(Note 22)	54,391	46,100
Defined benefit plans		
(Note 22)	<u>7,955</u>	<u>8,654</u>
	<u>62,346</u>	<u>54,754</u>
Share-based payments		
Equity-settled share-based		
payment (Note 28)	4,777	-
Other employee benefits	<u>212,274</u>	<u>217,908</u>
	<u>217,051</u>	<u>217,908</u>
Total employee benefit expenses	<u>\$ 1,952,066</u>	<u>\$ 2,098,806</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 719,999	\$ 773,666
Operating expenses	<u>1,232,067</u>	<u>1,325,140</u>
	<u>\$ 1,952,066</u>	<u>\$ 2,098,806</u>

(VII) Employees' compensation and remuneration of directors

The Corporation accrued employees' compensation and remuneration of directors at rates that are not lower than 0.3% and not higher than 2%, respectively, of profit before income tax. The employees' compensation and remuneration of directors for 2021 and 2020 were resolved by the Board of Directors on March 30, 2022 and 2021, respectively as below:

Rate

	<u>2021</u>	<u>2020</u>
Employees' compensation	0.3%	0.3%
Remuneration of directors	2%	2%

Amount

	<u>2021</u>	<u>2020</u>
Employees' compensation	<u>\$ 2,357</u>	<u>\$ 2,475</u>
Remuneration of directors	<u>\$ 15,715</u>	<u>\$ 16,503</u>

If there is a change in the amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual allotment of remuneration for employees, directors and supervisors in 2020 and the amount recognized in the consolidated financial statements in 2020.

The actual amount of directors' remuneration distributed by the Company in 2019 was different from the amount recognized in the annual consolidated financial report, and the difference was adjusted to the profit and loss of 2020.

	<u>2019</u>	
	<u>Employees'</u>	<u>Remuneration</u>
	<u>compensation</u>	<u>of directors</u>
Amount of		
appropriation		
resolved by the		
board of directors	<u>\$ 2,369</u>	<u>\$ 11,845</u>
Amount recognized in		
the annual financial		
statements	<u>\$ 2,369</u>	<u>\$ 15,793</u>

Information on the Corporation's remunerations for employees and Directors resolved by the Board of Directors in 2021 and 2020, is available at the "Market Observation Post System" website of Taiwan Stock Exchange.

## 26. Income Tax

### (I) Income tax recognized in profit or loss

Major components of income tax expenses are as follows:

	<u>2021</u>	<u>2020</u>
Current income tax		
Amount of the current year	\$ 208,059	\$ 247,330
Income tax on unappropriated earnings	7,262	4,834
Adjustments for prior years	( <u>3,202</u> )	( <u>8,762</u> )
	<u>212,119</u>	<u>234,402</u>
Deferred income tax		
Amount of the current year	26,995	3,050
Changes in tax rates	<u>3,139</u>	( <u>3,096</u> )
	<u>30,134</u>	( <u>46</u> )
Income tax expenses recognized in profit or loss	<u>\$ 242,253</u>	<u>\$ 243,356</u>

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

	<u>2021</u>	<u>2020</u>
Profit before income tax	<u>\$ 998,546</u>	<u>\$ 1,024,490</u>
Income tax expenses calculated based on income before income tax and the statutory tax rate	\$ 356,394	\$ 412,842
Fees that cannot be deducted from taxes	6,364	6,385
Exemptions	( 129,483 )	( 167,855 )
Income tax on unappropriated earnings	7,262	4,834
Unrecognized temporary differences	1,779	( 992 )
Changes in tax rates	3,139	( 3,096 )
Current income tax expenses from previous years	( <u>3,202</u> )	( <u>8,762</u> )
Income tax expenses recognized in profit or loss	<u>\$ 242,253</u>	<u>\$ 243,356</u>

(II) Income tax recognized in other comprehensive income

	<u>2021</u>	<u>2020</u>
Deferred income tax		
Exchange differences on translation of foreign operations	\$ 21,307	\$ 7,728
Remeasurement of defined benefit plans	( <u>2,751</u> )	<u>4,968</u>
Income tax recognized in other comprehensive income	<u>\$ 18,556</u>	<u>\$ 12,696</u>

(III) Current tax assets and liabilities

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current tax assets		
Tax refunds receivable	<u>\$ 3,408</u>	<u>\$ 570</u>
Current tax liabilities		
Income tax payable	<u>\$ 120,170</u>	<u>\$ 150,784</u>

(IV) Deferred tax assets and liabilities

Changes in deferred tax assets and liabilities are as follows:

2021

	Beginning balance	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	\$ 35,975	\$ -	\$ 21,307	\$ -	\$ 57,282
Refund Liabilities	5,552	( 786 )	-	-	4,766

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	Beginning balance	Recognized in Profit or Loss	Recognized in Other Comprehensi ve Income	Exchange Differences	Balance at End of Year
Provision of allowances	\$ 7,748	(\$ 2,464)	\$ -	\$ -	\$ 5,284
Write-downs of inventories	5,756	3,240	-	-	8,996
Contract liabilities	1,710	-	-	-	1,710
Actuarial profit or loss of pension	42,603	( 1,223)	( 2,751)	-	38,629
Provision of other employee benefit liabilities	9,409	1,060	-	-	10,469
Leave benefit payable	7,923	388	-	-	8,311
Defined benefit plans	-	906	-	-	906
Unrealized loss on exchange	51	273	-	-	324
Others	9,094	( 5,107)	-	214	4,201
	<u>\$ 125,821</u>	<u>(\$ 3,713)</u>	<u>\$ 18,556</u>	<u>\$ 214</u>	<u>\$ 140,878</u>
<u>Deferred tax liabilities</u>					
<u>Temporary differences</u>					
Foreign long-term investment income	\$ 182,798	\$ 21,221	\$ -	\$ -	\$ 204,019
Defined benefit plans	20,453	6,295	-	-	26,748
Reserve for land value increment tax	100,359	-	-	-	100,359
Unrealized exchange gains or losses	363	( 363)	-	-	-
Others	1,745	( 732)	-	216	1,229
	<u>\$ 305,718</u>	<u>\$ 26,421</u>	<u>\$ -</u>	<u>\$ 216</u>	<u>\$ 332,355</u>

2020

	Beginning balance	Recognized in Profit or Loss	Recognized in Other Comprehensi ve 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>

	Beginning balance	Recognized in Profit or Loss	Recognized in Other Comprehensi ve Income	Exchange Differences	Balance at End of Year
<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>

(V) Income tax assessments

The income tax filing cases of the Corporation, Vetnostrum Animal Health Co. Ltd. and Yungshin Pharm Ind. Co. Ltd. as of 2019, and the income tax filing cases of Angel Associates (Taiwan), Inc. as of 2020 have been approved by the tax inspection authority.

27. Earnings Per Share

	(In NT\$ per share)	
	2021	2020
Basic earnings per share	\$ <u>2.77</u>	\$ <u>2.97</u>
Diluted earnings per share	\$ <u>2.76</u>	\$ <u>2.97</u>

The earnings and the weighted average number of ordinary shares used in the computation of earnings per share are as follows:

Net profit for the period

	2021	2020
Net profit attributable to owners of the Corporation	\$ 736,622	\$ 791,720
Effect of potentially dilutive ordinary shares:		
Employees' compensation	-	-
Earnings used in the computation of diluted earnings per share from continuing operations:	\$ <u>736,622</u>	\$ <u>791,720</u>

Number of shares

	In Thousands of Shares	
	2021	2020
Weighted average number of ordinary shares in computation of basic earnings per share	266,365	266,365
Effect of potentially dilutive ordinary shares:		
Employees' compensation	68	69
Weighted average number of ordinary shares used in the computation of diluted earnings	<u>266,433</u>	<u>266,434</u>

per share

If the Group offered to settle compensation or bonus paid to employees in cash or shares, the Group assumed the entire amount of the compensation or bonus will be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. 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. Share-Based Payment Agreement

### Employee stock options plan

The subsidiary Vetnostrum Animal Health Co., Ltd. adopted the first issue of employee stock warrants and stock options by board resolution on January 18, 2021, and granted 5,000 thousand stock options to employees on March 1, 2021, each option for subscribing 1,000 ordinary shares. Recipients include employees that meet specific conditions within the Corporation. The duration of stock options is 5 years; 60% of the stock options can be exercised by the certificate holder upon expiration of 2 years; 80% can be exercised upon expiration of 3 years; and 100% can be exercised upon expiration of 4 years. The original exercise price of the stock options is NT\$18.9 per share, which shall be adjusted according to the prescribed formula in the event of any change in the shares of the Corporation's common stock after the issuance of the stock options.

The information related to the employees stock option is as follows:

	2021	
	Number of options (Thousands)	Weighted average Exercise price (NT\$)
<u>Employee stock options</u>		
Ending outstanding options	-	\$ 18.9
Option granted	5,000	
Loss for the year	( 375 )	
Option outstanding at the end of the year	<u>4,625</u>	
Ending exercisable options	<u>-</u>	
The weighted average fair value of the employee stock options for the year (NT\$)		<u>\$ 2.95</u>

The information related to the outstanding employees stock option is as follows:

	<u>December 31, 2021</u>
Range of exercise price (NT\$)	\$ 18.9
Weighted average remaining contract life (years)	4.17

The recognized remuneration cost for 2021 was NT\$4,777 thousand.

## 29. Disposal of Subsidiaries

- (I) ASHIN Company Limited completed the liquidation process in February 2020, and loss on disposal of subsidiary amounted to \$4,080 thousand which was the cumulative difference on translation arising from reclassification of equity to profit or loss.
- (II) 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 difference on translation arising from reclassification of equity to profit or loss.
- (III) Farmtec Research Co, Ltd. completed the liquidation process in May 2021, and its gain on disposal of subsidiaries amounted to NT\$1,427 thousand which was the cumulative difference on translation arising from reclassification of equity to profit or loss.

## 30. Capital Risk Management

The Group's objectives when managing capital are based on the scale of the industry involved, 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.

## 31. Financial Instruments

- (I) 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.

(II) Fair value of financial instruments that are measured at fair value on a recurring basis

1. Fair value hierarchy

December 31, 2021

	<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	\$ -	\$ -	\$ 63,482	\$ 63,482
Financial Assets at Fair Value Through Other Comprehensive Income				
Equity instruments				
Listed shares	\$ 6,181	\$ -	\$ -	\$ 6,181
Unlisted shares	-	-	41,599	41,599
Total	<u>\$ 6,181</u>	<u>\$ -</u>	<u>\$ 41,599</u>	<u>\$ 47,780</u>

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				
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>

There were no transfers between Levels 1 and 2 for 2021 and 2020.

## 2. Reconciliation of Level 3 fair value measurements of financial instruments

### 2021

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	\$ 23,868	\$ 42,809	\$ 66,677
Additions	39,614	-	39,614
Disposal	-	-	
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at fair value through other comprehensive income)	-	( 1,210 )	( 1,210 )
Balance at end of year	<u>\$ 63,482</u>	<u>\$ 41,599</u>	<u>\$ 105,081</u>

### 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 at end of year	<u>\$ 23,868</u>	<u>\$ 42,809</u>	<u>\$ 66,677</u>

## 3. Valuation techniques and inputs applied for Level 3 fair value measurement

	Fair Value as at December 31, 2021	Valuation Technique	Significant Unobservable Input	Range (Weighted average)	Relationship Between Inputs and Fair Value
Financial Assets at Fair Value Through Profit or Loss Investments in non- derivative financial assets	\$ 63,482	Recent investment price	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income Equity instruments	41,599	Comparable companies in the market	P/B Lack of liquidity discount	0.78~1.85 35	The higher the multiple and control premium, the higher the fair value
	Fair Value as at December 31, 2020	Valuation Technique	Significant Unobservable Input	Range (Weighted average)	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 Equity instruments	42,809	Comparable companies in the market	P/B Lack of liquidity discount	0.97~1.77 35	The higher the multiple and control premium, the higher the fair value

## (III) Categories of financial instruments

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial assets</u>		
Financial Assets at Fair Value Through Profit or Loss Mandatorily classified as fair value through profit or loss	\$ 63,482	\$ 23,868
Financial assets at amortized cost (Note 1)	3,069,303	3,434,931
Financial Assets at Fair Value Through Other Comprehensive Income	47,780	50,043
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (Note 2)	4,084,834	4,973,824

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

Note 2: The balance includes short-term borrowings, notes payable, accounts receivable, accounts receivable (including related parties), other payables, long-term borrowings (including those due within one year) and other financial liabilities measured at amortized cost.



#### (IV) Financial risk management objectives and policies

The Group's day-to-day business activities may expose it to financial risks, including market risk (foreign exchange risk, interest rate risk and other price 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

The main financial risks borne by the Group are currency risks (see below (1)), the risk of changes in interest rates (see below (2)) and other price risks (see below (3)).

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

##### (1) Currency risk

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 are set out in Note 36.

##### 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.

The positive amount in the table below indicates the amount that will reduce the profit before tax when NT\$ appreciates by 1% against the relevant currencies; when NT\$ depreciates by 1% against the relevant foreign currency, its impact on the profit before tax or interests will be a negative number of the same amount.

<u>Impact on profit or loss</u>	<u>2021</u>	<u>2020</u>
USD	\$ 2,491	\$ 1,495
RMB	1,179	252
JPY	( 818)	261

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

The Group is exposed to interest rate risk because entities in The Group borrow funds at both fixed and floating rate.

The carrying amounts of financial assets and financial liabilities of The Group exposed to interest rate risk on the balance sheet date are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Fair Value Interest Rate Risk		
- Financial Assets	\$ 12,000	\$ 176,488
- Financial Liabilities	28,700	65,494
Cash Flow Interest Rate Risk		
- Financial Assets	1,179,290	1,471,026
- Financial Liabilities	2,697,396	3,469,143

Sensitivity analysis

The sensitivity analysis below was determined based on The Group's exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the reporting period was 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\$1,518 thousand and NT\$1,998 thousand for 2021 and 2020, 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 2021 and 2020 would increase/decrease by NT\$478 thousand and NT\$500 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 that a counterparty will default on its contractual obligations resulting in financial loss to the Group. 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.

### 3. Liquidity risk

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.

(1) Table of liquidity of non-derivative financial liabilities and interest risk

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

Fair Value as at December 31, 2021

	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	\$ 1,387,438	\$ -	\$ -	\$ -	\$ 1,387,438
Lease liabilities	13,206	10,198	5,669	-	29,073
Short-term borrowings	2,009,858	-	-	-	2,009,858
Long-term borrowings (included current portion)	6,246	606,814	89,851	-	702,911
	<u>\$ 3,416,748</u>	<u>\$ 617,012</u>	<u>\$ 95,520</u>	<u>\$ -</u>	<u>\$ 4,129,280</u>

December 31, 2020

	Less than 1 Year	1 to 2 Years	2 to 5 Years	Above 5 Years	T o t a l
<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)	20,092	813,061	118,115	-	951,268
	<u>\$ 4,096,810</u>	<u>\$ 841,596</u>	<u>\$ 127,058</u>	<u>\$ 49</u>	<u>\$ 5,065,513</u>

(2) Financing limit

	Fair Value as at December 31, 2021	December 31, 2020
Unsecured bank overdraft limit		
- Amount utilized	\$ 2,010,722	\$ 2,418,716
- Amount unutilized	2,306,279	1,950,419
	<u>\$ 4,317,001</u>	<u>\$ 4,369,135</u>
Secured bank overdraft limit		
- Amount utilized	\$ 686,674	\$ 1,050,427
- Amount unutilized	318,577	219,492
	<u>\$ 1,005,251</u>	<u>\$ 1,269,919</u>

32. Related Parties Transactions

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.

(I) Related parties and their relations

Related Party Name	Relationship with the Group
Yung Zip Chemical Ind. Co., Ltd. (Yung Zip)	Associate
Y.S.P. Southeast Asia Holding Bhd. (YSP SAH)	Associate
Y.S.P. Industries (M) Sdn. Bhd. (YSPI)	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 (Yung Shin Social Welfare)	Substantial related party
Tien Te Lee Biomedical Foundation (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. (Yung Shin Meishan)	Substantial related party
isRed Pharma & Biotech Research Co., Ltd. (isRed)	Substantial related party

(II) Operating revenue

Financial Statement Account	Category / Name of related party	2021	2020
Sales income	Associate	\$ 80,411	\$ 182,779
	Substantial related party	<u>251</u>	<u>3,284</u>
		<u>\$ 80,662</u>	<u>\$ 186,063</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.

(III) Purchases

Category / Name of related party	2021	2020
Associate	\$ 64,637	\$ 80,607
Substantial related party	<u>3,156</u>	<u>3,756</u>
	<u>\$ 67,793</u>	<u>\$ 84,363</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.

(IV) Operating expenses

Category / Name of related party	2021	2020
Associate	\$ 1,740	\$ 279
Substantial related party	<u>10,081</u>	<u>7,167</u>
	<u>\$ 11,821</u>	<u>\$ 7,446</u>

(V) Contribution expenses (shown as operating expenses)

Category / Name of related party	2021	2020
Substantial related party	<u>\$ 10,750</u>	<u>\$ 8,300</u>

(VI) Other income

Category / Name of related party	2021	2020
Associate	\$ 1,972	\$ 3,256
Substantial related party	<u>921</u>	<u>1,690</u>
	<u>\$ 2,893</u>	<u>\$ 4,946</u>

(VII) Receivables from related parties

Financial Statement Account	Category / Name of related party	December 31, 2021	December 31, 2020
Accounts receivables	Associate		
	YSPI	\$ 13,573	\$ 24,112
	Yung Zip	7,604	2,136
	Others	792	566
	Substantial related party	<u>12</u>	<u>18</u>
		<u>21,981</u>	<u>26,832</u>
Other receivables	Associate	522	75
	Substantial related party		
	Yung Shin	11,333	11,333
	Meishan		
	Others	<u>47</u>	<u>19</u>
		<u>11,902</u>	<u>11,427</u>
		<u>\$ 33,883</u>	<u>\$ 38,259</u>

(VIII) Payables to related parties

Financial Statement Account	Category / Name of related party	December 31, 2021	December 31, 2020
Accounts payable	Associate		
	Yung Zip	\$ 22,606	\$ 19,186
	Others	1,276	144
	Substantial related party	<u>-</u>	<u>711</u>
		<u>23,882</u>	<u>20,041</u>
Other Payables	Associate	895	104
	Substantial related party	<u>170</u>	<u>1,000</u>
		<u>1,065</u>	<u>1,104</u>
		<u>\$ 24,947</u>	<u>\$ 21,145</u>

(IX) Lease Agreement

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

Category / Name of related party	2021	2020
Associate	\$ 656	\$ 656
Substantial related party	<u>181</u>	<u>181</u>
	<u>\$ 837</u>	<u>\$ 837</u>

(X) Disposal of property, plant and equipment

Category / Name of related party	Proceeds from Disposal	
	2021	2020
Associate	<u>\$ -</u>	<u>\$ 3</u>

Category / Name of related party	Gain on disposal	
	2021	2020
Associate	<u>\$ -</u>	<u>\$ 3</u>

(XI) Key management compensation

Category / Name of related party	2021	2020
Short-term employee benefits	\$ 27,767	\$ 21,261
Post-employment benefits	<u>83</u>	<u>83</u>

\$ 27,850

\$ 21,344

The compensation of directors and other key management personnel is determined by the Remuneration Committee based on individual performance.

33. Assets Pledged as Collateral or for Security

The following assets have been provided as collateral for performance guarantees, and other credit accommodations:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Land	\$ 634,698	\$ 638,636
Buildings and structures	374,299	397,849
Refundable deposits (shown as other non-current assets)	84,068	59,479
Restricted assets (shown as other non-current assets)	<u>4,000</u>	<u>4,000</u>
	<u>\$ 1,097,065</u>	<u>\$ 1,099,964</u>

34. Significant contingent liabilities and unrecognized commitments

(I) Capital expenditure contracted for at the balance sheet date but unrecognized is as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Property, plant and equipment	<u>\$ 92,153</u>	<u>\$ 63,055</u>

(II) The Group 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>Fair Value as at December 31, 2021</u>	<u>December 31, 2020</u>
Authorization and transfer of technology and research and development	<u>\$ 48,818</u>	<u>\$ 67,470</u>

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

(III) YSP International Company Limited, a subsidiary of the Group, signed a share sale and purchase agreement with Mr. Fang-Chen Lee, a director of the Corporation, on December 29, 2021, to sell the equity of Yung Shin China Holding Co., Ltd. and its subsidiary Yung Shin Pharmaceutical Ind. (Kunshan) Co., Ltd. for US\$ 23,518,000. The transaction is subject to the completion of the equity divestiture of subsidiaries Shanghai Yung Zip Pharmaceutical Trading Co., Ltd. and Yung Shin Company



Limited (Hong Kong). Equity divestiture has not been completed as of the financial statements date.

35. 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.

36. Significant Assets and Liabilities Denominated in Foreign Currencies

The Group entities' significant financial assets and liabilities denominated in foreign currencies aggregate in foreign currencies other than the functional currencies, and the related exchange rates between foreign currencies and respective functional. Currencies were as follows:

Fair Value as at December 31, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Foreign Currencies</u>			
<u>Monetary items</u>			
USD	\$ 13,242	27.68 (USD:NTD)	\$ 366,543
RMB	27,160	4.34 (RMB:NTD)	177,913
JPY	86,116	0.24 (JPY:NTD)	20,711
			<u>\$ 505,167</u>
<u>Non-Monetary Items</u>			
Investments			
Accounted for			
Using the			
Equity Method			
Myr	128,778	6.64 (MYR:NTD)	<u>\$ 855,280</u>

(Continued on next page)

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	Foreign Currency	Exchange Rate	Carrying Amount
Foreign Currency Liabilities			
<u>Monetary Items</u>			
USD	\$ 4,244	27.68 (USD:NTD)	\$ 117,487
RMB	1	4.34 (RMB:NTD)	3
JPY	426,188	0.24 (JPY:NTD)	102,498
			<u>\$ 219,988</u>
<u>December 31, 2020</u>			
	Foreign Currency	Exchange Rate	Carrying Amount
Foreign Currencies			
<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)	26,452
			<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>
Foreign Currency Liabilities			
<u>Monetary Items</u>			
USD	2,821	28.48 (USD:NTD)	\$ 80,342
JPY	1,396	0.28 (JPY:NTD)	386
			<u>\$ 80,728</u>

For 2021 and 2020, the Group generated the currency exchange losses of NT\$11,814 thousand and NT\$21,066 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.

37. Separately Disclosed Items

(I) Information on significant transactions:

1. Financing provided for others: None.
2. Endorsements/guarantees provided for others: Table 1.
3. Marketable securities held at the end of the period (excluding investments in subsidiaries, associates, and joint ventures): Table 2
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 real estate at price in excess of 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 3
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. Intercompany relationships and significant intercompany transactions: Table 4.

(II) Re-investees: Table 5.

(III) 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:

- (1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year: None
- (2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year: None
- (3) The amount of property transactions and the amount of the resultant gains or losses: None
- (4) The balances and purposes of negotiable endorsements/guarantees or collateral provided: Table 1.
- (5) The maximum remaining balance, ending balance, range of interest rate and total amount of current interest of financing facilities: None.
- (6) 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

(IV) 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

### 38. 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.

#### (I) Segment Revenue and Results

	December 31, 2021				
	Taiwan	U.S.A.	Mainland China	Japan	Total
Segment revenue	<u>\$ 5,158,701</u>	<u>\$ 564,915</u>	<u>\$ 1,462,142</u>	<u>\$ 619,297</u>	<u>\$ 7,805,055</u>
Segment profit or loss	<u>\$ 871,177</u>	<u>\$ 34,325</u>	<u>\$ 26,659</u>	<u>\$ 25,468</u>	<u>\$ 957,629</u>
Interest income					2,762
Other income					44,532
Other gains and losses					( 13,774)
Finance costs					( 30,009)
Share of profit or loss of associates accounted for using the equity method					37,406
Profit before income tax					<u>\$ 998,546</u>
Depreciation and Amortization					<u>\$ 406,831</u>

	2020				
	Taiwan	U.S.A.	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					86,836
Profit before income tax					<u>\$ 1,024,490</u>
Depreciation and Amortization					<u>\$ 402,583</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 associate 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.

(II) 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.

(III) Main operating revenue

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

	2021	2020
Pharmaceuticals and cosmetics	<u>\$ 7,805,055</u>	<u>\$ 8,084,664</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.

(IV) 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:

	<u>Revenue from External Customers</u>		<u>Non-current assets</u>	
	<u>2021</u>	<u>2020</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Taiwan	\$ 5,429,793	\$ 4,803,482	\$ 3,696,123	\$ 3,862,257
USA	583,920	662,807	222,991	281,681
Mainland China	1,622,699	1,626,747	477,348	501,861
Others	<u>168,643</u>	<u>991,628</u>	<u>84,819</u>	<u>150,878</u>
	<u>\$ 7,805,055</u>	<u>\$ 8,084,664</u>	<u>\$ 4,481,281</u>	<u>\$ 4,796,677</u>

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

(V) Information on major customers

No revenue from a single customer had exceeded 10% of the Group's total revenue for 2021 and 2020.

YUNGSHIN GLOBAL HOLDING CORPORATION AND SUBSIDIARIES  
ENDORSEMENTS/GUARANTEES PROVIDED  
JANUARY 1 TO DECEMBER 31, 2021

Table 1

Unit: except otherwise specified,  
In NT\$1,000

No. (Note 1)	Endorser/ Guarantor Name of Affiliate	Endorsee/Guarantee		For single enterprise Endorsement/ Guarantee Limit (Note 3)	Maximum Balance of Endorsement/ Guarantee During the Period	Ending Balance of Endorsement / Guarantee (Note 5)	Actual Amount Used	Amount Endorsed/ Guaranteed by Collateral	Ratio of the cumulative amount of endorsement guarantee to the net value of the most recent financial statements	Maximum limit of endorsement and warranty (Note 4)	Endorsement /Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement /Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement and warranty for mainland China	Remark
		Name of Affiliate	Relationship (Note 2)											
0	YungShin Global Holding Corporation	Chemix Inc.	2	\$ 1,264,186	\$ 289,926	\$ 283,790	\$ 141,895	\$ -	4.49%	\$ 3,160,466	Yes	No	No	-
		Yung Shin Pharmaceutical Ind. (Kunshan) Co., Ltd.	2	1,264,186	428,025	415,200	-	-	6.57%	3,160,466	Yes	No	Yes	-
		Carlsbad Technology, Inc.	2	1,264,186	1,498,420	1,491,952	395,520	-	23.60%	3,160,466	Yes	No	No	Note 7
1	Vetnostrum Animal Health Co., Ltd.	Vetnostrum Animal Health Co., Ltd.	-	185,471	10,000	10,000	5,000	-	1.08%	463,678	No	No	No	Note 6

Note 1: The numbers filled in for the loans provided by the Corporation or subsidiaries are as follows:

(1) The parent is “0.”

(2) The subsidiaries are numbered in order starting from “1.”

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following categories; the number of category in each case belongs to:

(1) Having business relationship.

(2) The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(3) The endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/guaranteed company.

Note 3: The upper limits for endorsement and guarantee can not exceed 20% of the Corporation’s net value for single business being endorsed.

Note 4: The upper limits for endorsement and guarantee can not exceed 50% of the Corporation’s net assets value for total outside party being endorsed/guaranteed.

Note 5: Outstanding endorsement/guarantee amounts are converted at the spot exchange rates prevailing at December 31, 2021.

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 AT THE END OF THIS PERIOD  
DECEMBER 31, 2021

Table 2

In Thousands of New Taiwan Dollars

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	END OF THIS PERIOD				Remark
				Number of Shares/Units	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	5,301	\$ 5,603	-	\$ 5,603	-
	Stock - Ana Holding Inc.	None	Financial assets at fair value through other comprehensive income - non-current	1,000	578	-	578	-
Yung Shin Pharm. Ind. Co., Ltd.	Stock - Missioncare Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	3,161,052	28,974	2.17%	28,974	-
	Stock - Missioncare Asset Management Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	1,338,947	12,607	2.11%	12,607	-
	Stock - Limited Liability Fengyuan Medical Waste Disposal Equipment Used Cooperatives	None	Financial assets at fair value through other comprehensive income - non-current	1,000	6	0.07%	6	-
	Stock - International Green Handle Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	1,567	12	0.07%	12	-
Angel Associates (Taiwan), Inc.	Stock - YungShin Global Holding Corporation	Parent company	Financial assets at fair value through other comprehensive income - current	58,059	1,958	0.02%	2,494	Note 2

Note 1: The bases of the market value of listed shares were the closing price of listed shares, funds and net asset value as of December 31, 2021. Unlisted shares, emerging market shares and funds were measured by valuation techniques and inputs applied for Level 3 fair value.

Note 2: The book value of this security was transferred to treasury shares.



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  
DECEMBER 31, 2021

Table 3

Unit: except otherwise specified,  
In NT\$1,000

Company Name	Counterparty	Relationship	Transaction Details				The Circumstances and Reasons Why the Terms of Transaction Are Different from those Ordinary Transactions		Accounts/Notes Receivable or Payable		Remark
			Purchase or Sale	Amount	% to Total Purchases or Sales	Credit Period	Unit Price	Credit Period	Balance	Proportion of Notes and Accounts Receivable (Payable)	
Yung Shin Pharm. Ind. Co., Ltd.	Vetnostrum Animal Health Co., Ltd.	The same ultimate parent company	Sales	\$ 217,102	5.12%	Receipt within 60 to 120 days upon delivery	\$ -	-	\$ 84,839	8.53%	-

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

YUNGSHIN GLOBAL HOLDING CORPORATION AND SUBSIDIARIES  
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS  
DECEMBER 31, 2021

Table 4

Unit: except otherwise specified,  
In NT\$1,000

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 Pharm. Ind. Co., Ltd.	Vetnostrum Animal Health Co., Ltd.	3	Sales	\$217,102	(Note 4)	3%
1	Yung Shin Pharm. Ind. Co., Ltd.	Vetnostrum Animal Health Co., Ltd.	3	Accounts receivables	84,839	(Note 4)	1%
1	Yung Shin Pharm. Ind. Co., Ltd.	Chemix Inc.	3	Sales	15,871	(Note 4)	-
2	Shanghai Yung Zip Pharm. Trading Co., Ltd.	Yung Shin Pharm. Ind. Co., Ltd.	3	Sales	38,030	(Note 4)	-
2	Shanghai Yung Zip Pharm. Trading Co., Ltd.	Yung Shin Pharm. Ind. Co., Ltd.	3	Contract liabilities	19,682	(Note 4)	-
2	Shanghai Yung Zip Pharm. Trading Co., Ltd.	Vetnostrum Animal Health Co., Ltd.	3	Sales	17,910	(Note 4)	-

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is “0.”

(2) The subsidiaries are numbered in order starting from “1.”

Note 2: Relationship between 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 percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets 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 \$10,000 thousand.

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

YUNGSHIN GLOBAL HOLDING CORPORATION AND SUBSIDIARIES  
INFORMATION ON INVESTEEES  
DECEMBER 31, 2021

Table 5

Unit: except otherwise specified,  
In NT\$1,000

Investor Company	Investee Company Name	Location	Main Businesses and Products	Original Investment Amount		Held at the end of this period			Current gain (loss) of the investee company during the period (Note 1)	Investment profit or loss recognized in the current period (Note 1)	Remark
				End of this period	End of last year	Number of shares	%	Carrying Amount (Note 1)			
YungShin Global Holding Corporation	Yung Shin Pharm. Ind. Co., Ltd.	Taiwan	Manufacturing and sale of medicine and cosmetics	\$ 4,151,196	\$ 4,151,196	83,377,170	100.00	\$ 3,416,489	\$ 570,230	\$ 581,099	Subsidiary
	YSP International Company Limited	British Virgin Islands	Trade, investment, and other related businesses	1,208,096	1,208,096	10,000	100.00	1,891,057	101,263	102,600	Subsidiary
	Vetnostrum Animal Health Co., Ltd.	Taiwan	Manufacturing and sale of medicine	1,254,603	1,254,603	55,000,000	100.00	1,269,149	109,888	110,802	Subsidiary
	Chemix Inc.	Japan	Sale of medicine	JPY 880,000 ≡ 270,248	JPY 880,000 ≡ 270,248	192	100.00	324,683	JPY 43,162 ≡ 11,024	11,477	Subsidiary
	Yung Zip Chemical Ind. Co., Ltd.	Taiwan	Manufacture and sale of active pharmaceutical ingredients	152,968	152,968	8,817,302	20.81	165,739	6,003	1,489	Affiliate (Note 3)
	AnTec Biotech Co., Ltd.	Taiwan	Extraction, manufacture, and sale of wood products	170,095	170,095	17,200,000	100.00	52,670	2	2	Subsidiary
Yung Shin Pharm. Ind. Co., Ltd.	Angel Associates (Taiwan), Inc.	Taiwan	Import and export trading	3,675	3,675	3,675	73.50	8,839	728	-	Sub-subsubsidiary (Note 4)
	Biotrust International Corporation	Taiwan	Biopharmaceutical research and technical services	-	66,500	-	-	-	( 1,885 )	-	Affiliate (Notes 3, 4 and 7)
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	787,951	50,376	-	Sub-subsubsidiary (Notes 4 and 6)
	Carlsbad Technology, Inc.	USA	Manufacturing and sale of medicine	US\$ 27,015 ≡ 806,183	US\$ 20,515 ≡ 621,193	7,502,874	74.13	222,878	US\$ 1,096 ≡ 30,699	-	Sub-subsubsidiary (Notes 4 and 5)
	Y.S.P, Southeast Asia Holding Bhd.	Malaysia	Biopharmaceutical research and technical services	MYR 52,366 ≡ 500,615	MYR 52,366 ≡ 500,615	52,365,605	37.17	855,280	MYR 15,182 ≡ 102,383	-	Affiliate (Notes 3 and 4)
Yung Shin China Holding Co., Ltd.	Yung Shin Company Limited	Hong Kong	Sale of medicine	HKD 7,720 ≡ 30,087	HKD 7,720 ≡ 30,087	7,720	96.50	44,609	HKD 385 ≡ 1,388	-	Sub-subsubsidiary (Note 4)

Note 1: The amount of net profit or loss of the investee is converted at the average exchange rates for 2021, while other amounts are converted at the spot exchange rates prevailing at December 31, 2021.

Note 2: Refer to Table 6 for the information on investee companies in the Mainland.

Note 3: Long-term equity investments are accounted for under 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 74.13%% and 2.52% equity interest in CTI, respectively. The group's consolidated ownership in CTI is 74.65%.

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

Note 7: All equity was sold to Biotrust International Corporation on October 21, 2021.

Note 8: The investment income from the invested companies, the long-term equity investments of the invested companies and the net equities of the invested companies were all eliminated during the preparation of the consolidated financial statements, except Yung Zip Chemical Ind. Co., Ltd., Biotrust International Corporation Ltd. and Y.S.P. SOUTHEAST ASIA HOLDING BHD.

YUNGSHIN GLOBAL HOLDING CORPORATION AND SUBSIDIARIES  
INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
DECEMBER 31, 2021

Table 6

Unit: except otherwise specified,  
In NT\$1,000

Investee Company Name of Affiliate	Main Businesses and Products	Actual Paid-In Capital	Investment Method (Note 1)	Beginning Amount of Accumulated Investment Remitted from Taiwan	Remitted Or Recovered Investment Amount In Current Period		Accumulated Outward Remittance from Taiwan for Investments as of the End of This Period	Current Gain (Loss) of the Investee Company during the Period	Percentage of Ownership in Direct or Indirect Investment	Investment Profit or Loss Recognized in the Current Period	Ending Book Value of Investment	Accumulated Repatriation of Investment Income as of this Period	Remark
					Outflow	Inflow							
Yung Shin Pharmaceutical Ind. (Kunshan) Co., Ltd.	Manufacture and Sale of medicine, over-the-counter drugs, preparations, and chemical intermediates	RMB 126,271 ≡ 468,483	2	RMB 113,209 ≡ 409,904	\$ -	\$ -	RMB 113,209 ≡ 409,904	RMB 14,402 ≡ 62,531	82.42%	\$ 51,538	\$ 610,345	\$ -	Note 2
Shanghai Yung Zip Pharm. Trading Co., Ltd.	International trade, trade between companies in the bonded areas, and trade agency in the bonded areas: Warehousing and simple commercial processing in the bonded areas	RMB 33,525 ≡ 121,120	2	US\$ 4,000 ≡ 121,120	-	-	US\$ 4,000 ≡ 121,120	(RMB 325) ≡ ( 1,410)	91.93%	( 1,296)	85,664	-	Note 2
Farmtec Research Co, Ltd.	Pharmaceutical research, transfer, authorization, and outsourcing of services regarding formulas, as well as synthesis of biological and chemical medicines	RMB 17,087 ≡ 75,700	2	-	-	-	-	RMB -	91.93%	-	-	-	Notes 2 and 8
Globecare Trading (Shanghai) Co., Ltd.	Trading, wholesale and retail of health products, cosmetics, medicines, human testing reagents, and the aforesaid related raw materials, semi- finished products and production equipment	RMB 17,667 ≡ 78,844	2	-	-	-	-	(RMB 50) ≡ ( 219)	70.03%	( 153)	11,561	-	Note 3
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	RMB 36,668 ≡ 160,047	3	-	-	-	-	(RMB 6,818) ≡ ( 29,602)	5.03%	( 1,489)	10,666	-	Note 7

	Accumulated Outward Remittance for Investments in Mainland China as of the End of This Period (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	\$ 531,024	\$ 810,747	\$ 4,072,859

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) Through investing in an existing company in the third area, which then invested in the investee in mainland China.
- (3) Others

- Note 2: The Corporation and Yung Zip Chemical Ind. Co., Ltd. hold 89.81% and 10.19% equity interest of Yung Shin China Holding Co., Ltd. respectively. The Group's consolidated ownership in Yung Shin China Holding Co., Ltd. is 91.93%. Yung Shin China Holding Co., Ltd. hold 89.66% equity interest of Yung Shin Pharmaceutical Ind. (KunShan) Co., Ltd. The Group's consolidated ownership in Yung Shin Pharmaceutical Ind. (KunShan) Co., Ltd. is 82.42%.
- Note 3: The Corporation and Yung Zip Chemical Ind. Co., Ltd. hold 89.81% and 10.19% equity interest of Yung Shin China Holding Co., Ltd. respectively. Yung Shin China Holding Co., Ltd. And Y.S.P. Southeast Asia Holding Bhd. (company of investments accounted for using equity method) hold 60.00% and 40.00% of Globecare Trading Co., Ltd. respectively. The Group's consolidated ownership in Globecare Trading Co., Ltd. is 70.03%.
- Note 4: The amount remitted from Taiwan was US\$22,160 thousand.
- Note 5: The approved investment amount by the Investment Commission amounting to US\$29,290 thousand was converted at the spot exchange rate of 27.68 (NTD:USD) prevailing on December 31, 2021.
- Note 6: Calculated in accordance with the "Rules on Review of Investment and Technology Cooperation in mainland China" of Ministry of Economic Affairs (60% of net assets).
- Note 7: The Group holds a 5.03% 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: Farmtec Research Co, Ltd. has completed the liquidation process in May 2021.
- Note 9: The profit and loss of investments between reinvested companies, investments accounted for using the equity method, and the net equity of investee companies were all eliminated during the preparation of the consolidated financial statements.

- V. Parent Company Only Financial Report for the Most Recent Year Audited and Attested by CPAs (P159-215)

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders YungShin Global Holding Corporation

### **Opinion**

We have audited the accompanying financial statements of YungShin Global Holding Corporation (the “Corporation”), which comprise the balance sheets as of December 31, 2021, 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, 2021 and 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 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 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, 2021. 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, 2021 are stated as follows:

#### Investment under equity method - subsidiaries' operating revenue from major customers

The net operating revenue for the year ended December 31, 2021 was mainly attributable to the share of profit or loss of subsidiaries accounted for using equity method amounting to NT\$805,979 thousand, representing 98.33% of the net operating revenue. The effect of share of profit or loss of Corporation was mainly attributable to the operating revenue of subsidiaries. For the year ended December 31, 2021, subsidiaries' operating revenue from major growing amounted to NT\$3,570,411 thousand, accounting for 45.74% of consolidated operating revenue. As the amount of revenue from growing was significant, revenue from growing was identified as a key audit matter for the year ended December 31, 2021. 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 bills 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, the financial statements of some investees companies accounted for using the equity method for the year ended December 31, 2021 were audited by other auditors. Therefore, our opinion on the parts in relation to investments in the aforementioned companies accounted for using equity method, share of profit or loss of subsidiaries and associates accounted for using equity method, and share of other comprehensive income of subsidiaries and associates accounted for using equity method, and information on investees was solely based on the audit opinion of other auditors. As of December 31, 2021 and 2020, the balance of investments in the aforementioned associates using equity method was NT\$1,613,189 thousand and NT\$1,667,015 thousand, accounting for 22.27% and 23.51% of the total assets, respectively, and comprehensive income of the associates for the year then ended amounted to NT\$75,037 thousand and NT\$97,449 thousand, accounting for 11.35% and 13.22% of the total comprehensive income, respectively.

## **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 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 audit 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, 2021 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 Chih-Yuan Chen

CPA Han-Ni Fang

Financial Supervisory Commission Approval  
Document No.

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

Financial Supervisory Commission Approval  
Document No.

Jin-Guan-Zheng-Shen-Zi No. 1090347472

March 30, 2022

## YUNGSHIN GLOBAL HOLDING CORPORATION

## BALANCE SHEETS

DECEMBER 31, 2021 AND 2020

In Thousands of New Taiwan Dollars

Code	ASSETS	December 31, 2021		December 31, 2020	
		Amount	%	Amount	%
	<b>CURRENT ASSETS</b>				
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 47,145	1	\$ 54,608	1
1200	Other receivables - related parties (Notes 4 and 21)	15,377	-	17,326	-
1220	Current tax assets (Notes 4 and 16)	-	-	556	-
1410	Prepayments	506	-	2,176	-
11XX	Total current assets	<u>63,028</u>	<u>1</u>	<u>74,666</u>	<u>1</u>
	<b>NON-CURRENT ASSETS</b>				
1550	Investments accounted for using the equity method (Notes 4 and 7)	7,119,787	98	6,975,177	98
1600	Property, plant, and equipment (Notes 4 and 8)	850	-	1,517	-
1755	Right-of-use assets (Notes 4 and 9)	708	-	2,139	-
1780	Intangible assets (Note 4)	1,530	-	1,948	-
1840	Deferred tax assets (Notes 4 and 16)	57,471	1	36,027	1
1920	Other non-current assets (Note 4)	3	-	3	-
15XX	Total non-current assets	<u>7,180,349</u>	<u>99</u>	<u>7,016,811</u>	<u>99</u>
1XXX	TOTAL ASSETS	<u>\$ 7,243,377</u>	<u>100</u>	<u>\$ 7,091,477</u>	<u>100</u>
	<b>LIABILITIES AND EQUITY</b>				
	<b>CURRENT LIABILITIES</b>				
2219	Other payables (Note 11)	\$ 21,647	1	\$ 22,929	1
2230	Current tax liabilities (Notes 4 and 16)	6,085	-	7,199	-
2280	Lease liabilities - current (Notes 4 and 9)	717	-	1,458	-
2399	Other current liabilities (Note 21)	12,942	-	12,942	-
21XX	Total current liabilities	<u>41,391</u>	<u>1</u>	<u>44,528</u>	<u>1</u>
	<b>NON-CURRENT LIABILITIES</b>				
2540	Long-term borrowings (Note 10)	460,000	6	460,000	6
2570	Deferred tax liabilities (Notes 4 and 16)	204,018	3	182,910	3
2580	Lease liabilities - non-current (Notes 4 and 9)	-	-	717	-
25XX	Total non-current liabilities	<u>664,018</u>	<u>9</u>	<u>643,627</u>	<u>9</u>
2XXX	TOTAL LIABILITIES	<u>705,409</u>	<u>10</u>	<u>688,155</u>	<u>10</u>
	<b>EQUITY (Note 13)</b>				
3110	Share capital	2,664,230	37	2,664,230	37
3200	Capital surplus	2,152,909	30	2,146,301	30
	Retained earnings				
3310	Legal reserve	726,190	10	648,691	9
3320	Special reserve	304,005	4	265,965	4
3350	Unappropriated Earnings	1,083,235	15	983,579	14
3300	Total retained earnings	<u>2,113,430</u>	<u>29</u>	<u>1,898,235</u>	<u>27</u>
3400	Other equity	( 391,162 )	( 6 )	( 304,005 )	( 4 )
3500	Treasury shares	( 1,439 )	-	( 1,439 )	-
3XXX	TOTAL EQUITY	<u>6,537,968</u>	<u>90</u>	<u>6,403,322</u>	<u>90</u>
	<b>TOTAL LIABILITIES AND EQUITY</b>	<u>\$ 7,243,377</u>	<u>100</u>	<u>\$ 7,091,477</u>	<u>100</u>

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

(With Deloitte &amp; Touche auditors' report dated March 30, 2022)

Chairman: Fang-Hsin Lee

President: Fang-Hsin Lee

Accounting Manager: Yu-Yi Lee

YUNGSHIN GLOBAL HOLDING CORPORATION  
STATEMENTS OF COMPREHENSIVE INCOME  
JANUARY 1 TO DECEMBER 31, 2021 AND 2020

In Thousands of New Taiwan Dollars,

Code		2021		Except Earnings Per Share 2020	
		Amount	%	Amount	%
4000	NET OPERATING REVENUE (Notes 4, 14, and 21)	\$ 814,729	100	\$ 855,830	100
6000	OPERATING EXPENSES (Notes 15 and 21)	<u>43,611</u>	<u>5</u>	<u>48,152</u>	<u>6</u>
6900	INCOME FROM OPERATIONS	<u>771,118</u>	<u>95</u>	<u>807,678</u>	<u>94</u>
	NON-OPERATING INCOME AND EXPENSES (Notes 15 and 21)				
7100	Interest income	36	-	249	-
7010	Other income	1,891	-	9,160	1
7020	Other gains and losses	( 1,674)	-	( 6,140)	( 1)
7050	Finance costs	( 3,696)	( 1)	( 4,797)	-
7000	Total non-operating income and expenses	( 3,443)	( 1)	( 1,528)	-
7900	PROFIT BEFORE INCOME TAX	767,675	94	806,150	94
7950	INCOME TAX EXPENSE (Notes 4 and 16)	<u>31,053</u>	<u>4</u>	<u>14,430</u>	<u>2</u>
8200	NET PROFIT FOR THE YEAR	<u>736,622</u>	<u>90</u>	<u>791,720</u>	<u>92</u>
	OTHER COMPREHENSIVE INCOME				
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	9,491	1	( 23,848)	( 3)

(Continued on next page)

(Continued from previous page)

Code		2021		2020	
		Amount	%	Amount	%
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of the financial statements of foreign operations	(\$ 47,530)	( 6)	(\$ 918)	-
8380	Share of other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	( 59,006)	( 7)	( 37,728)	( 4)
8399	Income tax relating to items that will be reclassified to profit or loss	<u>21,307</u>	<u>3</u>	<u>7,728</u>	<u>1</u>
8300	Other comprehensive income (loss) for the year	( <u>75,738</u> )	( <u>9</u> )	( <u>54,766</u> )	( <u>6</u> )
8500	TOTAL COMPREHENSIVE INCOME OF THE YEAR	<u>\$ 660,884</u>	<u>81</u>	<u>\$ 736,954</u>	<u>86</u>

#### EARNINGS PER SHARE

(Note 17)

From continuing operations

9750	Basic	<u>\$ 2.77</u>	<u>\$ 2.97</u>
9850	Diluted	<u>\$ 2.76</u>	<u>\$ 2.97</u>

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

(With Deloitte & Touche auditors' report dated March 30, 2022)

Chairman: Fang-Hsin Lee

President: Fang-Hsin Lee

Accounting Manager: Yu-Yi Lee

YUNGSHIN GLOBAL HOLDING CORPORATION  
STATEMENTS OF CHANGES IN EQUITY  
JANUARY 1 TO DECEMBER 31, 2021 AND 2020

In Thousands of New Taiwan Dollars

								Other Equity				
		Share Capital	Capital Surplus	Retained Earnings (Note 13)				Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income			
Code		(Note 13)	(Note 13)	Legal Reserve	Special Reserve	Unappropriated Earnings	Total			Total	Treasury shares	Total
A1	BALANCE ON JANUARY 1, 2020	\$ 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
	Appropriation of 2019 earnings											
B1	Legal reserve	-	-	75,002	-	( 75,002 )	-	-	-	-	-	-
B3	Special reserve	-	-	-	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 )
M7	Changes in ownership interests in subsidiaries	-	2,157	-	-	-	-	-	-	-	-	2,157
C7	Changes in capital surplus from investments in associates accounted for using the equity method	-	131	-	-	-	-	-	-	-	-	131
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	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
	Appropriation of 2020 earnings											
B1	Legal reserve	-	-	77,499	-	( 77,499 )	-	-	-	-	-	-
B3	Special reserve	-	-	-	38,040	( 38,040 )	-	-	-	-	-	-
B5	Cash dividends distributed by the Corporation	-	-	-	-	( 532,846 )	( 532,846 )	-	-	-	-	( 532,846 )
	Subtotal	-	-	77,499	38,040	( 648,385 )	( 532,846 )	-	-	-	-	( 532,846 )
M7	Changes in ownership interests in subsidiaries	-	6,196	-	-	-	-	-	-	-	-	6,196
C7	Changes in capital surplus from investments in associates accounted for using the equity method	-	327	-	-	-	-	-	-	-	-	327
M1	Adjustment to capital surplus from dividends paid to subsidiary	-	85	-	-	-	-	-	-	-	-	85
D1	Net profit for year ended 2021	-	-	-	-	736,622	736,622	-	-	-	-	736,622
D3	Other comprehensive income (loss) for year ended 2021	-	-	-	-	11,419	11,419	( 85,229 )	( 1,928 )	( 87,157 )	-	( 75,738 )
D5	Total comprehensive income (loss) for year ended 2021	-	-	-	-	748,041	748,041	( 85,229 )	( 1,928 )	( 87,157 )	-	660,884
Z1	BALANCE ON DECEMBER 31, 2021	\$ 2,664,230	\$ 2,152,909	\$ 726,190	\$ 304,005	\$ 1,083,235	\$ 2,113,430	( \$ 403,587 )	\$ 12,425	( \$ 391,162 )	( \$ 1,439 )	\$ 6,537,968

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

(With Deloitte & Touche auditors' report dated March 30, 2022)

Chairman: Fang-Hsin Lee

President: Fang-Hsin Lee

Accounting Manager: Yu-Yi Lee

YUNGSHIN GLOBAL HOLDING CORPORATION  
STATEMENTS OF CASH FLOWS  
JANUARY 1 TO DECEMBER 31, 2021 AND 2020

In Thousands of New Taiwan Dollars

Code		2021	2020
	CASH FLOWS FROM OPERATING		
	ACTIVITIES		
A10000	Profit before income tax:	\$ 767,675	\$ 806,150
A20010	Adjustments for:		
A20100	Depreciation	1,842	2,325
A20200	Amortization	769	2,171
A20900	Finance costs	3,696	4,797
A21200	Interest income	( 36 )	( 249 )
A22300	Share of profit or loss of subsidiaries and associates accounted for using the equity method	( 807,469 )	( 846,704 )
A22500	Loss on disposal of property, plant and equipment	65	-
A24100	Unrealized loss (gain) on foreign exchange	382	( 561 )
A29900	Loss on disposal of subsidiaries	-	4,080
A30000	Changes in operating assets and liabilities		
A31180	Other receivables - related parties	1,949	( 5,124 )
A31230	Prepayments	1,670	( 836 )
A32180	Other Payables	( 1,088 )	2,702
A32230	Other current liabilities	-	579
A32240	Net defined benefit liabilities	-	( 119 )
A33000	Cash generated from operations	( 30,545 )	( 30,789 )
A33100	Interest received	36	249
A33200	Cash dividends received from investments accounted for using the equity method	572,422	604,936
A33300	Interest paid	( 3,890 )	( 4,930 )
A33500	Income tax paid	( 10,640 )	( 5,326 )
AAAA	Net cash generated from operating activities	<u>527,383</u>	<u>564,140</u>
	CASH FLOWS FROM INVESTING		
	ACTIVITIES		
B02300	Net cash generated from disposal of subsidiaries	-	8,234

B02800	Proceeds from disposal of property, plant and equipment	191	-
B04500	Acquisition of intangible assets	( <u>351</u> )	<u>-</u>
BBBB	Net cash generated from (used in) investing activities	( <u>160</u> )	<u>8,234</u>

CASH FLOWS FROM FINANCING  
ACTIVITIES

C00200	Repayments of short-term borrowings	-	( 160,000 )
C01600	Proceeds from long-term borrowings	-	460,000

(Continued on next page)

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<u>Code</u>		<u>2021</u>	<u>2020</u>
C01700	Repayments of long-term borrowings	\$ -	(\$ 300,000)
C04020	Repayment of the principal portion of lease liabilities	( 1,458 )	( 2,194 )
C04500	Cash dividends paid	( <u>532,846</u> )	( <u>586,130</u> )
CCCC	Net cash used in financing activities	( <u>534,304</u> )	( <u>588,324</u> )
DDDD	Effects of exchange rate changes on cash and cash equivalents	( <u>382</u> )	<u>561</u>
EEEE	NET DECREASE IN CASH AND CASH EQUIVALENTS	( 7,463 )	( 15,389 )
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>54,608</u>	<u>69,997</u>
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 47,145</u>	<u>\$ 54,608</u>

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

(With Deloitte & Touche auditors' report dated March 30, 2022)

Chairman: Fang-Hsin Lee

President: Fang-Hsin Lee

Accounting Manager: Yu-Yi Lee



YUNGSHIN GLOBAL HOLDING CORPORATION

NOTES TO FINANCIAL STATEMENTS

JANUARY 1 TO DECEMBER 31, 2021 AND 2020

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

This financial statements were approved by the Corporation's Board of Directors on March 30, 2022.

3. Application of New, Amended and Revised Standards and Interpretations

(I) 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 (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.

(II) IFRSs recognized by FSC in 2022

New, Amended and Revised IFRSs	Effective Date Announced by the IASB
Annual Improvements to IFRSs 2018-2020	January 1, 2022 (Note 1)
Amendments to IFRS 3 "Reference to the	January 1, 2022 (Note 2)

Conceptual Framework”

Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use” January 1, 2022 (Note 3)

Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract” January 1, 2022 (Note 4)

Note 1: 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 2: 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 3: 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 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

As of the release date of this financial statements, the Corporation believes that the amendment of other criteria and interpretations will not have a material impact on its financial position and financial performance.

(III) IFRSs issued by the International Accounting Standards Board (IASB) but not yet endorsed and issued into effect by the FSC.

<u>New, Amended and Revised IFRSs</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendment to IFRS 17 "First Application of IFRS 17 and IFRS 9 - Comparative Information"	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 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities Arising from Single Transaction"	January 1, 2023 (Note 4)

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

Note 2: These amendments are applicable prospectively to the annual reporting periods beginning on or after January 1, 2023.

Note 3: These amendments are applicable prospectively to accounting estimates and accounting policies changed in the annual reporting periods beginning on or after January 1, 2023.

Note 4: The amendments are applicable prospectively to the transactions incurred after January 1, 2022, except for the deferred tax accounted for on temporary differences in leasing and decommissioning obligation as of January 1, 2022.

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.

#### 4. Summary of Significant Accounting Policies

##### (I) Statement of compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

##### (II) 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 and associates using the equity method in the preparation of the individual financial statements. To ensure consistency between the current year's profit or loss, other comprehensive profit or loss, and equity in the financial statements and the current year's profit or loss, other comprehensive profit or loss, and equity attributable to owners of the Corporation in the Corporation's consolidated financial statements, accounting treatment differences under the 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 and associates accounted for using equity method" and other related equity items.

##### (III) 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.

#### (IV) 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.

In preparing the individual financial statements, 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.

(V) 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.

#### (VI) 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 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 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 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, the Corporation shall continue to use the equity method and shall not reassess retained equity.



Profit or loss arising from up- and downstream transactions between the Corporation and the associates or side-stream 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.

(VII) 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.

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.

(VIII) 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.

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

(IX) Impairment of property, plant and equipment, right-of-use assets, and intangible assets (except goodwill)

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 (except goodwill). 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 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, or cash generating unit 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.

#### (X) Financial Instruments

Financial assets and liabilities are recognized in the 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.

##### (1) 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:

- a. Held under a business model whose purpose of holding such financial assets is to collect the contractual cash flows; and
- b. 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 and deposits paid 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:

- a. 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.
- b. 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.

## (2) Impairment of financial assets

The Corporation evaluates credit losses on financial assets at amortized cost (including accounts receivable) 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.

## (3) 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 from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance, or write-off of the Corporation's equity.

### 3. Financial liabilities

#### (1) Subsequent measurement

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

#### (2) Derecognition of financial liabilities

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

### (XI) Revenue recognition

After identifying 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.

### (XII) Leases

The Corporation evaluates whether a contract is (or includes) a lease on the contract establishment date.

#### 1. The Corporation as a lessor

Leases in which the lessee assumes substantially all of the risks and rewards of ownership are classified as finance leases. 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.

## 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 lease start date less the lease incentives received, 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 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.

Subsequently, lease liabilities are 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. Lease liabilities are expressed separately in the balance sheets.

## (XIII) 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.

(XIV) 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.

(XV) Income Tax

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

1. Current income tax

An additional 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 income 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 year 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 income 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 income tax 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 recognized 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 recent development of COVID-19 in Taiwan and its possible impact on the economic environment in the estimation of cash flow, growth rate, discount rate, profitability and other relevant significant accounting estimates, and the management will constantly review the estimations and underlying assumptions. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future year if the revision affects both current and future year .



6. Cash and Cash Equivalents

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Cash on hand	\$ 30	\$ 30
Bank deposits	<u>47,115</u>	<u>54,578</u>
	<u>\$ 47,145</u>	<u>\$ 54,608</u>

The interest rate range for bank deposits on the balance sheet date is as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Bank deposits	0.001% to 0.02%	0.001% to 0.02%

7. Investment accounted for using the equity method

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Investment in subsidiaries	\$ 6,954,047	\$ 6,810,112
Investment in associates	<u>165,740</u>	<u>165,065</u>
	<u>\$ 7,119,787</u>	<u>\$ 6,975,177</u>

(I) Investment in subsidiaries

<u>Recognized in Assets</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Unlisted companies		
Yung Shin Pharm. Ind. Co., Ltd.	\$ 3,416,489	\$ 3,314,711
YSP International Company Limited	1,891,057	1,845,716
Vetnostrum Animal Health Co., Ltd.	1,269,149	1,227,945
Chemix Inc.	324,683	369,072
AnTec Biotech Co., Ltd.	<u>52,669</u>	<u>52,668</u>
	<u>\$ 6,954,047</u>	<u>\$ 6,810,112</u>

AnTec Biotech Co., Ltd. was dissolved on December 31, 2016, and approved by the Taichung City Government in Order Fu-Shou-Jing-Shang-Zi No. 10607018000. Currently, it is still in the liquidation process.

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.

(II) Investment in associates

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Associates that are not individually material		
Yung Zip Chemical Ind. Co., Ltd.	<u>\$ 165,740</u>	<u>\$ 165,065</u>

Summarized information on associates not individually significant

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
The Corporation's share of:		
Net profit for the year	<u>\$ 1,489</u>	<u>\$ 5,144</u>

## 8. PROPERTY, PLANT AND EQUIPMENT

	<u>Office Equipment</u>	<u>Other Equipment</u>	<u>Construction In Process</u>	<u>Total</u>
<u>Costs</u>				
Balance on January 1, 2020	\$ 5,544	\$ -	\$ 873	\$ 6,417
Additions	-	-	-	-
Reclassifications	-	873	( 873 )	-
Balance as at December 31, 2020	<u>\$ 5,544</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
Balance as at December 31, 2020	<u>\$ 4,779</u>	<u>\$ 121</u>	<u>\$ -</u>	<u>\$ 4,900</u>
Carrying Amount as at December 31, 2020	<u>\$ 765</u>	<u>\$ 752</u>	<u>\$ -</u>	<u>\$ 1,517</u>
<u>Costs</u>				
Balance on January 1, 2021	\$ 5,544	\$ 873	\$ -	\$ 6,417
Additions	-	-	-	-
Disposal	( 667 )	-	-	( 667 )
Balance as at December 31, 2021	<u>\$ 4,877</u>	<u>\$ 873</u>	<u>\$ -</u>	<u>\$ 5,750</u>
<u>Accumulated Depreciation and Impairment</u>				
Balance on January 1, 2021	\$ 4,779	\$ 121	\$ -	\$ 4,900
Depreciation	266	145	-	411
Disposal	( 411 )	-	-	( 411 )
Balance as at December 31, 2021	<u>\$ 4,634</u>	<u>\$ 266</u>	<u>\$ -</u>	<u>\$ 4,900</u>
Carrying Amount as at December 31, 2020	<u>\$ 243</u>	<u>\$ 607</u>	<u>\$ -</u>	<u>\$ 850</u>

As there was no indicator of impairment for the years ended December 31, 2021 and 2020, the Corporation did not conduct impairment assessment.

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

Office equipment	3 to 5 Years
Other equipment	6

9. Lease Agreement

(I) Right-of-use assets

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Carrying amount of right-of-use assets		
Buildings	\$ 708	\$ 1,771
Transportation equipment	<u>-</u>	<u>368</u>
	<u>\$ 708</u>	<u>\$ 2,139</u>
	<u>2021</u>	<u>2020</u>
Additions to right-of-use assets	<u>\$ -</u>	<u>\$ 405</u>
Depreciation charge for right-of-use assets		
Buildings	\$ 1,063	\$ 1,063
Transportation equipment	<u>368</u>	<u>742</u>
	<u>\$ 1,431</u>	<u>\$ 1,805</u>

(II) Lease liabilities

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Carrying amount of lease liabilities		
Current	\$ 717	\$ 1,458
Non-current	<u>-</u>	<u>717</u>
	<u>\$ 717</u>	<u>\$ 2,175</u>

Range of discount rate for lease liabilities is as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Buildings	1.05%	1.05%
Transportation equipment	-	0.86%

(III) 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 take over the leased building.

(IV) Other lease information

	<u>2021</u>	<u>2020</u>
Expenses relating to short-term leases and low-value asset leases	<u>\$ 94</u>	<u>\$ 19</u>
Total cash outflow for leases	<u>\$ 1,567</u>	<u>\$ 2,239</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

Long-term borrowings

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Unsecured borrowings</u>		
Long-term bank loans	<u>\$ 460,000</u>	<u>\$ 460,000</u>
Interest rate		
Credit borrowings	0.75%	0.82% to 0.90%
Due date	October 2023	September 2022

11. OTHER PAYABLES

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Remuneration payable to directors	\$ 13,915	\$ 14,703
Payables for salaries or bonuses	2,785	2,621
Compensation payable to employees	2,357	2,475
Others	<u>2,590</u>	<u>3,130</u>
	<u>\$ 21,647</u>	<u>\$ 22,929</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, 2021 and 2020 were NT\$468 thousand and NT\$477 thousand, respectively.

13. EQUITY

(I) Share capital

	<u>December 31, 2021</u>	<u>December 31, 2020</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>

(II) Capital reserve

	<u>December 31, 2021</u>	<u>December 31, 2020</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)	179	94
<u>May only be used to offset a deficit</u>		
Changes in percentage of ownership interests in subsidiaries and associates (Note 3)	<u>39,833</u>	<u>33,310</u>
Total	<u>\$ 2,152,909</u>	<u>\$ 2,146,301</u>

Note 1: According to Article 30, Item 4 of the Business Mergers and Acquisitions Act, when a company becomes a wholly-owned subsidiary of another company through share swap between the two companies, although its unappropriated retained earnings are recognized as capital reserve of another company (i.e. holding company) due to the share swap, its earnings appropriation is not restricted by Article 241, Item 1 of The Company Act. Additionally, according to 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 surplus 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 and associates resulting from equity transactions other than actual disposals or acquisitions or from changes in capital surplus of subsidiaries and associates accounted for using the equity method.

### (III) Retained earnings and dividend policy

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

- (1) Tax payments in accordance with laws.
- (2) Offset prior years' losses;
- (3) Set aside 10% of remaining amount as legal reserve;
- (4) Recognition or appropriation for special reserve to retained earnings in accordance with law and regulations.
- (5) For the payment dividends, if there is no surplus, the dividends shall not be paid with capital stock.
- (6) The remaining balance, together with the undistributed profits of previous years, shall be distributed as shareholders' dividends and submitted as a motion to the shareholders' meeting.

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 as follows:

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 appropriations of earnings for 2020 and 2019, which were proposed and approved in the shareholders' meetings on July 20, 2021 and May 28, 2020, were as follows:



	Distribution of Earnings		Dividends Per Share (NT\$)	
	2020	2019	2020	2019
Legal reserve	\$ 77,499	\$ 75,002	\$ -	\$ -
Special reserve	38,040	22,768	-	-
Cash dividends	532,846	586,130	2.00	2.20

On March 30, 2022, the Board of Directors' proposal to distribute earnings for 2021 is described below:

	2021
Legal reserve	<u>\$ 74,804</u>
Special reserve	<u>\$ 87,157</u>
Cash dividends	<u>\$ 452,919</u>
Earnings per share (NT\$)	<u>\$ 1.70</u>

The distribution of earnings for 2021 is subject to the resolution of the shareholders' meeting on May 24, 2022.

(IV) 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>2021</u>				
Shares held by subsidiaries	<u>58</u>	<u>-</u>	<u>-</u>	<u>58</u>
<u>2020</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 Pharm. Ind. Co., Ltd., acquired 55 thousand shares of Yung Shin Pharm. Ind. Co., Ltd. on November 12, 2001 before the amendments to The Company Act. The purpose of holding shares is solely for investing.

On January 3, 2011, Yung Shin Pharm. Ind. Co., Ltd. was established by the Corporation through share swap and Yung Shin Pharm. Ind. Co., Ltd. became a wholly-owned subsidiary of the Corporation. According to Order Tai-Cai-Zheng-3-Zi No. 0920124301, the shares of Yung Shin Pharm. Ind. Co., Ltd. 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, 2021 and 2020.

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, 2021 and 2020, the market value of treasury shares was NT\$2,494 thousand and NT\$2,595 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>2021</u>	<u>2020</u>
Share of profit or loss of subsidiaries and associates accounted for using the equity method	\$ 807,469	\$ 846,704
Service revenue - remuneration of directors and supervisors	<u>7,260</u>	<u>9,126</u>
	<u>\$ 814,729</u>	<u>\$ 855,830</u>

15. NET PROFIT

(I) Interest income

	<u>2021</u>	<u>2020</u>
Bank deposits	<u>\$ 36</u>	<u>\$ 249</u>

(II) Other income

	<u>2021</u>	<u>2020</u>
Rental income	\$ -	\$ 3,905
Others	<u>1,891</u>	<u>5,255</u>
	<u>\$ 1,891</u>	<u>\$ 9,160</u>

(III) Other gains and losses

	<u>2021</u>	<u>2020</u>
Net foreign exchange losses	(\$ 1,609)	(\$ 1,103)
Loss on disposal of property, plant and equipment	( 65)	-
Loss on disposal of subsidiaries	-	( 4,080)
Others	<u>-</u>	<u>( 957)</u>
	<u>(\$ 1,674)</u>	<u>(\$ 6,140)</u>

(IV) Finance costs

	<u>2021</u>	<u>2020</u>
Interest on bank loans	\$ 3,681	\$ 4,771
Interest on lease liabilities	<u>15</u>	<u>26</u>
	<u>\$ 3,696</u>	<u>\$ 4,797</u>

(V) Depreciation and Amortization

	<u>2021</u>	<u>2020</u>
Property, plant and equipment	\$ 411	\$ 520
Right-of-use assets	1,431	1,805
Intangible assets	<u>769</u>	<u>2,171</u>
	<u>\$ 2,611</u>	<u>\$ 4,496</u>

An analysis of depreciation by  
function

Operating expenses	<u>\$ 1,842</u>	<u>\$ 2,325</u>
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An analysis of amortization by  
function

Operating expenses	<u>\$ 769</u>	<u>\$ 2,171</u>
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(VI) Employee benefits expenses

	<u>2021</u>	<u>2020</u>
Short-term employee benefits	\$ 15,001	\$ 16,655
Post-employment benefits		
Defined contribution plans		
(Note 12)	468	477
Other employee benefits	<u>17,919</u>	<u>18,555</u>
Total employee benefit expenses	<u>\$ 33,388</u>	<u>\$ 35,687</u>

An analysis of employee  
benefits expense by function

Operating expenses	<u>\$ 33,388</u>	<u>\$ 35,687</u>
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(VII) Employees' compensation and remuneration of directors

The Corporation accrued employees' compensation and remuneration of directors at rates that are not lower than 0.3% and not higher than 3%, respectively, of profit before income tax. The employees' compensation and remuneration of directors for 2021 and 2020 were resolved by the Board of Directors on March 30, 2022 and 2021, respectively as follow:

Rate

	<u>2021</u>	<u>2020</u>
Employees' compensation	0.3%	0.3%
Remuneration of directors	2%	2%

Amount

	<u>2021</u>	<u>2020</u>
Employees' compensation	<u>\$ 2,357</u>	<u>\$ 2,475</u>
Remuneration of directors	<u>\$ 15,715</u>	<u>\$ 16,503</u>

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

There is no difference between the actual allotment of remuneration for employees and directors in 2020 and the amount recognized in the financial statements in 2020.

The actual appropriations of remuneration of directors for 2019 at the Corporation were different from the amounts recognized in the annual financial statements, and the differences between the amounts had been adjusted in profit or loss for 2020.

	<u>2019</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>
Amount recognized in the annual financial statements	<u>\$ 2,369</u>	<u>\$ 15,793</u>

Information on the Corporation's remunerations for employees and Directors resolved by the Board of Directors in 2021 and 2020, is available at the "Market Observation Post System" website of Taiwan Stock Exchange.

16. XVI. INCOME TAX

(I) Income tax recognized in profit or loss

Major components of income tax expenses are as follows:

	<u>2021</u>	<u>2020</u>
Current income tax		
Amount of the current year	\$ 3,730	\$ 5,352
Income tax on unappropriated earnings	6,330	3,306
Adjustments for prior years	<u>22</u>	( <u>376</u> )
	10,082	8,282
Deferred income tax		
Amount of the current year	<u>20,971</u>	<u>6,148</u>
Income tax expenses recognized in profit or loss	<u>\$ 31,053</u>	<u>\$ 14,430</u>

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

	<u>2021</u>	<u>2020</u>
Profit before income tax	<u>\$ 767,675</u>	<u>\$ 806,150</u>
Income tax expenses calculated based on income before income tax and the statutory tax rate	\$ 153,535	\$ 161,230
Exemptions	( 129,390 )	( 151,559 )
Income tax on unappropriated earnings	6,330	3,306
Unrecognized deductible temporary difference	556	1,829
Adjustments for income tax of prior periods	<u>22</u>	( <u>376</u> )
Income tax expenses recognized in profit or loss	<u>\$ 31,053</u>	<u>\$ 14,430</u>

(II) Income tax recognized in other comprehensive income

	<u>2021</u>	<u>2020</u>
Deferred income tax		
Adjustments for cumulative translation of foreign operations	<u>\$ 21,307</u>	<u>\$ 7,728</u>

(III) Current tax assets and liabilities

	<u>2021</u>	<u>2020</u>
Current tax assets		
Tax refunds receivable	<u>\$ -</u>	<u>\$ 556</u>
Current tax liabilities		
Income tax payable	<u>\$ 6,085</u>	<u>\$ 7,199</u>

(IV) Deferred tax assets and liabilities

Changes in deferred tax assets and liabilities are as follows:

2021

	<u>Beginning Balance</u>	<u>Recognized In Profit or Loss</u>	<u>Recognized In Other Comprehensive Income</u>	<u>Balance at End Of Year</u>
<u>Deferred tax assets</u>				
Temporary differences				
Adjustments for Cumulative Translation of Foreign Operations	\$ 35,975	\$ -	\$ 21,307	\$ 57,282
Leave Benefit Payable	52	61	-	113
Others	<u>-</u>	<u>76</u>	<u>-</u>	<u>76</u>
	<u>\$ 36,027</u>	<u>\$ 137</u>	<u>\$ 21,307</u>	<u>\$ 57,471</u>
	<u>Beginning Balance</u>	<u>Recognized In Profit or Loss</u>	<u>Recognized In Other Comprehensive Income</u>	<u>Balance at End Of Year</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Foreign long-term investment income	\$ 182,798	\$ 21,220	\$ -	\$ 204,018
Others	<u>112</u>	<u>( 112 )</u>	<u>-</u>	<u>-</u>
	<u>\$ 182,910</u>	<u>\$ 21,108</u>	<u>\$ -</u>	<u>\$ 204,018</u>

2020

	Beginning balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance at End of Year
<u>Deferred Tax Assets</u>				
Temporary Differences				
Adjustments for				
Cumulative				
Translation of				
Foreign				
Operations	\$ 28,247	\$ -	\$ 7,728	\$ 35,975
Leave Benefit				
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				
Foreign Long-Term				
Investment				
Income	\$ 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>

(V) Income tax assessments

The Corporation's income tax returns filed as at December 31, 2019 by the Corporation have been approved by the revenue service authority.

17. Earnings Per Share

	(In NT\$ per share)	
	2021	2020
Basic Earnings Per Share	<u>\$ 2.77</u>	<u>\$ 2.97</u>
Diluted Earnings Per Share	<u>\$ 2.76</u>	<u>\$ 2.97</u>

The earnings and the weighted average number of ordinary shares used in the computation of earnings per share are as follows:

Net profit for the year

	<u>2021</u>	<u>2020</u>
Net profit	\$736,622	\$791,720
Effect of potentially dilutive ordinary shares:		
Employees' compensation	<u>-</u>	<u>-</u>
Earnings used in the computation of diluted earnings per share from continuing operations:	<u>\$736,622</u>	<u>\$791,720</u>

Number of shares (Shares in Thousands)

	<u>2021</u>	<u>2020</u>
Weighted average number of ordinary shares in computation of basic earnings per share	266,365	266,365
Effect of potentially dilutive ordinary shares:		
Employees' compensation	<u>68</u>	<u>69</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>266,433</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

ASHIN Company Limited completed the liquidation process in February 2020, and loss on disposal of subsidiary amounted to \$4,080 thousand which was the cumulative difference on translation arising from reclassification of equity to profit or loss.



## 19. Capital Risk Management

The Corporation's objectives when managing capital are based on the scale of the industry involved, 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.

### Financial Instruments

#### (I) Categories of financial instruments

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial Assets</u>		
Financial Assets at Amortized		
Cost (Note 1)	\$ 62,525	\$ 71,937
<u>Financial Liabilities</u>		
Financial Liabilities at		
Amortized Cost (Note 2)	481,647	482,929

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 other payables and long-term borrowings (included current portion), and other financial liabilities at amortized cost.

#### (II) 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.

(1) Currency risk

Please refer to Note 24 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.

The positive amount in the table below indicates the amount that will reduce the profit before tax when NT\$ appreciates by 1% against the relevant currencies; when NT\$ depreciates by 1% against the relevant foreign currency, its impact on the profit before tax or interests will be a negative number of the same amount.

<u>Impact on profit or loss</u>	<u>2021</u>	<u>2020</u>
USD	\$ 105	\$ 222
RMB	-	129
JPY	63	-

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 Corporation is exposing to interest rate risk.

The carrying amounts of financial assets and financial liabilities of the Corporation exposed to interest rate risk on the balance sheet date are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Fair Value Interest Rate Risk		
- Financial Liabilities	<u>\$ 717</u>	<u>\$ 2,175</u>
Cash Flow Interest Rate Risk		
- Financial Assets	<u>\$ 47,115</u>	<u>\$ 54,578</u>
- Financial Liabilities	<u>\$ 460,000</u>	<u>\$ 460,000</u>

### Sensitivity analysis

The sensitivity analysis below was determined based on The Group's exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the reporting period was 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\$413 thousand and NT\$405 thousand for 2021 and 2020, respectively.

## 2. Liquidity risk

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.

### (1) Table of liquidity of non-derivative financial liabilities and interest risk

The following details are 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, 2021

	Less than 1				
	Year	1 to 2 Years	2 to 5 Years	Above 5 Years	Total
<u>Non-Derivative</u>					
<u>Financial Liabilities</u>					
Other Payables	\$ 21,647	\$ -	\$ -	\$ -	\$ 21,647
Lease Liabilities	720	-	-	-	720
Long-Term					
Borrowings					
(Included Current					
Portion)	3,450	462,612	-	-	466,062
	\$ 25,817	\$ 462,612	\$ -	\$ -	\$ 488,429

## December 31, 2020

	Less than 1				
	Year	1 to 2 Years	2 to 5 Years	Above 5 Years	Total
<u>Non-Derivative</u>					
<u>Financial Liabilities</u>					
Other Payables	\$ 22,929	\$ -	\$ -	\$ -	\$ 22,929
Lease Liabilities	1,472	720	-	-	2,192
Long-Term					
Borrowings					
(Included Current					
Portion)	-	465,952	-	-	465,952
	\$ 24,401	\$ 466,672	\$ -	\$ -	\$ 491,073

## (2) Financing limit

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Unsecured Bank		
Overdraft Limit		
- Amount utilized	\$ 460,000	\$ 460,000
- Amount unutilized	<u>740,000</u>	<u>1,040,000</u>
	<u>\$ 1,200,000</u>	<u>\$ 1,500,000</u>

## 21. Related Parties Transactions

In addition to those disclosed in other notes, transactions between the Corporation and related parties are described below.

### (I) Related parties and their relations

<u>Related Party Name</u>	<u>Relationship with the Corporation</u>
Yung Shin Pharmaceutical Industrial Co., Ltd. (YSP)	Subsidiary
Chemix Inc.	Subsidiary
Antec Biotech Co., Ltd.	Subsidiary
YSP International Company Limited	Subsidiary
Vetnostrum Animal Health Co., Ltd.	Subsidiary
Angel Associates (Taiwan), Inc.	Subsidiary
Carlsbad Technology, Inc.(CTI)	Subsidiary
Yung Shin China Holding Company Limited	Subsidiary
Y.S.P. Industries (M) Sdn. Bhd. (YSPI)	Associate
Yung Shin Pharmaceutical Ind. (Kunshan) Co., Ltd.	Subsidiary
Shanghai Yung Zip Pharmaceutical Trading Co., Ltd.	Subsidiary
Yung Shin Company Limited (Hong Kong)	Subsidiary
Yung Zip Chemical Ind. Co., Ltd.	Associate
Biotrust International Corporation	Associate
Y.S.P, Southeast Asia Holding Bhd.	Associate
Fang-Chen 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

### (I) Remuneration of directors (recognized in other operating revenue)

<u>Category / Name of related party</u>	<u>2021</u>	<u>2020</u>
Subsidiary	\$ 7,177	\$ 9,126
Associate	83	-
	<u>\$ 7,260</u>	<u>\$ 9,126</u>

### (II) Operating expenses

<u>Category / Name of related party</u>	<u>2021</u>	<u>2020</u>
Subsidiary	\$ 264	\$ 15
Substantial related party	29	72
	<u>\$ 293</u>	<u>\$ 87</u>

(III) Non-operating income

<u>Category / Name of related party</u>	<u>2021</u>	<u>2020</u>
Associate	<u>\$ 50</u>	<u>\$ 50</u>

(IV) Other receivables - related parties

<u>Category / Name of related party</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Subsidiary		
Yung Shin Pharmaceutical	\$ 6,506	\$ 8,468
Vetnostrum Animal Health Co., Ltd.	671	658
CTI	<u>8,200</u>	<u>8,200</u>
	<u>\$ 15,377</u>	<u>\$ 17,326</u>

(V) Temporary credit (recognized in other current liabilities)

<u>Category / Name of related party</u>	<u>2021</u>	<u>2020</u>
Subsidiary		
Antec Biotech Co., Ltd.	<u>\$ 12,325</u>	<u>\$ 12,325</u>

(VI) Key management compensation

<u>Category / Name of related party</u>	<u>2021</u>	<u>2020</u>
Short-term employee benefits	<u>\$ 5,516</u>	<u>\$ 5,505</u>

The compensation of directors and other key management personnel is determined by the Remuneration Committee based on individual performance.

22. Significant Contingent Liabilities and Unrecognized Commitments

YSP International Company Limited, a subsidiary of the Corporation, signed a share sale and purchase agreement with Mr. Fang-Chen Lee, a director of the Corporation, on December 29, 2021, to sell the equity of Yung Shin China Holding Co., Ltd. and its subsidiary Yung Shin Pharmaceutical Ind. (Kunshan) Co., Ltd. for US\$ 23,518,000. The transaction is subject to the completion of the equity divestiture of subsidiaries Shanghai Yung Zip Pharmaceutical Trading Co., Ltd. and Yung Shin Company Limited (Hong Kong). Equity divestiture has not been completed as of the financial statements date.

23. 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.

24. 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 were as follows:

December 31, 2021

	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>Carrying Amount</u>
<u>Foreign Currencies</u>			
<u>Monetary items</u>			
USD	\$ 800	27.68 (USD:NTD)	\$ 22,154
JPY	26,086	0.24 (JPY:NTD)	<u>6,274</u>
			<u>\$ 28,428</u>
<u>Non-monetary items</u>			
Investments accounted for using the equity method			
JPY	1,350,180	0.24 (JPY:NTD)	<u>\$ 324,683</u>
<u>Foreign currency liabilities</u>			
<u>Monetary items</u>			
USD	422	27.68 (USD:NTD)	<u>\$ 11,683</u>

December 31, 2020

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Foreign Currencies</u>			
<u>Monetary items</u>			
USD	\$ 807	28.48 (USD:NTD)	\$ 22,983
RMB	2,945	4.36 (RMB:NTD)	12,854
JPY	166	0.28 (JPY:NTD)	46
			<u>\$ 35,883</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>Foreign currency</u>			
<u>liabilities</u>			
<u>Monetary items</u>			
USD	29	28.48 (USD:NTD)	<u>\$ 826</u>

For 2021 and 2020, the Corporation generated the currency exchange losses of NT\$1,609 thousand and NT\$1,103 thousand, respectively. Since the amounts of foreign currency transactions were not significant, no currency exchange gains or losses of significance were disclosed.

25. Separately Disclosed Items

(I) Information on significant transactions:

1. Financing provided for others: None.
2. Endorsements/guarantees provided: Table 1.
3. Marketable securities held at the end of the year (excluding investments in subsidiaries, associates, and joint ventures): Table 2
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 real estate at price in excess of 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 3.
8. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None
9. Derivatives Trading: None

(II) Re-investees: Table 4.

(III) Information on investments in mainland China

1. Information on invested companies in mainland China (name, main business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income, carrying amount of investment at end of period, repatriations of investment income, and limit on the amount of investment in mainland China): Table 5.
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:
  - (1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year : None.
  - (2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year: None.
  - (3) The amount of property transactions and the amount of the resultant gains or losses: None.
  - (4) The balances and purposes of negotiable endorsements/guarantees or collateral provided: Table 1.
  - (5) The maximum remaining balance, ending balance, range of interest rate and total amount of current interest of financing facilities: None.
  - (6) 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.

(IV) 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 AND SUBSIDIARIES  
ENDORSEMENTS/GUARANTEES PROVIDED  
JANUARY 1 TO DECEMBER 31, 2021

Table 1

In Thousands of New Taiwan Dollars, Unless Stated Otherwise

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee given on behalf of each party (Note 3)	Maximum Amount of Endorsed/ Guaranteed of the year	Outstanding Endorsement / Guarantee at the end of the year (Note 5)	Actual Amount Used	Amount Endorsed/Guarant eed by Collateral	Ratio of the cumulative amount of endorsement guarantee to the net value of the most recent financial statements	Maximum limit of endorsement and warranty (Note 4)	Endorsement /Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement /Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement and warranty for mainland China	Remark
		Company Name	Relationship (Note 2)											
0	YungShin Global Holding Corporation	Chemix Inc.	2	\$ 1,264,186	\$ 289,926	\$ 283,790	\$ 141,895	\$ -	4.49%	\$ 3,160,466	Yes	No	No	-
		Yung Shin Pharmaceutical Ind. (Kunshan) Co., Ltd.	2	1,264,186	428,025	415,200	-	-	6.57%	3,160,466	Yes	No	Yes	-
		Carlsbad Technology, Inc.	2	1,264,186	1,498,420	1,491,952	395,520	-	23.60%	3,160,466	Yes	No	No	Note 7
1	Vetnostrum Animal Health Co., Ltd.	Vetnostrum Animal Health Co., Ltd.	-	185,471	10,000	10,000	5,000	-	1.08%	463,678	No	No	No	Note 6

Note 1: The numbers filled in for the loans provided by the Corporation or subsidiaries are as follows:

(1) The parent is “0.”

(2) The subsidiaries are numbered in order starting from “1.”

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following categories; the number of category in each case belongs to:

(1) Having business relationship.

(2) The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(3) The endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/guaranteed company.

Note 3: The upper limits for endorsement and guarantee can not exceed 20% of the Corporation’s net value for single business being endorsed.

Note 4: The upper limits for endorsement and guarantee can not exceed 50% of the Corporation’s net assets value for total outside party being endorsed/guaranteed.

Note 5: Outstanding endorsement/guarantee amounts are converted at the spot exchange rates prevailing at December 31, 2021.

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, 2021

Table 2

In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Remark
				Number of 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	5,301	\$ 5,603	-	\$ 5,603	-
	Stock - Ana Holding Inc.	None	Financial assets at fair value through other comprehensive income - non-current	1,000	578	-	578	-
Yung Shin Pharm. Ind. Co., Ltd.	Stock - Missioncare Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	3,161,052	28,974	2.17%	28,974	-
	Stock - Missioncare Asset Management Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	1,338,947	12,607	2.11%	12,607	-
	Stock - Limited Liability Fengyuan Medical Waste Disposal Equipment Used Cooperatives	None	Financial assets at fair value through other comprehensive income - non-current	1,000	6	0.07%	6	-
	Stock - International Green Handle Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	1,567	12	0.07%	12	-
Angel Associates (Taiwan), Inc.	Stock - YungShin Global Holding Corporation	Parent company	Financial assets at fair value through other comprehensive income - current	58,059	1,958	0.02%	2,494	Note 2

Note 1: The bases of the market value of listed shares were the closing price of listed shares, funds and net asset value as of December 31, 2021. Unlisted shares, emerging market shares and funds were measured by valuation techniques and inputs applied for Level 3 fair value.

Note 2: The book value of this security was transferred to treasury shares.

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, 2021

Table 3

In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Company Name	Counterparty	Relationship	Transaction Details				The circumstances and reasons why the terms of transaction are different from those ordinary transactions		Accounts/Notes Receivable or Payable		Remark
			Purchase or Sale	Amount	% to Total Purchases or Sales	Credit Period	Unit Price	Credit Period	Balance	Proportion of notes and accounts receivable (payable)	
Yung Shin Pharm. Ind. Co., Ltd.	Vetnostrum Animal Health Co., Ltd.	The same ultimate parent company	Sales	\$ 217,102	5.12%	Payment due within 60 to -120 days upon delivery	\$ -	-	\$ 84,839	8.53%	-

YUNGSHIN GLOBAL HOLDING CORPORATION AND SUBSIDIARIES  
INFORMATION ON INVESTEEES  
FOR THE YEAR ENDED DECEMBER 31, 2021

Table 4

In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2021			Net profit or loss of the investee (Note 1)	Investment profit or loss recognized in the current year (Note 1)	Remark
				December 31, 2021	December 31, 2020	Number of shares	Percentage of Ownership %	Carrying Amount (Note 1)			
YungShin Global Holding Corporation	Yung Shin Pharm. Ind. Co., Ltd.	Taiwan	Manufacturing and sale of medicine and cosmetics	\$ 4,151,196	\$ 4,151,196	83,377,170	100.00	\$ 3,416,489	\$ 570,230	\$ 581,099	Subsidiary
	YSP International Company Limited	British Virgin Islands	Trade, investment, and other related businesses	1,208,096	1,208,096	10,000	100.00	1,891,057	101,263	102,600	Subsidiary
	Vetnostrum Animal Health Co., Ltd.	Taiwan	Manufacturing and sale of medicine	1,254,603	1,254,603	55,000,000	100.00	1,269,149	109,888	110,802	Subsidiary
	Chemix Inc.	Japan	Sale of medicine	JPY 880,000 ≡ 270,248	JPY 880,000 ≡ 270,248	192	100.00	324,683	JPY 43,162 ≡ 11,024	11,477	Subsidiary
	Yung Zip Chemical Ind. Co., Ltd.	Taiwan	Manufacture and sale of active pharmaceutical ingredients	152,968	152,968	8,817,302	20.81	165,739	6,003	1,489	Associate (Note 3)
	AnTec Biotech Co., Ltd.	Taiwan	Extraction, manufacture, and sale of wood products	170,095	170,095	17,200,000	100.00	52,670	2	2	Subsidiary
Yung Shin Pharm. Ind. Co., Ltd.	Angel Associates (Taiwan), Inc.	Taiwan	Import and export trading	3,675	3,675	3,675	73.50	8,839	728	-	Sub-subsiary (Note 4)
	Biotrust International Corporation	Taiwan	Biopharmaceutical research and technical services	-	66,500	-	-	-	( 1,885 )	-	Associate (Notes 3, 4 and 7)
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	787,951	50,376	-	Sub-subsiary (Notes 4 and 6)
	Carlsbad Technology, Inc.	USA	Manufacturing and sale of medicine	USD 27,015 ≡ 806,183	USD 20,515 ≡ 621,193	7,502,874	74.13	222,878	USD 1,096 ≡ 30,699	-	Sub-subsiary (Notes 4 and 5)
	Y.S.P, Southeast Asia Holding Bhd.	Malaysia	Biopharmaceutical research and technical services	MYR 52,366 ≡ 500,615	MYR 52,366 ≡ 500,615	52,365,605	37.17	855,280	MYR 15,182 ≡ 102,383	-	Associate (Notes 3 and 4)
Yung Shin China Holding Co., Ltd.	Yung Shin Company Limited	Hong Kong	Sale of medicine	HKD 7,720 ≡ 30,087	HKD 7,720 ≡ 30,087	7,720	96.50	44,609	HKD 385 ≡ 1,388	-	Sub-subsiary (Note 4)

Note 1: The amount of net profit or loss of the investee is converted at the average exchange rates for 2021, while other amounts are converted at the spot exchange rates prevailing at December 31, 2021.

Note 2: Refer to Table 5 for the information on investee companies in the Mainland.

Note 3: Long-term equity investments are accounted for under 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 74.13%% and 2.52% equity interest in CTI, respectively. The group's consolidated ownership in CTI is 74.65%.

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

Note 7: All equity was sold to Biotrust International Corporation on October 21, 2021.

YUNGSHIN GLOBAL HOLDING CORPORATION AND SUBSIDIARIES  
INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2021

Table 5

In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Investee Company	Main Businesses and Products	Paid-in capital	Investment Method (Note 1)	Accumulated outward remittance for investment from Taiwan as of January 1, 2021	Remitted or recovered investment amount in current year		Accumulated outward remittance for investment from Taiwan as of December 31, 2021	Net Income (loss) of the investee	Percentage of Ownership in Direct or Indirect Investment	Investment Income (loss)	Carrying amount of investment	Accumulated Repatriation of Investment Income as of this year	Remark
					Outflow	Inflow							
Yung Shin Pharmaceutical Ind. (Kunshan) Co., Ltd.	Manufacture and Sale of medicine, over-the-counter drugs, preparations, and chemical intermediates	RMB 126,27 ≡ 468,48	2	RMB 113,209 ≡ 409,904	\$ -	\$ -	RMB 113,209 ≡ 409,904	RMB 14,402 ≡ 62,531	82.42%	\$ 51,538	\$ 610,345	\$ -	Note 2
Shanghai Yung Zip Pharm. Trading Co., Ltd.	International trade, trade between companies in the bonded areas, and trade agency in the bonded areas: Warehousing and simple commercial processing in the bonded areas	RMB 33,52 ≡ 121,12	2	US\$ 4,000 ≡ 121,120	-	-	US\$ 4,000 ≡ 121,120	(RMB 325) ≡ ( 1,410)	91.93%	( 1,296)	85,664	-	Note 2
Farmtec Research Co, Ltd.	Pharmaceutical research, transfer, authorization, and outsourcing of services regarding formulas, as well as synthesis of biological and chemical medicines	RMB 17,08 ≡ 75,70	2	-	-	-	-	RMB -	91.93%	-	-	-	Notes 2 and 8
Globecare Trading (Shanghai) Co., Ltd.	Trading, wholesale and retail of health products, cosmetics, medicines, human testing reagents, and the aforesaid related raw materials, semi-finished products and production equipment	RMB 17,66 ≡ 78,84	2	-	-	-	-	(RMB 50) ≡ ( 219)	70.03%	( 153)	11,561	-	Note 3
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	RMB 36,66 ≡ 160,04	3	-	-	-	-	(RMB 6,818) ≡ ( 29,602)	5.03%	( 1,489)	10,666	-	Note 7

	Accumulated Outward Remittance for Investments in Mainland China as of the End of This Period (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	\$ 531,024	\$ 810,747	\$ 4,072,859

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) Through investing in an existing company in the third area, which then invested in the investee in mainland China.
- (3) Others

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

Note 3: The Corporation and Yung Zip Chemical Ind. Co., Ltd. hold 89.81% and 10.19% equity interest of Yung Shin China Holding Co., Ltd. respectively. Yung Shin China Holding Co., Ltd. And Y.S.P. Southeast Asia Holding Bhd. (company of investments accounted for using equity method) hold 60.00% and 40.00% of Globecare Trading Co., Ltd. respectively. The Group's consolidated ownership in Globecare Trading Co., Ltd. is 70.03%.

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

Note 5: The approved investment amount by the Investment Commission amounting to USD29,290 thousand was converted at the spot exchange rate of 27.68 (NTD:USD) prevailing on December 31, 2021.

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

Note 7: The Group holds a 5.03% 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: Farmtec Research Co, Ltd. has completed the liquidation process in May 2021.

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YungShin Global Holding Corporation  
Statement of Cash and Cash Equivalents  
DECEMBER 31, 2021

Statement 1

In Thousands of New Taiwan Dollars

Item	Amount
Cash on hand and petty cash	\$ 30
Bank deposits	
Checks and demand deposits	26,198
Foreign currency demand deposits (Note)	20,917
	47,115
	\$ 47,145

Note: The details are as follows:

Currency	Amount (In Thousands)	NTD Exchange Rate
USD	528	27.6800
JPY	26,086	0.2405
HKD	12	3.5490



YUNGSHIN GLOBAL HOLDING CORPORATION  
STATEMENT OF CHANGES IN IN LONG-TERM INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD  
DECEMBER 31, 2021

Statement 2

Unit: except otherwise specified,  
In Thousands of New Taiwan Dollars

		<u>Beginning balance</u>				<u>Increase This Year</u>				Subsidiaries	<u>Balance at End of Year</u>			<u>Market Value or Net Equity</u>		
								Share of Profit and Loss of Subsidiaries and Associates Accounted for Using Equity	Net Adjustments to Shareholder Equity	Cash Dividends Paid by Subsidiaries	Number of Shares	Share Ownership (%)	Amount	Unit Price	Amount	Remark
Par Value of	Number of	Share			Number of	Amount		Method								
Stock	Shares	Ownership (%)	Amount		Shares	Amount					Shares	Ownership (%)	Amount		Amount	
Unlisted companies																
Yung Shin Pharm. Ind.																
Co., Ltd.	10	66,648,417	100.00	\$3,314,711	16,728,753	\$ -	\$ 581,099	\$ 581,099	\$ 10,545	( \$ 489,866 )	83,377,170	100.00	\$3,416,489	42.14	\$3,513,806	Note 2
YSP International																
Company Limited	US\$ 1	10,000	100.00	1,845,716	-	-	102,600	102,600	( 57,259 )	-	10,000	100.00	1,891,057	189,350.60	1,893,506	
Vetnostrum Animal																
Health Co., Ltd.	10	55,000,000	100.00	1,227,945	-	-	110,802	110,802	4,102	( 73,700 )	55,000,000	100.00	1,269,149	17.58	966,972	
Chemix Inc.	10,000	192	100.00	369,072	-	-	11,477	11,477	( 47,891 )	( 7,975 )	192	100.00	324,683	1,694,156.25	325,278	
AnTec Biotech Co., Ltd.	10	17,200,000	100.00	52,668	-	-	2	2	-	-	17,200,000	100.00	52,670	3.06	52,670	
Yung Zip Chemical Ind.																
Co., Ltd.	10	8,817,302	20.81	<u>165,065</u>	-	<u>-</u>	<u>1,489</u>	<u>1,489</u>	<u>66</u>	( <u>881</u> )	8,817,302	20.81	<u>165,739</u>	19.50	<u>171,937</u>	
						<u>\$6,975,177</u>	<u>\$ -</u>	<u>\$ 807,469</u>	( <u>\$ 90,437</u> )	( <u>\$ 572,422</u> )	<u>\$7,119,787</u>			<u>\$6,924,169</u>		

Note 1: As of the end of 2021, 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.

YUNGSHIN GLOBAL HOLDING CORPORATION  
STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2021

Statement 3

In Thousands of New Taiwan Dollars

	<u>Beginning balance</u>	<u>Increase This Year</u>	<u>Decrease This Year</u>	<u>Balance at End of Year</u>
Costs				
Buildings	\$ 3,188	\$ -	\$ -	\$ 3,188
Transportation	<u>1,879</u>	<u>-</u>	<u>1,879</u>	<u>-</u>
Equipment	<u>5,067</u>	<u>\$ -</u>	<u>\$ 1,879</u>	<u>3,188</u>
Accumulated				
Depreciation				
Buildings	1,417	\$ 1,063	\$ -	2,480
Transportation	<u>1,511</u>	<u>368</u>	<u>1,879</u>	<u>-</u>
Equipment	<u>2,928</u>	<u>\$ 1,431</u>	<u>\$ 1,879</u>	<u>2,480</u>
	<u>\$ 2,139</u>			<u>\$ 708</u>

YUNGSHIN GLOBAL HOLDING CORPORATION  
STATEMENT OF LONG-TERM BORROWINGS  
DECEMBER 31, 2021

Statement 4

In Thousands of New Taiwan Dollars

Creditor	Summary	Amount	Contractual Term	Interest rate	Financing limit	Remark
E.SUN Commercial Bank, Taichung Branch	Credit borrowings	\$ 300,000	10/18/2021~10/18/2023	0.75%	\$ 300,000	-
Mizuho Bank, Taichung Branch	Credit borrowings	<u>160,000</u>	09/03/2021~09/03/2023	0.75%	<u>300,000</u>	-
		<u>\$ 460,000</u>			<u>\$ 600,000</u>	

Note: As of December 31, 2021, the amount of long-term financing provided by correspondent banks of the Corporation was about NT\$1,200,000, excluding long-term loans of NT\$460,000 (including long-term loans maturing within one year), and the amount of long-term financing that has not been utilized was about NT\$740,000

YUNGSHIN GLOBAL HOLDING CORPORATION  
STATEMENT OF LEASE LIABILITIES  
DECEMBER 31, 2021

Statement 5

In Thousands of New Taiwan Dollars

Name	Lease Term	Discount Rate (%)	Balance at end of the year
Buildings	September 1, 2019 to August 31, 2022	1.05%	\$ 717
Less: Classified as portion due within one year			( <u>717</u> )
Total			<u>\$ -</u>

YUNGSHIN GLOBAL HOLDING CORPORATION

STATEMENT OF OPERATING EXPENSES

DECEMBER 31, 2021

Statement 6

In Thousands of New Taiwan Dollars,  
Unless Stated Otherwise

Name	General and administrative expenses
Salaries	\$ 31,184
Others (Note)	<u>12,427</u>
	<u>\$ 43,611</u>

Note: The amount of each item does not exceed 5% of the balance of this account.

YUNGSHIN GLOBAL HOLDING CORPORATION

SUMMARY STATEMENT OF EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION, AND AMORTIZATION

EXPENSES BY FUNCTION FOR THE YEARS ENDED DECEMBER 31

2021 AND 2020

Statement 7

In Thousands of New Taiwan Dollars,  
Unless Stated Otherwise

	<u>2021</u>	<u>2020</u>
	<u>Operating expenses</u>	<u>Operating expenses</u>
Employee benefit expenses (Note)		
Salaries	\$ 15,001	\$ 16,655
Labor and health insurance premiums	1,671	1,509
Pension expenses	468	477
Remuneration of directors	15,715	16,503
Other employee benefit expenses	<u>533</u>	<u>543</u>
	<u>\$ 33,388</u>	<u>\$ 35,687</u>
Depreciation	<u>\$ 1,842</u>	<u>\$ 2,325</u>
Amortization	<u>\$ 769</u>	<u>\$ 2,171</u>

Note: 1. The numbers of employees of the Corporation for 2021 and 2020 were 17 and 18, respectively, among which the numbers of directors who were not concurrent employees were both 8.

2. The average employee benefit expenses for 2021 and 2020 were NT\$1,964 thousand and NT\$1,918 thousand, respectively.

3. The average salaries for 2021 and 2020 were NT\$1,667 thousand and NT\$1,666 thousand, respectively.

4. The average salary adjustment was 0.06%.

5. The Corporation has no supervisor.

6. 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	2021	Difference	
			Amount	%
Current assets	6,454,840	6,387,283	(67,557)	(1.05)
Real estate, plant, and equipment	4,459,976	4,204,912	(255,064)	(5.72)
Intangible assets	64,886	45,240	(19,646)	(30.28)
Other assets	1,632,190	1,371,831	(260,359)	(15.95)
Total assets	12,611,892	12,009,266	(602,626)	(4.78)
Total liabilities	6,035,630	5,221,167	(814,463)	(13.49)
Capital	2,664,230	2,664,230	-	-
Capital surplus	2,146,301	2,152,909	6,608	0.31
Retained earnings	1,898,235	2,113,430	215,195	11.34
Other adjustments	(132,504)	(142,470)	(9,966)	7.52
Total stockholder equity	6,576,262	6,788,099	211,837	3.22

Analysis:

1. The decrease in total assets was mainly due to the decrease in investment under the equity method and the decrease in property, plant and equipment.
2. The decrease in total liabilities was mainly due to the repayment of bank borrowings.
3. The retained earnings were mainly due to the increase in net profit after tax.

### II. Financial Performance:

#### Comparative Analysis of Financial Performance

Unit: NT\$1,000

Item \ Year	2020	2021	Amount of increase (decrease)	Proportion of change (%)
Operating income	8,084,664	7,805,055	(279,609)	(3.46)
Operating costs	(4,402,545)	(4,081,809)	320,736	(7.29)
Gross profit	3,682,119	3,723,246	41,127	1.12
Total operating expenses	(2,721,013)	(2,765,617)	(44,604)	1.64
Net operating income	961,106	957,629	(3,477)	(0.36)
Non-operating income and expenses	63,384	40,917	(22,467)	(35.45)
Net profit before tax from continuing operations	1,024,490	998,546	(25,944)	(2.53)
Income tax expenses	(243,356)	(242,253)	1,103	(0.45)
Net profit for the current period	781,134	756,293	(24,841)	(3.18)

Analysis of the proportion of change:

1. The decrease in operating income and operating costs was mainly due to the impact of the epidemic.
2. The decrease in non-operating income and expenses was mainly due to the impact of exchange gains and 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 following year:

Unit: NT\$1,000

Beginning Cash Balance (1)	Projected Net Cash Flow From Operating Activities During The Year (2)	Projected Cash Outflow During The Year (3)	Estimated Cash Surplus (Shortfall) Amount (1)+(2)-(3)	Remedial Measures for Cash Inadequacy	
				Investment Plan	Financial Plan
1,186,209	1,060,279	1,032,058	1,214,430	-	-

- Note: 1. Cash flow from operating activities are primarily attributable to the cash received from sales and payment of operating expenses.
2. The expected cash outflow from investment and financing activities for the year consist mainly of dividend allocation and capital expenditures.

### IV. Major Capital Expenditures in the **Most** Recent Year and Their Impacts on the Corporation's Finance and Operations: None.

### V. Reinvestment Policies of the Most Recent Year, Main Reasons for Investment Gains or Losses, Improvement Plans, and Investment Plans of the Upcoming Year:

#### (I) Reinvestment Policy:

YungShin Group 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 2021 is NT\$807,469 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 plans:

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 future investment plans:

APIs with "stable supply, reliable quality, and competitive costs" are the key to winning the competition in the main generic drug market. The effective control of the end-user market is the key to the Corporation's sustainable development. YungShin Group focuses on the integration and development of the pharmaceutical and health industry value chain, 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 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 programs and expected R&D investment: None. the Corporation's principal business activity is general investment and does not require research and development.

### (IV) Impact of major policy and legal changes at home and abroad on the financial business of the Corporation 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 Corporation's crisis management of changes in the Corporation's 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

(VIII) 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.

(IX) Expected Benefits and Possible Risks Associated with Any Plant Expansion, and Mitigation Measures being or to be Taken: None.

(X) Risks Associated with Any Consolidation of Sales or Purchasing Operations, and Mitigation Measures being or to be Taken: None.

(XI) Effect upon and Risk to the Corporation in the Event a Major Quantity of Shares Belonging to a Director, Supervisor, or Shareholder Holding Greater than a 10 Percent Stake in the Corporation has been Transferred or has otherwise Changed Hands, and Mitigation Measures being or to be Taken: None.

(XII) Effect upon and Risk to Corporation Associated with Any Change in Governance Personnel or Top Management, and Mitigation Measures being or to be Taken: None.

(XIII) Litigation or Non-litigation: None.

(XIV) Other Important Risks, and Mitigation Measures being or to be Taken: None.

(XV) The Corporation seeks to continuously strengthen the management of information security and planned and strengthened management measures for various information security risks such as device management, hardware protection, terminal protection, application system security monitoring, and Internet and mobile security to protect the best interests of customers and stakeholders.

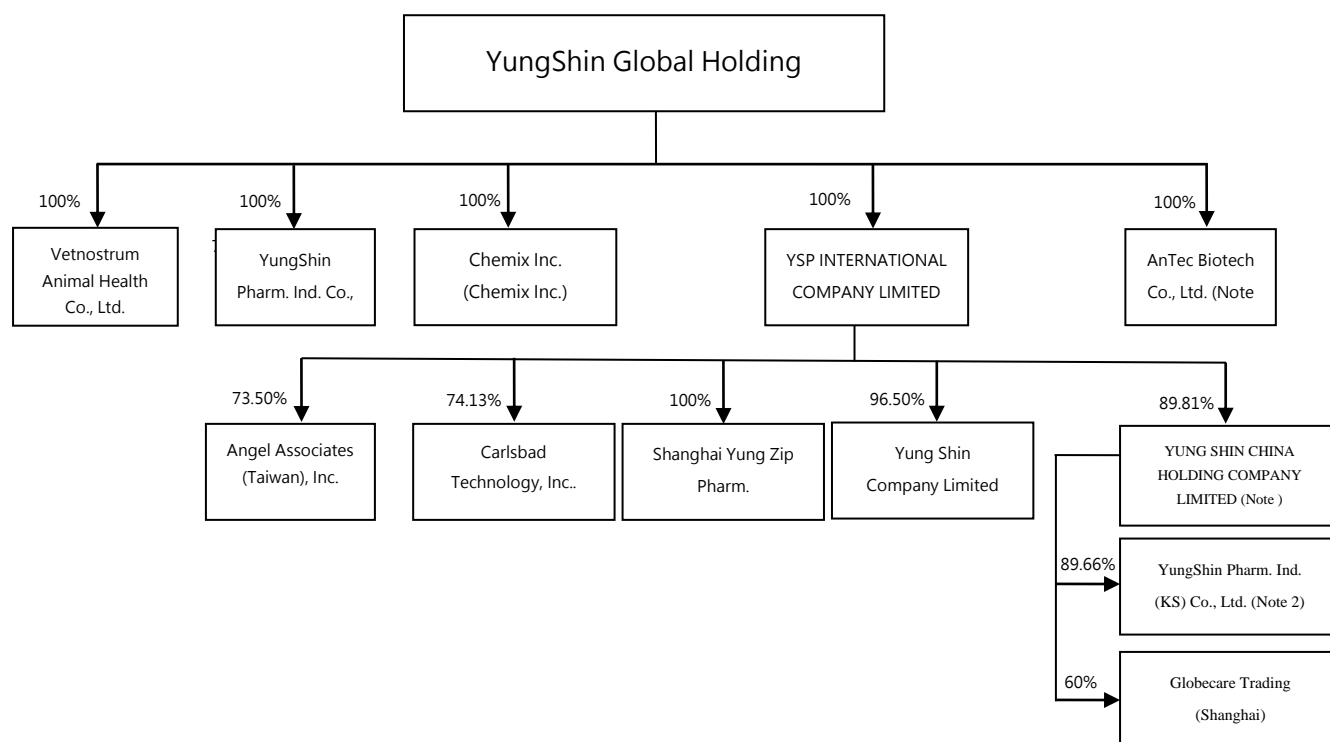
VII. Other Important Matters: None.

## Chapter 8 Special Notes

### I. Information about the Corporation's Affiliated Companies

#### (I) Consolidated Report of Affiliated Companies:

##### 1. Organization chart of affiliated companies



Note 1: AnTec Biotech Co., Ltd. was dissolved on December 31, 2016, which was approved by Taichung Municipal Government by F.S.J.S.Z. No. 10607018000, but it is still in the liquidation process.

Note 2: YSP INTERNATIONAL COMPANY LIMITED sold its 89.91% shares in YUNG SHIN CHINA HOLDING COMPANY LIMITED on December 29, 2021 (direct transfer of 80.52% shares in YungShin Pharm. Ind. (KS) Co., Ltd.) and the delivery process is in progress.

Note 3: On January 17, 2022 and January 26, 2022, the Board of Directors of YungShin Global Holding Corporation adopted the resolution to acquire 100% shares of Shanghai Yung Zip Pharm. Trading Co., Ltd. and 96.5% shares of YungShin Company Limited held by YUNG SHIN CHINA HOLDING COMPANY through its subsidiary YSP INTERNATIONAL COMPANY LIMITED.

Note 4: Globecare Trading (Shanghai) Co., Ltd. has completed the liquidation in the first quarter of 2022.

## 2. Basic Information of Affiliated Companies

Name	Date of Establishment	Address	Paid-in Capital	Major Lines of Business or Products
YungShin Pharm. Ind. Co., Ltd.	1965.08.26	No. 1191, Sec. 1, Zhongshan Road, Dajia District, Taichung City	NTD 833,771,700	Manufacturing and sale 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.	USD10,121,039	Manufacturing and sale of medicine
Yung Shin China Holding Co., Ltd.	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 Pharm. Trading Co., Ltd.	1994.12.01	Room 1528, Tomson International Trade Building, No. 1 Jilong Road, Waigaoqiao Free Trade Zone, Shanghai, China	USD 4,000,000	International trade, trade between companies in the bonded areas, and trade agency in the bonded areas: Warehousing and simple commercial processing in the bonded areas
YungShin Pharm. Ind. (KS) Co., Ltd.	1994.12.12	No 191, Jinyang West Road, Lujia Town, Kunshan City, Jiangsu Province, China	RMB 126,271,311	Manufacture and Sale of medicine, over-the-counter drugs, preparations, 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	Sale of medicine
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
Angel Associates (Taiwan), Inc.	1974.02.08	12F, No. 181, Section 3, Minsheng East Road, Taipei City	NTD 5,000,000	Import and export trading
AnTec Biotech Co., Ltd. (Note 2)	2008.07.31	No. 1191, Sec. 1, Zhongshan Road, Dajia District, Taichung City	NTD 172,000,000	Extraction, manufacture, and sale of wood products
Chemix Inc.	1987.11.13	6F, YS Bldg., 2-5-10, Shinyokohama Kohoku-ku, Yokohama, Japan	JPY 10,000,000	Sale of medicine
Vetnostrum Animal Health Co., Ltd.	2012.05.09	12F, No. 181, Section 3, Minsheng East Road, Taipei City	NTD 550,000,000	Manufacturing and sale of medicine

Note 1: Globecare Trading (Shanghai) Co., Ltd. has completed the liquidation in the first quarter of 2022.

Note 2: AnTec Biotech Co., Ltd. was dissolved on December 31, 2016, which was approved by Taichung Municipal Government by F.S.J.S.Z. No. 10607018000, but it is still in the liquidation process.

3. The Shareholders in Common of Companies Presumed to have a Relationship of Control and Subordination: None.
4. Businesses covered by the affiliated companies' overall operations:
5. 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.

## 6. Information on Directors, Supervisors, and General Managers of Affiliated Companies

December 31, 2021

Name	Title	Name or Representative	Shareholding	
			Number of shares	Shareholding Ratio
YungShin Pharm. Ind. Co., Ltd.	Chairman/Director	YungShin Global Holding Corporation representative: Fang-Yu Lee	83,377,170	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-Shin 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-Shin 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	7,502,874	74.13%
	Director	YSP International Company Limited representative: Fang-Yu Lee		
	Director	YSP International Company Limited representative: Fang-Chen Lee		
	Director	YSP INTERNATIONAL COMPANY LIMITED, representative: Wei-Kai Chung		
	Director	Yung Zip Chemical Ind. Co. Ltd. representative: Chi-Li Lee		
	Supervisor	YSP International Company Limited representative: Meng-Pi Lin		
	President	Jheng-Hong Chin		
Yung Shin China Holding Co., Ltd.	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-Shin Lee		
	Director	YSP International Company Limited representative: Chia-Ho Cho		
Shanghai Yung Zip Pharm. 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-Shin Lee		
	Director	Yung Shin China Holding Company Limited representative: Chia-Ho Cho		
	Director	Yung Shin China Holding Company Limited representative: 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
YungShin 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-Shin Lee		
	Director	Yung Shin China Holding Company Limited representative: Chia-Ho Cho		
	Director	Yung Shin China Holding Company Limited representative: Chi-Li Lee		
	Supervisor	Yung Shin China Holding Company Limited representative: Ling-Chin Lee		
	Supervisor	Jen-Ching Deng		
	Supervisor	Yen Chen		
	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-Shin Lee		
	Director	Yung Shin China Holding Company Limited representative: Chia-Ho Cho		
	Director	Yung Shin China Holding Company Limited representative: Chi-Li Lee		
	Supervisor	Yung Shin China Holding Company Limited representative: Ling-Chin Lee		
Angel Associates (Taiwan), Inc.	Chairman/Director	YungShin Pharmaceutical Industrial Co., Ltd. representative: Ling-Chin Lee	3,675	73.5%
	Director	YungShin Pharmaceutical Industrial Co., Ltd. representative: Fang-Yu Lee		
	Director	YungShin Pharmaceutical Industrial Co., Ltd. representative: Wei-Chen Tang		
	Director	YungShin 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		
	Director	YungShin Global Holding Corporation representative: Toshiya Tsunoda		
	Supervisor	YungShin Global Holding Corporation representative: Fang-Shin 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-Shin 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 (2021)

Unit: NT\$1,000

Name	Capital	Total assets	Total liabilities	Net value	Operating income	Operating profit	Gain (loss) during this period (after tax)	Earnings per share (NT\$) (after tax)
YungShin Pharm. Ind. Co., Ltd.	833,772	6,322,686	2,808,880	3,513,806	4,236,412	717,154	570,230	6.84
YSP International Company Limited	1,208,096	1,925,984	32,478	1,893,506	-	(3,497)	101,263	10,126.30
Carlsbad Technology, Inc..	332,746	765,607	464,955	300,652	570,920	30,982	30,692	3.03
Yung Shin China Holding Co., Ltd.	995,141	877,522	150	877,372	-	(156)	50,376	1.53
Shanghai Yung Zip Pharm. Trading Co., Ltd.	121,120	108,430	22,766	85,664	82,452	(1,667)	(1,410)	0
Globecare Trading (Shanghai) Co., Ltd. (Note 1)	78,844	19,366	98	19,268	-	-	(219)	0
YungShin Pharm. Ind. (KS) Co., Ltd.	468,483	1,195,000	514,231	680,769	1,407,565	82,897	62,531	0.50
Farmtec Research Co, Ltd. (Note 2)	-	-	-	-	-	-	-	-
Yung Shin Company Limited	31,178	54,936	8,709	46,227	28,065	813	1,388	173.50
Angel Associates (Taiwan), Inc.	5,000	13,445	1,419	12,026	3,083	619	728	145.60
AnTec Biotech Co., Ltd. (Note 3)	172,000	52,670	-	52,670	-	-	1	0
Chemix Inc.	3,071	545,682	220,404	325,278	620,666	10,512	11,024	57,416.67
Vetnostrum Animal Health Co., Ltd.	550,000	1,477,509	510,537	966,972	1,176,221	138,958	109,888	2.00

Note 1: Globecare Trading (Shanghai) Co., Ltd. has completed the liquidation in the first quarter of 2022.

Note 2: Farmtec Research Co, Ltd. has completed the liquidation Ltd. in the second quarter of 2021.

Note 3: AnTec Biotech Co., Ltd. was dissolved on December 31, 2016, which was approved by Taichung Municipal Government by F.S.J.S.Z. No. 10607018000, but it is still in the liquidation process.



(III) Consolidated Financial Statements of Affiliated Companies:

**Declaration of Consolidated Financial Statements of Affiliates**

In 2021 (from January 1 to December 31, 2021), 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, 2022

(IV) Affiliation Reports: Not applicable.

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 Annual Report:

Unit: NT\$1,000; shares; %

Name of Subsidiary	Paid-up Capital	Capital Source	Shareholding Ratio of the Corporation	Date of Acquisition or Disposal	Number of Shares and Amount Acquired	Number of Shares and Amount Disposed	Investment Profit or Loss	Number of Shares Held and Amount up to the Date of 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. originally acquired the shares of YungShin Pharmaceutical Industrial Co., Ltd. on September 22, 1994. Since the Corporation was newly established by Yung hin Pharmaceutical in the way of share conversion on January 3, 2011, the shares held by Yung Shin Pharmaceutical were also converted into the stock of the Corporation.

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 Fiscal Year up to the Publication Date of This Annual Report: None.

V. Other Matters that Require Additional Description: None.



# 永信國際投資控股

YUNGSHIN GLOBAL HOLDING CORPORATION

