Stock Code:4105

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2020 and 2019

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Representation Letter

The entities that are required to be included in the combined financial statements of TTY Biopharm Company Limited as of and for the year ended December 31, 2020 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 endorsed by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, TTY Biopharm Company Limited and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: TTY Biopharm Company Limited
Chairman: Lin-Chuan
Date: March 19, 2021

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Independent Auditors' Report

To the Board of Directors of TTY Biopharm Company Limited:

Opinion

We have audited the consolidated financial statements of TTY Biopharm Company Limited ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the report of another auditor (please refer to the Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

1. Occurrence of revenue from selling pharmaceuticals and chemical drugs

   Please refer to Notes 4(q) of the consolidated financial statements for the accounting principles on revenue recognition. Revenues are recognized by net values of contract prices, less sales returns and allowances, after controls of the products are transferred to the customers.

Key audit matters:

The Group's sales is mainly from the selling of pharmaceuticals and chemical drugs. Because the customers are diversity and numerous, it takes longer time to verify sales transactions. Therefore, the occurrence in sales transactions is one of the important issue in performing our audit procedures.

Auditing procedures performed:

- Testing the effectiveness of the design and implementing the internal control system of sales and collection operation;

- Testing the samples of sales transaction before and after the balance sheet date to ensure the correctness of sales revenue;

- Inspecting the related documents to ensure the adequacy and resonableness of revenue recognition.

2. Inventory valuation

Please refer to Notes 4(h) and 5 of the consolidated financial statements for the accounting principles on the inventory valuation, significant accounting assumptions and judgments, and major sources of estimation uncertainty.

Key audit matters:

The Group's primary operating items are manufacturing and processing various kinds of pharmaceuticals. The pharmaceutical industry in Taiwan is susceptible to the constant amendments of its law, resulting in an increase in the cost of pharmaceutical products, which will affect the carrying value of inventories to exceed its net value. Because of these uncertainties, the Group's revenue and income may be effected by the price fluctuations. If the assessment of the net realizable value of the inventory is not appropriate, it will lead to a material misstatement of the financial statements.

Auditing procedures performed:

- Overviewing the stock ageing list, analyzing the movement of stock ageing by period;

- Obtaining the certificate documents to verify the correctness of the stock's expiry date; and

- Sampling the replacement cost and market price of material, and recalculating the net realizable value by marketing expense rate, to ensure the reasonableness of net realizable value adopted by the Group.

Other Matter

We did not audit the financial statements of PharmaEngine Inc. Those statements were audited by another auditor, whose report have been furnished to us, and our opinion, insofar as it relates to the amounts included for certain equity-accounted investees, are based solely on the report of another auditor. The amount of long-term investment in the investee company represented 9.37% and 8.20% of the related consolidated total assets as of December 31, 2020 and 2019, respectively, and the related investment gains represented 8.94% and 0.43% of the consolidated profit before tax for the years ended December 31, 2020 and 2019, respectively.

We also audited the financial statements of the Company as of and for the years ended December 31, 2020 and 2019 and have issued unqualified audit reports, respectively, thereon.

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 IFRSs, IASs, IFRC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Kuo-Yang Tseng and Yilien Han.

KPMG

Taipei, Taiwan (Republic of China)
March 19, 2021

Notes to Readers

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

The independent auditors' audit report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollar)

	Assets	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note 6(a) and (w))	$ 2,223,730	24	2,422,158	26
1120	Current financial assets at fair value through other comprehensive income (note 6(c) and (w))	62,216	1	149,727	2
1150	Notes receivable, net (note 6(d) and (w))	33,766	-	34,719	-
1170	Accounts receivable, net (note 6(d) and (w))	974,648	10	935,104	10
1180	Accounts receivable due from related parties, net (note 6(d), (w) and 7)	24,854	-	27,778	-
1200	Other receivables, net (note 6(e), (h), (w) and 7)	16,483	-	119,753	1
130X	Inventories (note 6 (f) and (h))	1,110,501	12	858,685	9
1410	Prepayments	64,146	1	48,308	1
1476	Other current financial assets (note 6(m) and (w))	280,186	3	332,889	3
1470	Other current assets (note 6(h), (m) and 8)	8,011	-	45,297	-
		4,798,541	51	4,974,418	52
	Non-current assets:				
1510	Non-current financial assets at fair value through profit or loss (note 6(b) and (w))	-	-	5,874	-
1517	Non-current financial assets at fair value through other comprehensive income (note 6(c) and (w))	226,241	3	379,179	4
1550	Investments accounted for using the equity method, net (note 6(g))	1,221,736	13	1,100,878	13
1600	Property, plant and equipment (note 6(j))	2,584,740	28	2,394,277	25
1760	Investment property, net (note 6(k))	137,270	1	100,431	1
1780	Intangible assets (note 6(h) and (l))	132,898	1	139,013	1
1840	Deferred tax assets (note 6(q))	61,798	1	45,670	-
1915	Prepayments for business facilities	4,975	-	201,259	2
1920	Refundable deposits paid (note 6(w))	22,019	-	31,132	-
1981	Cash surrender value of life insurance (note 6(w))	-	-	13,657	-
1984	Other non-current financial assets (note 6(m), (w) and 8)	159,514	2	158,363	2
1990	Other non-current assets (note 6(m) and 8)	11,077	-	8,565	-
		4,562,268	49	4,578,298	48
	Total assets	$ 9,360,809	100	9,552,716	100

	Liabilities and Equity	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	Current liabilities:				
2100	Short-term borrowings (note 6(n) and (w))	$ 1,715,070	18	1,561,070	15
2130	Contract liabilities-current (note 6(t))	16,285	-	16,678	-
2150	Notes payable (note 6(w))	5,864	-	1,454	-
2170	Accounts payable (note 6(w))	153,576	2	179,823	2
2200	Other payables (note 6(h), (u), (w) and 7)	497,016	5	574,769	6
2230	Current tax liabilities	110,127	1	188,857	2
2300	Other current liabilities (note 6(h))	34,185	-	146,848	2
2320	Long-term liabilities, current portion (note 6(o) and (w))	16,543	-	355,931	4
		2,548,666	26	3,025,430	31
	Non-current liabilities:				
2540	Long-term borrowings (note 6(o) and (w))	412,051	4	16,313	-
2570	Deferred tax liabilities (note 6(q))	271,826	3	282,077	3
2640	Net defined benefit liability, non-current (note 6(p))	45,500	-	56,256	1
2645	Guarantee deposits received (note 6(w))	2,430	-	2,428	-
2670	Other non-current liabilities	2,268	-	1,148	-
		734,075	7	358,222	4
	Total liabilities	3,282,741	33	3,383,652	35
	Equity attributable to owners of parent (note 6(r)):				
3100	Share capital	2,486,500	27	2,486,500	26
3200	Capital surplus (note 6(g))	337,997	4	338,514	4
3310	Legal reserve	1,093,808	12	1,003,556	11
3320	Special reserve	110,154	1	110,154	1
3350	Unappropriated retained earnings	1,555,016	17	1,591,777	17
3400	Other equity interest	(133,709)	(1)	40,135	-
	Equity attributable to owners of parent:	5,449,766	60	5,570,636	59
36XX	Non-controlling interests (note 6(i) and (r))	628,302	7	598,428	6
	Total equity	6,078,068	67	6,169,064	65
	Total liabilities and equity	$ 9,360,809	100	9,552,716	100

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollar, Except for Earnings Per Share)

		2020		2019	
		Amount	%	Amount	%
4000	**Operating revenue (note 6(h), (t) and 12)**	$ 4,221,836	100	4,466,308	100
5000	**Operating costs (note 6(f), (h), (l), (p), 7 and 12)**	1,617,062	38	1,559,067	35
	Gross profit	2,604,774	62	2,907,241	65
5910	Less:Unrealized profit (loss) from sales	6,734	-	9,012	-
5920	Add:Realized profit (loss) from sales	9,012	-	4,155	-
	Gross profit, net	2,607,052	62	2,902,384	65
6000	**Operating expenses (note 6(p), (u) and 12):**				
6100	Selling expenses	983,415	23	1,002,748	22
6200	Administrative expenses	404,758	10	377,970	8
6300	Research and development expenses	261,597	6	298,552	7
6450	Reversal of expected credit losses (note 6(d))	(97)	-	(5,495)	-
	Total operating expenses	1,649,673	39	1,673,775	37
	Net operating income	957,379	23	1,228,609	28
	Non-operating income and expenses:				
7100	Interest income (note 6(v))	14,981	-	40,445	1
7010	Other income (note 6(h), (v) and 7)	91,412	2	12,104	-
7020	Other gains and losses, net (note 6(v) and 7)	(5,699)	-	(16,850)	-
7050	Finance costs, net (note 6(v))	(19,413)	-	(14,810)	-
7060	Share of profit (loss) of associates accounted for using the equity method, net (note 6(g))	162,865	4	(46,844)	(1)
7055	**Total non-operating income and expenses**	244,146	6	(25,955)	-
	Profit before tax	1,201,525	29	1,202,654	28
7950	Less: Income tax expenses (note 6(q))	222,848	5	294,949	7
	Profit for the period	978,677	24	907,705	21
8300	**Other comprehensive income:**				
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**				
8311	Gains on remeasurements of defined benefit plans	7,920	-	2,438	-
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	12,507	-	24,931	1
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that will not be reclassified to profit or loss	20,427	-	27,369	1
8360	**Components of other comprehensive income (loss) that will be reclassified to profit or loss**				
8361	Exchange differences on translation	(82,652)	(2)	(29,980)	(1)
8370	Share of other comprehensive loss of associates accounted for using the equity method, components of other comprehensive income that will be reclassified to profit or loss	(5,333)	-	(140)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	16,480	-	6,008	-
	Components of other comprehensive loss that will be reclassified to profit or loss	(71,505)	(2)	(24,112)	(1)
8300	**Other comprehensive (loss) income**	(51,078)	(2)	3,257	-
	Total comprehensive income for the period	**$ 927,599**	**22**	**910,962**	**21**
	Profit attributable to:				
8610	Owners of parent	$ 924,178	23	900,081	21
8620	Non-controlling interests	54,499	1	7,624	-
		$ 978,677	**24**	**907,705**	**21**
	Comprehensive income attributable to:				
	Owners of parent	$ 874,246	21	895,833	21
	Non-controlling interests	53,353	1	15,129	-
		$ 927,599	**22**	**910,962**	**21**
	Earnings per share, net of tax (note 6(s))				
9750	Basic earnings per share	**$**	**3.72**		**3.62**
9850	Diluted earnings per share	**$**	**3.71**		**3.61**

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollar)

	Equity attributable to owners of parent										
	Share capital		Retained earnings			Total other equity interest					
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total other equity interest	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance on January 1, 2019	$ 2,486,500	348,819	857,418	110,154	1,954,321	(56,694)	103,515	46,821	5,804,033	587,592	6,391,625
Net income	-	-	-	-	900,081	-	-	-	900,081	7,624	907,705
Other comprehensive income	-	-	-	-	2,438	(24,030)	17,344	(6,686)	(4,248)	7,505	3,257
Total comprehensive income	-	-	-	-	902,519	(24,030)	17,344	(6,686)	895,833	15,129	910,962
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	146,138	-	(146,138)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,118,925)	-	-	-	(1,118,925)	(26,737)	(1,145,662)
Other changes in capital surplus:											
Due to business combination	-	-	-	-	-	-	-	-	-	22,444	22,444
Changes in equity of associates accounted for using equity method	-	(10,305)	-	-	-	-	-	-	(10,305)	-	(10,305)
Balance at December 31, 2019	2,486,500	338,514	1,003,556	110,154	1,591,777	(80,724)	120,859	40,135	5,570,636	598,428	6,169,064
Net income	-	-	-	-	924,178	-	-	-	924,178	54,499	978,677
Other comprehensive income	-	-	-	-	7,920	(65,887)	8,035	(57,852)	(49,932)	(1,146)	(51,078)
Total comprehensive income	-	-	-	-	932,098	(65,887)	8,035	(57,852)	874,246	53,353	927,599
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	90,252	-	(90,252)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(994,599)	-	-	-	(994,599)	(30,079)	(1,024,678)
Other changes in capital surplus:											
Changes in equity of associates accounted for using equity method	-	(517)	-	-	-	-	-	-	(517)	-	(517)
Changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	-	6,600	6,600
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	115,992	-	(115,992)	(115,992)	-	-	-
Balance on December 31, 2020	**$ 2,486,500**	**337,997**	**1,093,808**	**110,154**	**1,555,016**	**(146,611)**	**12,902**	**(133,709)**	**5,449,766**	**628,302**	**6,078,068**

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollar)

	2020	2019
Cash flows from (used in) operating activities:		
Profit before tax	$ 1,201,525	1,202,654
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	137,130	133,497
Amortization expense	19,869	18,841
Reversal of allawance for expected credit losses	(97)	(5,495)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	1,558	(378)
Interest expense	19,413	14,810
Interest income	(14,981)	(40,445)
Dividend income	(6,420)	(6,315)
Share of profit (loss) of associates accounted for using the equity method	(162,865)	46,844
Loss on disposal of property, plant and equipment	321	581
Gain on disposal of investments	(1,715)	-
Impairment loss and remeasurement profit on non-financial assets	4,583	82,686
Unrealized profit from sales	6,734	9,012
Realized profit from sales	(9,012)	(4,155)
Total adjustments to reconcile profit (loss)	(5,482)	249,483
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes receivable	953	5,357
Accounts receivable	(36,422)	(83,200)
Other receivables	103,277	42,420
Inventories	(251,804)	(96,331)
Prepayments and other current assets	16,808	(19,690)
Total changes in operating assets	(167,188)	(151,444)
Changes in operating liabilities:		
Contract liabilities	(393)	8,255
Notes payable	4,410	(3,475)
Accounts payable	(26,354)	9,271
Other payable	(77,511)	81,362
Other current liabilities	(111,225)	(11,839)
Net defined benefit liability	(2,689)	88
Total changes in operating liabilities	(213,762)	83,662
Total changes in operating assets and liabilities	(380,950)	(67,782)
Total adjustments	(386,432)	181,701
Cash inflow generated from operations	815,093	1,384,355
Interest received	14,981	40,445
Dividends received	27,347	36,617
Interest paid	(19,596)	(14,996)
Income taxes paid	(311,474)	(236,566)
Net cash flows from operating activities	526,351	1,209,855
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	-	(50,316)
Proceeds from disposal of financial assets at fair value through other comprehensive income	252,956	-
Proceeds from disposal of financial assets at fair value through profit or loss	4,316	-
Acquisition of investments accounted for using the equity method	-	(237,461)
Acquisition of property, plant and equipment	(167,317)	(48,223)
Proceeds from disposal of property, plant and equipment	13	19
Decrease (increase) in refundable deposits	9,108	(4,121)
Acquisition of intangible assets	(13,754)	(780)
Net cash inflows from business combination (note 6(h))	-	(24,894)
Acquisition of investment properties	-	(140)
Decrease in other financial assets	51,552	79,822
Increase in prepayments for business facilities	(789)	(21,640)
Increase in other non-current assets	11,151	34,584
Net cash flows from (used in) investing activities	147,236	(273,150)
Cash flows from (used in) used in financing activities:		
Increase in short-term loans	5,400,000	7,700,000
Decrease in short-term loans	(5,246,000)	(7,400,000)
Proceeds from long-term borrowings	720,000	-
Repayments of long-term borrowings	(663,650)	-
Decrease in guarantee deposits received	-	(13)
Payment of lease liabilities	-	(3,596)
Increase in other non-current liabilities	1,120	-
Cash dividends paid	(994,599)	(1,118,925)
Cash dividends paid to non-controlling interests	(30,079)	(26,737)
Change in non-controlling interests	6,600	-
Net cash flows used in financing activities	(806,608)	(849,271)
Effect of exchange rate changes on cash and cash equivalents	(65,407)	(37,570)
Net (decrease) increase in cash and cash equivalents	(198,428)	49,864
Cash and cash equivalents at beginning of period	2,422,158	2,372,294
Cash and cash equivalents at end of period	$ **2,223,730**	**2,422,158**

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollar, Unless Otherwise Specified)

(1) Company history

TTY Biopharm Company Limited (the "Company") was established on July 22, 1960. The Company's registered office address is 3F., No. 3-1, Park St., Nangang Dist., Taipei City 115, Taiwan. The main activities of the Company and its subsidiaries (the "Group") are producing a variety of pharmaceuticals and chemical drugs. Please refer to Note 14.

(2) Approval date and procedures of the consolidated financial statements:

The consolidated financial statements were authorized for issue by the Board of Directors on March 19, 2021.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2020:

- Amendments to IFRS 3 "Definition of a Business"
- Amendments to IFRS 9, IAS 39 and IFRS 7 "Interest Rate Benchmark Reform"
- Amendments to IAS 1 and IAS 8 "Definition of Material"
- Amendments to IFRS 16 "COVID-19-Related Rent Concessions"

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2021, would not have a significant impact on its consolidated financial statements:

- Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform －Phase 2"

(Continued)

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023
Amendments to IAS 37 "Onerous Contracts－Cost of Fulfilling a Contract"	The amendments clarify that the ' costs of fulfilling a contract' comprises the costs that relate directly to the contract as follows: ● the incremental costs – e.g. direct labor and materials; and ● an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.	January 1, 2022

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

Except for the above standard, the Group does not expect the following new and amended standards, which have yet been endorsed by the FSC, would have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 " Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- Amendments to IAS 16 "Property, Plant and Equipment－Proceeds before Intended Use"
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"
- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(4) Summary of significant accounting policies:

The significant accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to "the Regulations") and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C..

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

1) Financial assets at fair value through profit or loss are measured at fair value;

2) Financial assets at fair value through other comprehensive income are measured at fair value;

3) The defined benefit liabilities are measured at fair value of the plan assets less the present value of the defined benefit obligation, and the upper-limit as explained in note 4(s).

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollar (NTD), which is the Company's functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

(Continued)

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Accounting policies of subsidiaries have been adjusted where nessary to ensure consistency with the policies adopted by the Group. Changes in the Group’ s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. 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 the Group will attribute it to the owners of the parent.

(ii) List of subsidiaries included in the consolidated financial statements:

			Shareholding		
Investor	**Subsidiary**	**Nature of business**	**December 31, 2020**	**December 31, 2019**	**Notes**
The Company	Xudong Haipu International Co., Ltd.	Investing activities	100.00 %	100.00 %	
The Company	Worldco International Co., Ltd.	Investing activities and selling medicine	100.00 %	100.00 %	
The Company	American Taiwan Biopharma Philippines Inc.	Selling medicine	87.00 %	87.00 %	
The Company	TSH Biopharm Co., Ltd.	Selling medicine	56.48 %	56.48 %	
The Company	EnhanX Biopharm Inc.	Developing medicine	20.83 %	20.83 %	
The Company	Chuang Yi Biotech Co., Ltd.	Selling Functional food	38.12 %	38.12 %	(Note 1)
Worldco International Co., Ltd.	Worldco Biotech (Beijing) Pharmaceutical Ltd.	Market consulting regarding medicine	- %	100.00 %	(Note 2)
Worldco International Co., Ltd.	Worldco Biotech (Chengdu) Pharmaceutical Ltd.	Selling medicine	100.00 %	100.00 %	
Xudong Haipu International Co., Ltd.	EnhanX Biopharm Inc.	Developing medicine	29.17 %	29.17 %	
Xudong Haipu International Co., Ltd.	TTY Biopharm Korea Co., Ltd.	Selling medicine	100.00 %	100.00 %	
Xudong Haipu International Co., Ltd.	TTY Biopharm Mexico S.A. de C.V.	Selling medicine	50.00 %	50.00 %	
Worldco International Co., Ltd.	TTY Biopharm Mexico S.A. de C.V.	Selling medicine	50.00 %	50.00 %	
EnhanX Biopharm Inc.	EnhanX Biopharm B.V.	Developing medicine	100.00 %	100.00 %	(Note 3)
TSH Biopharm Co., Ltd.	Chuang Yi Biotech Co., Ltd.	Selling Functional food	4.89 %	4.89 %	(Note 1)
Chuang Yi Biotech Co., Ltd.	Immortal Fame Global Ltd.	Import and export trading and investment activities	100.00 %	100.00 %	(Note 1)
Chuang Yi Biotech Co., Ltd.	Chuang Yi (Hong Kong) Biotech Co., Ltd.	Selling Functional food	100.00 %	100.00 %	(Note 1 and 4)
Immortal Fame Global Ltd.	Chuang Yi (Shanghai) Trading Co., Ltd.	Selling Functional food	100.00 %	100.00 %	(Note 1)

(Continued)

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(Note 1) In December 2019, the Group participated in the capital increase of Chuang Yi Biotech Co., Ltd., which increased the shareholding ratio of the Group to 43.01%. Because the Group obtained the control over Chuang Yi Biotech Co., Ltd., it is listed as a subsidiary of the consolidated financial statements. Please refer to Notes 6(h) of the consolidated financial statements for the business combination.

(Note 2) The registration of Worldco Biotech (Beijing) Pharmaceutical Ltd. had been cancelled in January 2020.

(Note 3) In July 2019, EnhanX Biopharm Inc. established EnhanX Biopharm B.V. as a wholly owned subsidiary, and thus, EnhanX Biopharm B.V. is listed as a subsidiary of the consolidated financial statements.

(Note 4) In order to simplify the organizational structure and reduce operating costs, the Group decided to liquidate Chuang Yi (Hong Kong) Biotech Co., Ltd. on June 29, 2020. The liquidation is completed on February 25, 2021.

(iii) List of subsidiaries which are not included in the consolidated financial statements: None.

(d) Foreign currencies

(i) Foreign currencies transactions

Transactions in foreign currencies are translated into the functional currency using the exchange rates at the transaction dates. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are re-translated at the exchange rate prevailing at reporting date; non-monetary items denominated in foreign currencies held at fair value are re-translated at the exchange rate prevailing at the determined date of fair value. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the transation date.

All other foreign exchange gains and losses are presented in the statement of comprehensive income within ‘other gains and losses’.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into New Taiwan Dollar at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into New Taiwan Dollar at average exchange rate of the period. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss in current period. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss in current period.

(Continued)

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(e) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current:

(i) It is expected to be realized, or is intended to be sold or consumed, in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current:

(i) It is expected to be settled in normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purpose should be recognized as cash equivalents.

(g) Financial instruments

(i) Financial assets

On a regular way purchase or sale basis, financial assets are recognized and derecognized using trade date accounting or settlement date accounting.

On initial recognition, financial assets are classified as measured at: amortized cost, fair value through other comprehensive income (FVOCI) – equity investment, or fair value through profit or loss (FVTPL). Financial assets are not reclassified subsequent to their initial recognition if the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

· it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

· its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as of discounting is immaterial. Except for the short-term accounts and notes receivable, the other assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulated amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, impairment and any gain or loss on derecognition are recognized in profit or loss in current period.

2) Fair value through other comprehensive income (FVOCI)

Equity investment at FVOCI which is not held for trading, and for which, the Group may irrevocably elect to present subsequent changes in the fair value in other comprehensive income at initial recognition. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and won't be reclassified to profit or loss.

3) Fair value through profit or loss (FVTPL)

Financial assets are not measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

4) Impairment of financial assets

The Group recognizes impairment provision for expected credit losses (ECL) on financial assets measured at amortized cost, which was including cash and cash equivalents, financial assets measured of amortized costs, notes and trade receivables, other receivable, guarantee deposit paid and other financial assets, debt investments measured at FVOCI.

The Group measures impairment provision at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

· debt securities that are determined to have low credit risk at the reporting date; and

· other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Impairment provision for trade receivables are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and subsequently estimating, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if the contract payment is overdue. The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

· significant financial difficulty of the borrower or issuer;

· a breach of contract such as a default or being more than it's payment term;

· the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;

(Continued)

· it is probable that the borrower will enter bankruptcy or other financial reorganization; or

· the disappearance of an active market for a security because of financial difficulties.

Impairment provision for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the impairment provision is charged to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

5) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense, foreign exchange gains and losses and any gain or loss on derecognition are recognized in profit or loss.

(Continued)

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

4) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expired. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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

5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and presented the net amount in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted-average method and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their exsisting location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(i) Investment in associates

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

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

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

The Group recognizes any changes of its proportionate share in the investee within capital surplus, when the associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual significant influence.

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

(Continued)

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

(j) Investment property

Investment property is the property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, for use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation methods, useful lives, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of total rental income, over the term of the lease.

(k) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, less accumulated depreciation and accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Buildings	2-60 years
Machinery and equipment	1-29 years
Transportation equipment	5-8 years
Office and other equipment	1-30 years

The significant components of buildings are the main building, mechanical and electrical equipment, engineering systems, etc. They are amortized over their useful lives of 30-50 years, 10-25 years, and 10 years, respectively.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(iv) Reclassification as investment property

A property is reclassified to investment property at its carrying amount when the use of the property changes from owner occupied to investment property.

(l) Leases

(i) Identifying a lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

1) the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and

2) the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

3) The Group has the right to direct the use of the asset throughout the period of use only if either:

   ● the customer has the right to direct how and for what purpose the asset is used throughout the period of use; or

   ● the relevant decisions about how and for what purpose the asset is used are predetermined and:

     — the customer has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or

— the customer designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

When the lease is established or when the contract is being reassessed to determine whether there is lease, the Group allocates the price listed in the contract to individual lease components.

However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

(ii) As a leasee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

— fixed payments, including in-substance fixed payments;

— variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

— amounts expected to be payable under a residual value guarantee; and

— payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

— there is a change in future lease payments arising from the change in an index or rate; or

— there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or

— there is a change in the lease term resulting from a change of the Group's assessment on whether it will exercise an option to purchase the underlying asset, or

(Continued)

— there is a change of its assessment on whether it will exercise an extension or termination option; or

— there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents the right-of-use asset and lease liability are non-significant; therefore, they are listed under "property, plant and equipment", "other current liabilities" and "other non-current liabilities" in the balance sheet.

For the short-term leases and the leases for low-value asset, the Group does not recognize the right-of-use asset and lease liability. The lease payments associated with those leases are recognized as expenses on a straight-line basis over the lease term.

(iii) As a leasor

When the Group acts as a lessor, it determines whether each lease is a finance lease or an operating lease at lease commencement date. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

(m) Intangible assets

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

1)	Patents and franchise	10 years
2)	Computer software	2－10 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(n) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

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Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

Impairment loss of goodwill previously recognized shall not be reversed in the following years. Except for goodwill, when the circumstances for recognizing impairment loss for a non-financial asset in prior years no longer exist, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not recognized.

(o) Cash surrender value of life insurance

The savings portion of a life insurance policy shall be recognized as a contra item of insurance expense, and increase the carrying amount of the cash surrender value of the life insurance.

(p) Provisions

A provision is recognized if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

(q) Revenue

(i) Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group’s main types of revenue are explained below.

1) Sale of goods

The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer’s acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

2) Authorization revenue

Authorization revenue gains from medicine developing and selling. The Group recognizes authorization revenue by determining whether the intellectual property will be obtained within contract period or it had already existed.

Revenue is recognized with royalty calculated on a sales basis when the performance obligation was fulfilled and the sales actually happened.

3) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(ii) Contract costs

1) Incremental costs of obtaining a contract

The Group recognizes as an asset the incremental costs of obtaining a contract with a customer if the Group expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

The Group applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less.

2) Costs to fulfil a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 " Inventories" , IAS 16 " Property, Plant and Equipment" or IAS 38 "Intangible Assets"), the Group recognizes an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

a) the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;

b) the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

c) the costs are expected to be recovered.

General and administrative costs, costs of wasted materials, labor or other resources to fulfil the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Group cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations(or partially satisfied performance obligations), the Group recognizes these costs as expenses when incurred.

(r) Government grants

The Group recognizes an unconditional government grant in profit or loss as other income when the grant be receivabled. Other government grants related to assets are initially recognized as deferred income at fair value if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant; they are then recognized in profit or loss as other income on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(s) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognized in profit or loss in the period in which they arise.

(Continued)

(iv) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(t) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

(u) Business combination

The Group accounts for business combinations using the acquisition method. The goodwill arising from an acquisition is measured as the excess of (i) the consideration transferred (which is generally measured at fair value) and (ii) the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date. If the amount calculated above is a deficit balance, the Group recognized that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

In a business combination achieved in stages, the Group remeasures its previously held equity interest in the acquiree at its acquisition-date fair value, and recognizes the resulting gain or loss, if any, in profit or loss. In prior reporting periods, the Group may have recognized changes in the value of its equity interest in the acquiree in other comprehensive income. If so, the amount that was recognized in other comprehensive income will be recognized on the same basis as would be required if the Group had disposed directly of the previously held equity interest. If the disposal of the equity interest required a reclassification to profit or loss, such an amount will be reclassified to profit or loss.

(v) Earnings per share

The Group discloses the Group’s basic and diluted earnings per share attributable to ordinary shareholders of the Group. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Group divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Group divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares.

(w) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group’s chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

In preparing of these consolidated financial statements, management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

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The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

(a) Judgment of whether the Group has substantive control over its investees

Although the Group holds 17.77% of the outstanding voting shares as the largest shareholder of PharmaEngine Inc., the shareholding ratio is quite equal to the second largest shareholder. In addition, the Group does not obtain more than half of the seats on Board of Directors and the Group cannot dominate the operating activities, human resource activities and financial activities. Therefore, the Group only has significant influence over PharmaEngine Inc.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic:

(a) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Refer to note 6(f) for further description of the valuation of inventories.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash on hand	$ 2,840	3,157
Cash in banks	1,024,730	1,137,917
Time deposits	1,196,160	1,281,084
Total	**$ 2,223,730**	**2,422,158**

(i) The above cash and cash equivalents were not pledged as collateral.

(ii) Time deposits which do not meet the definition of cash equivalents are accounted for under other financial assets─current and noncurrent, please refer to Note 6(m).

(iii) Please refer to Note 6(w) for the fair value sensitivity analysis and interest rate risk of the financial assets and liabilities of the Group.

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

	December 31, 2020	December 31, 2019
Financial assets designated at fair value through profit or loss		
Domestic preferred stock ETFS	$ -	5,874

The above financial assets were not pledged as collateral.

(c) Financial asset at fair value through other comprehensive income

	December 31, 2020	December 31, 2019
Equity investments at fair value through other comprehensive income:		
Domestic common stock－Lumosa Therapeutics Co., Ltd.	$ 62,216	199,486
Domestic common stock－Handa Pharmaceuticals, Inc.	-	78,278
Domestic common stock－Cathay Financial Holding Co., Ltd.	-	5,281
Domestic common stock－Fubon Financial Holding Co., Ltd.	-	13,920
Domestic preferred stock－Fubon Financial Holding Co., Ltd. Preferred Shares B	156,250	160,750
Domestic preferred stock－Union Bank of Taiwan Preferred Shares A	20,720	21,920
International preferred stock－CellMax Ltd.	49,271	49,271
	$ 288,457	528,906

(i) The Group designated the investments as equity securities at fair value through other comprehensive income because the Group intends to hold the investments for long-term strategic purposes.

(ii) As part of its strategy, the Group sold its shares amounting to $252,956 thousand, resulting in a gain of $159,041 thousand, which attributable to the Group amounting to $115,992 thousand was reclassified from other comprehensive income to retained earnings for the year ended December 31, 2020.

(iii) Please refer to Note 6(w) for information on credit and market risk.

(iv) The above financial assets were not pledged as collateral.

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(d) Notes receivable and accounts receivable (including related parties)

	December 31, 2020	December 31, 2019
Notes receivable	$ 33,766	34,719
Accounts receivable	996,589	957,142
Accounts receivable-related parties	24,854	27,778
Less: Allowance for expected credit losses	(21,941)	(22,038)
	$ 1,033,268	997,601

The Group applies the simplified approach to assess its expected credit losses, that is, to measure the loss allowance at an amount equal to lifetime ECL at initial recognition and throughout its life. To measure the expected credit losses, notes receivable and accounts receivables have been grouped based on the credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provision was determined as follows:

	December 31, 2020		
	Face value of notes receivable and accounts receivable	Weighted average loss rate	Allowance for expected credit losses
Not past due	$ 1,021,479	0%~1%	3,208
1 to 90 days past due	15,257	4%~6%	718
91 to 180 days past due	1,015	50%~55%	557
More than 181 days past due	17,458	100%	17,458
	$ 1,055,209		21,941

	December 31, 2019		
	Face value of notes receivable and accounts receivable	Weighted average loss rate	Allowance for expected credit losses
Not past due	$ 986,990	0%~1%	2,262
1 to 90 days past due	13,403	4%~6%	537
91 to 180 days past due	16	55%~60%	9
More than 181 days past due	19,230	100%	19,230
	$ 1,019,639		22,038

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The movements in the allowance for expected credit losses were as follows:

	For the years ended December 31, 2020	2019
Balance at January 1	$ 22,038	27,483
Subsidiaries changes	-	50
Expected credit losses recognized	-	5
Expected credit losses reversed	(97)	(5,500)
Balance at December 31	$ **21,941**	**22,038**

As of December 31, 2020 and 2019, the notes receivable and accounts receivable for the Group were not pledged as collateral.

(e) Other receivables

	December 31, 2020	December 31, 2019
Other receivable	$ 12,968	102,446
Other receivable—related parties	3,515	17,307
	$ **16,483**	**119,753**

(i) As of December 31, 2020 and 2019, there were no expected credit loss of other receivables.

(ii) Please refer to Note 6(w) for other credit risk information.

(iii) As of December 31, 2020 and 2019, other receivables were not pledged as collateral.

(f) Inventories

	December 31, 2020	December 31, 2019
Merchandise	$ 298,612	392,915
Finished goods	311,059	147,440
Work in process	82,882	125,802
Raw materials	330,108	162,170
Materials	56,892	36,532
Subtotal	1,079,553	864,859
Goods in transit	108,821	123,244
Total	1,188,374	988,103
Less: Allowance for inventory market decline and obsolescence	(77,873)	(129,418)
Net amount	$ **1,110,501**	**858,685**

(i) The details of operating costs were as follows:

	For the years ended December 31, 2020	For the years ended December 31, 2019
Inventories have been sold	$ 1,574,883	1,537,879
Cost of service	55	3,447
Disposal of inventories	9,174	11,061
Write-down of inventories from cost to net realizable value	32,950	6,680
	$ 1,617,062	1,559,067

(ii) As of December 31, 2020 and 2019, the inventories were not pledged as collateral.

(g) Investments accounted for using the equity method

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

	December 31, 2020	December 31, 2019
Associates	$ 1,221,736	1,100,878

1) As of December 31, 2020 and 2019, the associate which the Group invested had a quoted market price as follows:

	December 31, 2020	December 31, 2019
Carrying value	$ 877,057	782,858
Fair value	$ 1,497,688	1,771,876

2) For the years ended December 31, 2020 and 2019, PharmaEngine, Inc. amortized stock compensation cost, exercised employee stock options, and repurchased and cancelled the treasury stocks, which resulted in a change in the shareholding ratio, and such change was debit of $517 thousand and $10,305 thousand, respectively, to its capital reserve. For the years ended December 31, 2020 and 2019, the Group's shareholding ratio rose from 17.76% to 17.77% and 15.52% to 17.76%, respectively.

(ii) Associates that had materiality were as follows:

			Equity ownership	
Associate	**Nature of relationship**	**Country of registration**	**December 31, 2020**	**December 31, 2019**
PharmaEngine, Inc.	Research for new drugs and drug development especially for Asian diseases	Taiwan	17.77 %	17.76 %

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The following was the summary of financial information on the Group's significant associates. In order to reflect the adjustments for fair value in acquisition of shares and differences in accounting policies, adjustment for the amounts presented on the financial statements of associates in accordance with IFRSs has been made to such financial information:

- Summary financial information on PharmaEngine, Inc.

	December 31, 2020	December 31, 2019
Current assets	$ 4,169,858	3,578,332
Non-current assets	37,053	65,060
Current liabilities	(184,462)	(138,443)
Non-current liabilities	(11,316)	(21,954)
Net assets	**$ 4,011,133**	**3,482,995**
Net assets attributable to non-controlling interests	**$ 712,779**	**618,580**
Net assets attributable to investee owners	**$ 3,298,354**	**2,864,415**

	For the years ended December 31,	
	2020	**2019**
Operating revenue	**$ 1,056,012**	**314,040**
Profit from continuing operations	$ 604,281	42,550
Other comprehensive income (loss)	1,587	(220)
Total comprehensive income	**$ 605,868**	**42,330**
Comprehensive income attributable to non-controlling interests	**$ 107,655**	**5,107**
Comprehensive income attributable to investee owners	**$ 498,213**	**37,223**

	For the years ended December 31,	
	2020	**2019**
Net assets attributable to the Group, January 1	$ 618,580	573,462
Changes in capital surplus of associates	(517)	(10,305)
Comprehensive income attributable to the Group	107,655	5,107
Cash dividends received from associates	(12,939)	(22,867)
Addition of investments for the period	-	73,183
Net assets attributable to the Group, December 31	712,779	618,580
Add: Goodwill	164,278	164,278
Carrying amount of interest in associates, December 31	**$ 877,057**	**782,858**

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(iii) Summary financial information on individually insignificant associates

The following was the summary of financial information on individually insignificant associates that were accounted for under the equity method:

	December 31, 2020	December 31, 2019
Carrying amount of interest in individually insignificant associates	$ 344,679	318,020

	For the years ended December 31, 2020	2019
Attributable to the Group:		
Profit from continuing operations	$ 55,492	46,019
Other comprehensive (loss) income	(23,124)	13,928
Comprehensive income	$ 32,368	59,947

(iv) The Group obtained control over Chuang Yi Biotech Co., Ltd. on December 31, 2020, resulting in the Group to recognize the amount of $98,008 as loss of associates using equity method prior to obtaining its above control.

(v) Collateral

As of December 31, 2020 and 2019, the investments in the aforesaid equity-accounted investees were not pledged as collateral.

(h) Business combination

For the year ended December 31, 2019, the Group acquired shares of Chuang Yi Biotech Co., Ltd. (Chuang Yi) through public market for $45,784 thousand, and participated in its capital increase for $93,360 thousand. As of December 31, 2019, the Group obtained 15.47% of Chuang Yi's shares in stages, resulting in the Group to acquire 43.01% shares of Chuang Yi and obtained control over it.

(i) Recognized amounts of assets acquired and liabilities assumed

The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the acquisition date.

Cash and cash equivalents	$ 114,250
Accounts receivables and other receivables	106,438
Inventories	11,418
Refundable product rights – current	31,558
Property, plant, and equipment	2,118
Right-of-use assets	3,061
Intangible assets	3,886
Other assets	43,542
Long-term and short-term borrowings	(133,314)
Accounts payables and other payables	(27,221)
Refundable liabilities – current	(110,653)
Other liabilities	(5,701)
Total identifiable net assets acquired	$ 39,382

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(ii) Goodwill

Goodwill arising from the acquisition has been recognized as follows.

Consideration transferred	$	93,360
Add: non-controlling in the acquiree, if any (proportionate share of the fair value of the identifiable net assets)		22,444
Add: fair value of pre-existing interest in Chuang Yi		6,264
Less: fair value of identifiable net assets		(39,382)
Goodwill		82,686
Less: impairment loss		(82,686)
Book value at December 31, 2019	$	-

Goodwill comes from the products' expected selling value of Chuang Yi and the ability to broaden its channels, which are expected to generate synergy in the integration of Chuang Yi and the Group. However, in February 2020, Belviq, the product which Chuang Yi sells, was considered to have a higher risk of getting cancer, according to the result of a clinical trial conducted by Food and Drug Administration in the U.S. Therefore, Eisai, the vendor of the drug, recalled its public trading permission in the U.S. The Food and Drug Administration in Taiwan (TFDA) also required Chuang Yi to cease the sales of the product and reevaluate the safety of the drug, resulting in the Group to recognize an impairment on the goodwill.

(iii) Due to cessation of the sales of the product, Belviq, the Group already adjusted the related assets, liabilities and income (loss) in its consolidated financial statements for the year ended December 31, 2019. Adjustments according to actual situation were as follows:

1) Inventories

As of December 31, 2019, the Group held the inventory of Belviq with carrying amount of $168,990 thousand, wherein the Group was entitled to an estimated refund of $84,495 thousand from Eisai. Thus, the Group recognized as purchase returns and on inventory market price declined each amounting to $84,495 thousand. As of December 31, 2020, the Group refunded the inventory of Belvig amounting to $232,737 thousand (including the refundable product rights amounted to $65,425 thousand) and disposed the inventory of Belviq amounting to $234,415 thousand. For the year ended December 31, 2020, the Group disposed the inventory of Belviq and wrote off the related provision amounting to $1,920 thousand. Please refer to Note 6(f) for information on inventories.

2) Refundable product rights (Listed in other current assets)

On February 14, 2020, Chuang Yi launched a plan to recall Belviq in accordance with Rule No. 1091401400 issued by TFDA. Chuang Yi estimated refundable product rights from the end consumers based on the quantity and amount of the product sold to pharmacies, clinics, other channels and distributors, and the number of days after the prescription. As of December 31, 2019, the expected cost of recalling the inventories was estimated for $62,311 thousand as refundable product rights, and also adjusted the operating cost amounting to $31,155 thousand.

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As of December 31, 2020, the actual cost of recalling the inventories was $65,425 thousand, and the Group was entitled to an estimated refund of $32,712 thousand from Eisai, which was recognized as receivables. The estimated difference had been recognized as current operating cost. Please refer to Note 6(m) for information on other current assets.

3) Refundable liabilities

As of December 31, 2019, Chuang Yi was expected to pay the aforementioned customers $133,823 thousand to be offset against the carrying amount of accounts receivable $44,828 thousand, which resulted in the refundable liability of $88,995 thousand, Chuang Yi recognized it as other current liabilities.

As of December 31, 2020, the refund to the customer was $85,538 thousand, and Chuang Yi recognized the estimated difference as current operating revenue.

4) Intangible assets

The patent of Belviq was a cash generating unit, and its recoverable amount was estimated based on its value-in-use. Since the product is no longer sold in the market and its related patent will not have any future economic benefits, Chuang Yi recognized an impairment loss of $63,390 thousand on December 31, 2019.

5) Other payables

As of December 31, 2019, Chuang Yi estimated the recalling expense of Belviq was $4,000 thousand, and recognized it as other payables.

For the year ended December 31, 2020, Chuang Yi was already rercognized the recalling expense of Belviq and wrote off the related other receivables.

6) Other Revenue

On September 3, 2020, Chuang Yi and Eisai signed a settlement, Eisai committed to compensate the recalling expense and the cost of inventories. On September 30, 2020, Chuang Yi received the compensation, and wrote off the related other receivables. For the remaining balance amounting to $74,478 thousand, Chuang Yi recognized it as compensation income.

As mentioned above, in addition to the compensation and estimated difference adjustment for the year ended December 31, 2020. The impact of the fell of Belviq has been appropriately reflected in the consolidated financial report for the year ended December 31, 2019. The impact items and notes of the 2019 consolidated balance sheet is summarized as follows:

(Continued)

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Consolidated balance sheet		Influences	Notes
Accounts receivables (including related parties)	$	(44,828)	(Note 6(d))
Other receivables		84,495	(Note 6(e))
Inventories		(168,990)	(Note 6(f))
Refundable product right (listed as other current assets)		(31,155)	(Note 6(m))
Intangible assets		(63,390)	(Note 6(l) and (v))
Assets influences	**$**	**(223,868)**	
Other payables	$	4,000	
Refundable liabilities (listed as other current liabilities)		88,995	
Liabilities influences	**$**	**92,995**	

(i) Material non-controlling interests of subsidiaries

The material non-controlling interests of subsidiaries were as follows:

		Ownership and voting rights ratio	
Subsidiary	**Country of registration**	**December 31, 2020**	**December 31, 2019**
TSH Biopharm Co., Ltd.	Taiwan	56.48 %	56.48 %
EnhanX Biopharm Inc.	Taiwan	50.00 %	50.00 %
Chuang Yi Biotech Co., Ltd.	Taiwan	43.01 %	43.01 %

On June 29, 2020, a resolution was decided by the board of directors meeting that the Company will participate in the capital increase of its subsidiary, Chuang Yi, to acquire 6,364 thousand shares of Chuang Yi with the authorization fee of the distribution contract. The Company’s shareholding ratio in Chuang Yi will increase from 43.01% to 52.94%. The legal procedures have already completed on January 25, 2021.

The following information of the aforementioned subsidiaries have been prepared in accordance with the IFRS endorsed by the FSC, which was included in the fair value adjustments and the adjustments of differences in accounting principles at the acquisition date. Intra-group transactions were not eliminated in this information.

(i) Summary financial information on TSH Biopharm Co., Ltd.

		December 31, 2020	December 31, 2019
Current assets	$	943,841	885,884
Non-current assets		276,298	376,788
Current liabilities		(98,618)	(138,792)
Non-current liabilities		(4,418)	-
Net assets	**$**	**1,117,103**	**1,123,880**
Net assets attributable to non-controlling interest	**$**	**485,946**	**489,032**

(Continued)

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES
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	For the years ended December 31, 2020	2019
Operating revenue	$ 447,862	507,666
Profit from continuing operations	$ 64,969	47,007
Other comprehensive (loss) income	(2,629)	17,428
Total comprehensive income	$ 62,340	64,435
Profit attributable to non-controlling interest	$ 28,138	20,460
Comprehensive income attributable to non-controlling interest	$ 26,993	28,045

	For the years ended December 31, 2020	2019
Cash flows from operating activities	$ 11,611	88,648
Cash flows from (used in) investing activities	234,210	(14,998)
Cash flows used in financing activities	(73,332)	(65,808)
Net increase in cash	$ 172,489	7,842
Dividends paid to non-controlling interests	$ 30,079	26,737

(ii) Summary financial information on EnhanX Biopharm Inc.

	December 31, 2020	December 31, 2019
Current assets	$ 40,022	57,248
Non-current assets	109,409	119,799
Current liabilities	(2,334)	(2,560)
Non-current liabilities	-	(119)
Net assets	$ 147,097	174,368
Net assets attributable to non-controlling interests	$ 73,548	87,184

	For the years ended December 31, 2020	2019
Operating revenue	$ -	-
Loss from continuing operations	$ (27,377)	(25,891)
Other comprehensive income (loss)	106	(166)
Total comprehensive loss	$ (27,271)	(26,057)
Loss attributable to non-controlling interest	$ (13,688)	(12,946)
Comprehensive loss attributable to non-controlling interest	$ (13,636)	(13,029)

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	For the years ended December 31, 2020	2019
Cash flows used in operating activities	$ (16,958)	(21,409)
Cash flows used in investing activities	-	(3,538)
Cash flows used in financing activities	(177)	(175)
Net decrease in cash	**$ (17,135)**	**(25,122)**

(iii) Summary financial information on Chuang Yi Biotech Co., Ltd.

	December 31, 2020	December 31, 2019
Current assets	$ 280,751	301,549
Non-current assets	84,790	14,722
Current liabilities	(234,943)	(260,576)
Non-current liabilities	(15,185)	(16,313)
Net assets	**$ 115,413**	**39,382**
Net assets attributable to non-controlling interests	**$ 68,612**	**22,444**

	For the year ended December 31, 2020
Operating revenue	**$ 178,975**
Profit from continuing operations	$ 69,519
Other comprehensive loss	(88)
Total comprehensive income	**$ 69,431**
Profit attributable to non-controlling interest	**$ 39,619**
Comprehensive income attributable to non-controlling interest	**$ 39,568**
Capital increase by cash to non-controlling interest	**$ 6,600**

	For the year ended December 31, 2020
Cash flows from operating activities	$ 41,252
Cash flows from investing activities	7,765
Cash flows used in financing activities	(36,148)
Effect of exchange rates changes on cash and cash equivalents	(90)
Net increase in cash	**$ 12,779**

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(j) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the years ended December 31, 2020 and 2019, were as follows:

	Land	Building and construction	Machinery equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress	Total
Cost:								
Balance on January 1, 2020	$ 816,169	1,316,857	674,001	5,938	491,997	10,589	149,785	3,465,336
Additions	117,345	12,097	15,503	-	22,248	-	124	167,317
Disposals	-	(4,721)	(2,476)	(337)	(6,876)	-	-	(14,410)
Reclassification	(30,617)	(13,522)	20,956	-	2,699	-	173,418	152,934
Adjustment for foreign currency translation	-	-	7	-	(2)	-	-	5
Balance on December 31, 2020	**$ 902,897**	**1,310,711**	**707,991**	**5,601**	**510,066**	**10,589**	**323,327**	**3,771,182**
Balance on January 1, 2019	$ 816,169	1,312,651	671,995	5,755	461,807	7,076	148,911	3,424,364
Obtained from business combination	-	-	442	-	2,647	3,512	-	6,601
Additions	-	14,449	6,490	183	19,803	-	15,035	55,960
Disposals	-	(3,316)	(7,821)	-	(4,403)	-	-	(15,540)
Reclassification	-	(6,944)	2,895	-	12,146	-	(14,161)	(6,064)
Adjustment for foreign currency translation	-	17	-	-	(3)	1	-	15
Balance on December 31, 2019	**$ 816,169**	**1,316,857**	**674,001**	**5,938**	**491,997**	**10,589**	**149,785**	**3,465,336**
Accumulated depreciation:								
Balance on January 1, 2020	$ -	377,556	345,217	3,601	337,164	7,521	-	1,071,059
Depreciation	-	63,690	38,724	980	31,107	1,232	-	135,733
Disposals	-	(4,721)	(2,449)	(317)	(6,589)	-	-	(14,076)
Reclassification	-	(6,279)	-	-	-	-	-	(6,279)
Adjustment for foreign currency translation	-	-	5	-	-	-	-	5
Balance on December 31, 2020	**$ -**	**430,246**	**381,497**	**4,264**	**361,682**	**8,753**	**-**	**1,186,442**
Balance on January 1, 2019	$ -	317,892	315,588	2,606	309,848	4,099	-	950,033
Obtained from business combination	-	-	168	-	1,596	2,719	-	4,483
Depreciation	-	63,786	37,021	1,183	29,786	702	-	132,478
Disposals	-	(3,316)	(7,560)	-	(4,064)	-	-	(14,940)
Reclassification	-	(807)	-	(188)	-	-	-	(995)
Adjustment for foreign currency translation	-	1	-	-	(2)	1	-	-
Balance on December 31, 2019	**$ -**	**377,556**	**345,217**	**3,601**	**337,164**	**7,521**	**-**	**1,071,059**
Carrying value:								
Balance on December 31, 2020	**$ 902,897**	**880,465**	**326,494**	**1,337**	**148,384**	**1,836**	**323,327**	**2,584,740**
Balance on January 1, 2019	**$ 816,169**	**994,759**	**356,407**	**3,149**	**151,959**	**2,977**	**148,911**	**2,474,331**
Balance on December 31, 2019	**$ 816,169**	**939,301**	**328,784**	**2,337**	**154,833**	**3,068**	**149,785**	**2,394,277**

(i) Collateral

As of December 31, 2020 and 2019, the property, plant and equipment were not pledged as collateral.

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(ii) Property, plant and equipment under construction

New plant is already under construction. As of the reporting date, expenditures incurred amounted to $323,327 thousand, and there were no capitalized loan cost for the years ended December 31, 2020 and 2019.

(k) Investment property

		Land	Building and construction	Total
Cost:				
Balance on January 1, 2020	$	69,152	41,035	110,187
Reclassification from property, plant and equipment		30,617	13,522	44,139
Effect of changes in foreign exchange rate		-	424	424
Balance on December 31, 2020	**$**	**99,769**	**54,981**	**154,750**
Balance on January 1, 2019	$	69,152	27,008	96,160
Additions		-	140	140
Reclassification from property, plant and equipment		-	14,890	14,890
Effect of changes in foreign exchange rate		-	(1,003)	(1,003)
Balance on December 31, 2019	**$**	**69,152**	**41,035**	**110,187**
Accumulated depreciation and impairment loss:				
Balance on January 1, 2020	$	-	9,756	9,756
Depreciation		-	1,397	1,397
Reclassification rom property, plant and equipment		-	6,279	6,279
Effect of changes in foreign exchange rate		-	48	48
Balance on December 31, 2020	**$**	**-**	**17,480**	**17,480**
Balance on January 1, 2019	$	-	8,010	8,010
Depreciation for the year		-	1,019	1,019
Reclassification rom property, plant and equipment		-	807	807
Effect of changes in foreign exchange rate		-	(80)	(80)
Balance on December 31, 2019	**$**	**-**	**9,756**	**9,756**

(Continued)

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		Land	Building and construction	Total
Carrying amount:				
Balance on December 31, 2020	$	99,769	37,501	137,270
Balance on January 1, 2019	$	69,152	18,998	88,150
Balance on December 31, 2019	$	69,152	31,279	100,431
Fair value:				
Balance on December 31, 2020				$ 273,606
Balance on December 31, 2019				$ 188,968

(i) The fair value of investment property was evaluated based on the recent market transations on arm's-length terms.

(ii) As of December 31, 2020 and 2019, the investment property of the Group were not pledged as collateral.

(l) Intangible assets

The cost, amortization and impairment of the intangible assets of the Group for the years ended December 31, 2020 and 2019, were as follows:

		Computer software	Patent and franchise	Total
Cost:				
Balance on January 1, 2020	$	34,613	298,553	333,166
Additions		6,356	7,398	13,754
Disposals		(24,060)	-	(24,060)
Balance on December 31, 2020	$	16,909	305,951	322,860
Balance on January 1, 2019	$	31,080	190,238	221,318
Acquisition through business combinations		3,505	108,315	111,820
Additions		780	-	780
Disposals		(196)	-	(196)
Reclassifications		(556)	-	(556)
Balance on December 31, 2019	$	34,613	298,553	333,166
Amortization and impairment loss:				
Balance on January 1, 2020	$	30,866	163,287	194,153
Amortization for the period		3,142	16,727	19,869
Disposals		(24,060)	-	(24,060)
Balance on December 31, 2020	$	9,948	180,014	189,962

(Continued)

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	Computer software	Patent and franchise	Total
Balance on January 1, 2019	$ 25,157	42,973	68,130
Acquisition through business combinations	2,685	105,249	107,934
Amortization for the year	3,776	15,065	18,841
Disposals	(196)	-	(196)
Reclassification	(556)	-	(556)
Balance on December 31, 2019	**$ 30,866**	**163,287**	**194,153**
Carrying value:			
Balance on December 31, 2020	**$ 6,961**	**125,937**	**132,898**
Balance on January 1, 2019	**$ 5,923**	**147,265**	**153,188**
Balance on December 31, 2019	**$ 3,747**	**135,266**	**139,013**

The amortization of intangible assets and their impairment losses are included in the statement of comprehensive income:

	For the years ended December 31, 2020	2019
Operating costs	$ 405	354
Operating expenses	19,464	18,487
	$ 19,869	**18,841**

As of December 31, 2020 and 2019, the intangible assets of the Group were not pledged as collateral.

(m) Other financial assets and other assets

Details of other financial assets and other assets were as follows:

	December 31, 2020	December 31, 2019
Other current financial assets	$ 280,186	332,889
Other non-current financial assets	159,514	158,363
Long-term prepayments	10,936	7,935
Others	8,152	45,927
	$ 458,788	**545,114**

(i) Both current and non-current other financial assets were bank deposits that did not qualify as cash and cash equivalents.

(ii) Long-term prepayments were paid for intangible assets before the intangible assets are ready for use.

(iii) Please refer to Note 8 for the Group’s information on collateral.

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(n) Short-term borrowings

The short-term borrowings were summarized as follows:

	December 31, 2020	December 31, 2019
Secured bank loans	$ 65,070	111,070
Unsecured bank loans	1,650,000	1,450,000
	$ 1,715,070	**1,561,070**
Unused credit lines	**$ 1,178,789**	**1,117,021**
Range of interest rates	**0.77%~2%**	**0.86%~1.80%**

(i) Please refer to Note 6(w) for interest and credit risk exposure.

(ii) Please refer to Note 8 for the collateral for short-term borrowings.

(o) Long-term borrowings

The long-term borrowings were summarized as follows:

	December 31, 2020			
	Currency	**Interest rate**	**Maturity**	**Amount**
Secured bank loans	NTD	1.700%~1.945%	2022-2023	$ 28,594
Unsecured bank loans	NTD	0.987%	2022	400,000
Less: Current portion				(16,543)
Total				**$ 412,051**
Unused credit lines				**$ 300,000**

	December 31, 2019			
	Currency	**Interest rate**	**Maturity**	**Amount**
Secured bank loans	NTD	1.700%	2023	$ 16,313
Unsecured bank loans	NTD	1.146%~1.180%	2020	355,931
Less: Current portion				(355,931)
Total				**$ 16,313**
Unused credit lines				**$ 450,000**

Please refer to Note 8 for the collateral for long-term borrowings.

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(p) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value were as follows:

	December 31, 2020	December 31, 2019
Present value of defined benefit obligation	$ 105,341	123,179
Fair value of plan assets	(59,841)	(67,070)
Net defined benefit liabilities	**$ 45,500**	**56,109**

The Group’s emlpoyee benefit liabilities were as below:

	December 31, 2020	December 31, 2019
Vacation liability	**$ 8,678**	**7,962**

The Group makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pension benefits for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Group's Bank of Taiwan labor pension reserve account balance amounted to $59,841 thousand as of December 31, 2020. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

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2) Movements in present value of the defined benefit obligations

The movement in the present value of the defined benefit obligations for the Group were as follows:

	For the years ended December 31,	
	2020	2019
Defined benefit obligation, January 1	$ 123,179	122,955
Current service costs and interest	1,604	2,253
Remeasurement gain arising from		
—Financial assumptions	2,715	3,264
—Experience adjustment	(8,429)	(3,375)
Benefits paid	(13,728)	(1,918)
Defined benefit obligations, December 31	$ **105,341**	**123,179**

3) Movements in the fair value of plan assets

The movements in the fair value of the plan assets for the Group were as follows:

	For the years ended December 31,	
	2020	2019
Fair value of plan assets, January 1	$ 67,070	64,496
Interest revenue	467	632
Remeasurement loss (gain)		
—Return on plan assets excluding interest income	2,206	2,326
Contributions made	3,826	1,534
Benefits paid	(13,728)	(1,918)
Fair value of plan assets, December 31	$ **59,841**	**67,070**

4) Expenses recognized in profit or loss

The Group's pension expenses recognized in profit or loss for the years ended December 31, 2020 and 2019, were as follows:

	For the years ended December 31,	
	2020	2019
Current service cost	$ 727	1,029
Net interest of net liabilities for defined benefit obligation	410	592
	$ **1,137**	**1,621**

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	For the years ended December 31, 2020	2019
Operating costs	$ 373	536
Selling expenses	351	498
Administrative expenses	178	255
Research and development expenses	235	332
	$ 1,137	**1,621**

5) Remeasurement of net defined benefit liability (asset) recognized in other comprehensive income

The Group's remeasurement of the net defined benefit liability (asset) recognized in other comprehensive income for the years ended December 31, 2020 and 2019, were as follows:

	For the years ended December 31, 2020	2019
Accumulated amount, January 1	$ 8,301	10,739
Recognized during the year	(7,920)	(2,438)
Accumulated amount, December 31	**$ 381**	**8,301**

6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2020	December 31, 2019
Discount rate	0.47 %	0.74 %
Future salary increase rate	3.00 %	3.00 %

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date is $4,373 thousand.

The weighted-average lifetime of the defined benefit plan is 3 years.

7) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

		Influences of defined defined benefit obligations	
		Increase	**Decrease**
December 31, 2020			
Discount rate (Fluctuation of 0.25%)	$	(2,132)	2,199
Future salary increasing rate (Fluctuation of 0.25%)		1,883	(1,838)
December 31, 2019			
Discount rate (Fluctuation of 0.5%)	$	(4,784)	5,105
Future salary increasing rate (Fluctuation of 0.5%)		4,407	(4,189)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2020 and 2019.

(ii) Defined contribution plans

The Group allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Group allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contributions to the Bureau of Labor Insurance amounted to $38,059 thousand and $27,670 thousand for the years ended December 31, 2020 and 2019, respectively.

(q) Income Tax

(i) Income tax expense

The components of income tax for the years ended December 31, 2020 and 2019 were as follows:

	For the years ended December 31, 2020	2019
Current tax expense		
Current period	$ 234,124	293,949
Adjustment for prior periods	(1,377)	(764)
	232,747	293,185
Deferred tax expense		
Origination and reversal of temporary difference	(9,899)	1,764
Income tax expense from continuing operations	**$ 222,848**	**294,949**

The amount of income tax recognized in other comprehensive income for the years ended December 31, 2020 and 2019 was as follows:

	For the years ended December 31, 2020	2019
Items that may be reclassified subsequently to profit and loss:		
Exchange differences on translation	**$ 16,480**	**(6,008)**

Reconcilation of income tax and profit before tax for the years ended December 31, 2020 and 2019 is as follows:

	For the years ended December 31, 2020	2019
Profit before income tax	$ 1,201,525	1,202,654
Income tax using the company's domestic tax rate	$ 251,710	251,512
Non-deductible expenses	(19,606)	39,020
Gains derived from securities transactions	(1,284)	(1,209)
Tax incentives	(1,032)	(3,142)
Change in provision in prior periods	(1,377)	(764)
Undistributed earnings additional tax at 10%	384	9,609
Basic income tax	467	-
Others	(6,414)	(77)
	$ 222,848	**294,949**

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(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities

The Group is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as of December 31, 2020 and 2019. Also, management considers it probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax liabilities. Details are as follows:

	December 31, 2020	December 31, 2019
Aggregate amount of temporary differences related to investments in subsidiaries	$ (390,051)	(390,051)
Unrecognized deferred tax liabilities	$ (78,010)	(78,010)

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for the years ended December 31, 2020 and 2019, were as follows:

	Gain on foreign investments	Reserve for land revaluation increment tax	Others	Total
Deferred tax liabilities:				
Balance, January 1, 2020	$ 221,206	60,871	-	282,077
Recognized in profit or loss	6,229	-	-	6,229
Recognized in other comprehensive income	(16,480)	-	-	(16,480)
Balance, December 31, 2020	$ 210,955	60,871	-	271,826
Balance, January 1, 2019	$ 217,829	60,871	23	278,723
Recognized in profit or loss	9,385	-	(23)	9,362
Recognized in other comprehensive income	(6,008)	-	-	(6,008)
Balance, December 31, 2019	$ 221,206	60,871	-	282,077

	Defined benefit plan	Gain or loss on valuation of inventory	Others	Total
Deferred tax assets:				
Balance, January 1, 2020	$ 6,855	8,881	29,934	45,670
Recognized in profit or loss	(538)	6,053	10,613	16,128
Balance, December 31, 2020	$ 6,317	14,934	40,547	61,798
Balance, January 1, 2019	$ 6,868	7,544	23,660	38,072
Recognized in profit or loss	(13)	1,337	6,274	7,598
Balance, December 31, 2019	$ 6,855	8,881	29,934	45,670

(iii) Assessment of tax

The Company’s income tax return for the year 2017 was assessed by the Taipei National Tax Administration, in which the year 2016 has not been approved.

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(r) Capital and other equity

As of December 31, 2020 and 2019, the number of authorized ordinary shares were 350,000,000 shares with par value of $10 per share and the total value of authorized ordinary shares amounted to $3,500,000 thousand. The paid-in capital were both $2,486,500 thousand.

(i) Capital surplus

The ending balances of additional paid-in capital were as follows:

	December 31, 2020	December 31, 2019
Share capital	$ 484	484
Long term investment	337,513	338,030
	$ 337,997	**338,514**

According to the R.O.C. Company Act amended, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring paid-in capital in excess of par value should not exceed 10% of the total common stock outstanding.

(ii) Retained earnings

Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. The appropriation for legal reserve is discontinued when the balance of legal reserve equals the total authorized capital. Special reserve may be appropriated for operations or to meet regulations. The remaining earnings, if any, may be appropriated according to the proposal presented in the annual shareholders' meeting by the board of directors.

To enhance the Company's financial structure and maintain investors' equity, the Company adopts a stable dividends policy in which earnings distribution cannot be less than 50% of distributable earnings, and cash dividends payment has to be 70% of the distribution.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

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2) Special reserve

The Company has selected to apply the optional exemptions according to IFRS 1 "First-time Adoption of International Financial Reporting Standards".

In accordance with Ruling No. 1010012865 issued by the FSC on April 6, 2012, a special reserve was appropriated from the undistributed earnings equivalent to the debit balance of cumulative translation differences of $82,429 thousand and unrealized revaluation increments of $27,725 thousand. The special reserve appropriated can be reversed to the extent that the net debit balance reverses.

In accordance with the aforesaid Ruling, a special reserve is set aside from the current year's net income after tax and prior year's undistributed earnings at an amount equal to the debit balance of contra accounts in shareholders' equity. When the debit balance of any of these contra accounts in shareholders' equity is reversed, the related special reserve can be reversed. The subsequent reversals of contra accounts in shareholder's equity shall qualify for additional distributions. As of December 31, 2020 and 2019, the special reserve appropriated from the undistributed earnings both amounted to $110,154 thousand.

3) Earnings distribution

On June 12, 2020 and June 25, 2019, the general meeting of shareholders resolved to appropriate 2019 and 2018 earnings, respectively. The appropriation and dividends per share were as follows:

	2019		2018	
	Amount per share (dollars)	**Amount**	**Amount per share (dollars)**	**Amount**
Dividends distributed to ordinary shareholders:				
Cash	$ 4.00	994,599	4.50	1,118,925

(iii) Other equity accounts (net value after tax)

	Exchange differences on translation	**Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income**	**Total**
Balance on January 1, 2020	$ (80,724)	120,859	40,135
Exchange differences on foreign operations	(66,113)	-	(66,113)
Exchange differences of associates accounted for using the equity method	226	-	226
Unrealized gains from financial assets measured at fair value through other comprehensive income	-	13,650	13,650
Disposal of investments in equity instruments designated at fair value through other comprehensive income reclassified to retained earning	-	(115,992)	(115,992)
Unrealized losses from financial assets measured at fair value through other comprehensive income, associates accounted for using the equity method	-	(5,615)	(5,615)
Balance on December 31, 2020	$ (146,611)	12,902	(133,709)

(Continued)

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	Exchange differences on translation	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance on January 1, 2019	$ (56,694)	103,515	46,821
Exchange differences on foreign operations	(23,918)	-	(23,918)
Exchange differences of associates accounted for using the equity method	(112)	-	(112)
Unrealized gains from financial assets measured at fair value through other comprehensive income	-	16,167	16,167
Unrealized gains from financial assets measured at fair value through other comprehensive income, associates accounted for using the equity method	-	1,177	1,177
Balance on December 31, 2019	$ (80,724)	120,859	40,135

(iv) Non-controlling interests

	For the years ended December 31, 2020	2019
Balance on January 1	$ 598,428	587,592
Attributable to non-controlling interests:		
Profit from continuing operations	54,499	7,624
Exchange differences on translation in foreign operations	(3)	(83)
Unrealized (loss) gains on financial assets	(1,143)	7,588
Cash dividend distributed	(30,079)	(26,737)
Arising from business combination	-	22,444
Changes in ownership interest in subsidiaries	6,600	-
Balance on December 31	$ 628,302	598,428

(s) Earnings per share

The calcalution of basic earnings per share and diluted earnings per share were as follows:

	For the years ended December 31, 2020	2019
Basic earnings per share		
Profit attributable to ordinary shareholders of the company	$ 924,178	900,081
Weighted average number of ordinary shares	248,650	248,650
	$ 3.72	3.62

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	For the years ended December 31, 2020	2019
Diluted earnings per share		
Profit attributable to ordinary shareholders of the company (diluted)	$ **924,178**	**900,081**
Weighted average number of ordinary shares	248,650	248,650
Effect of employees' compensation	413	349
Weighted average number of ordinary shares (diluted)	**249,063**	**248,999**
	$ **3.71**	**3.61**

(t) Revenue from contracts with customers

(i) Disaggregation of revenue

For the year ended December 31, 2020	Oncology Business Unit	Health Care Unit	Anti-Infection Business Unit	Domestic Cardiovascular and Gastrointestinal Drugs Business Unit	Other Segment	Total
Primary geographical markets:						
Taiwan	$ 2,183,467	173,473	950,773	440,677	183,221	3,931,611
Europe	12,199	-	-	-	-	12,199
Other countries	257,113	-	2,557	5,156	13,200	278,026
	$ **2,452,779**	**173,473**	**953,330**	**445,833**	**196,421**	**4,221,836**
Major products/services lines:						
Medicine and functional food	$ 2,430,372	173,473	951,711	445,646	192,040	4,193,242
Services	20,873	-	1,619	187	4,381	27,060
Royalty	1,534	-	-	-	-	1,534
	$ **2,452,779**	**173,473**	**953,330**	**445,833**	**196,421**	**4,221,836**

For the year ended December 31, 2019	Oncology Business Unit	Health Care Unit	Anti-Infection Business Unit	Domestic Cardiovascular and Gastrointestinal Drugs Business Unit	Other Segment	Total
Primary geographical markets:						
Taiwan	$ 2,201,923	229,488	785,891	501,722	8,081	3,727,105
Europe	418,933	-	-	-	-	418,933
Other countries	268,037	35,378	768	4,478	11,609	320,270
	$ **2,888,893**	**264,866**	**786,659**	**506,200**	**19,690**	**4,466,308**
Major products/services lines:						
Medicine and functional food	$ 2,834,084	264,866	786,659	475,075	11,609	4,372,293
Services	20,457	-	-	31,125	8,081	59,663
Royalty	34,352	-	-	-	-	34,352
	$ **2,888,893**	**264,866**	**786,659**	**506,200**	**19,690**	**4,466,308**

(ii) Contract balances

	December 31, 2020	December 31, 2019	January 1, 2019
Contract liability	$ 16,285	16,678	6,405

For details on accounts receivable and allowance for expected credit losses, please refer to Note 6(d).

The beginning balance of contract liability recognized as revenue for the years ended December 31, 2020 and 2019 were $10,724 thousand and $4,593 thousand, respectively.

(u) Remunerations to employees and directors

In accordance with the articles of incorporation, the Company should contribute 0.5% to 10% of the profit before tax as employee compensation and no more than 2% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

For the years ended December 31, 2020 and 2019, the Company estimated its employee compensation both amounted to $23,195 thousand, and directors' remuneration both amounted to $14,950 thousand. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the compensation to employees and remuneration to directors of each period, multiplied by the percentage of compensation to employees and remuneration to directors as specified in the Company's articles. These compensations and remunerations were expensed under operating costs or operating expenses during 2020 and 2019. Related information would be available at the Market Observation Post System website. The amounts, as stated in the consolidated financial statements, are identical to those of the actual distrbutions for 2020 and 2019.

(v) Non-operating income and expenses

(i) Interest income

The details of total interest income for the years ended December 31, 2020 and 2019 were as follows:

	For the years ended December 31, 2020	2019
Interest income from bank deposits	$ 14,981	40,445

(ii) Other income

The details of other income for the years ended December 31, 2020 and 2019 were as follows:

	For the years ended December 31, 2020	2019
Rent revenue	$ 10,644	12,104
Compensation income (Note 6(h))	74,478	-
Other income, others	6,290	-
	$ 91,412	12,104

(iii) Other gains and losses

The details of other gains and losses for the years ended December 31, 2020 and 2019 were as follows:

	For the years ended December 31, 2020	2019
Losses on disposal of property, plant and equipment	$ (321)	(581)
Dividend income	6,420	6,315
Foreign exchange losses	(15,253)	(11,169)
Gains (losses) on financial assets measured at fair value through profit or loss	(1,558)	378
Impairment losses of non-finanaical assets (Note)	(4,583)	(82,686)
Other gains and losses	9,596	70,893
	$ (5,699)	(16,850)

(Note) As of December 31, 2019, gains or losses on remeasurement of Chuang Yi Biotech Co., Ltd.'s 34.25% shares owned by the Group before business combination at fair value, please refer to Note 6(h).

(iv) Finance costs

The details of finance costs for the years ended December 31, 2020 and 2019 were as follows:

	For the years ended December 31, 2020	2019
Interest expense	$ 19,413	14,810

(w) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represents the Group's maximum amount exposed to credit risk. Such maximum credit exposure on December 31, 2020 and 2019, amounted to $1,055,209 thousand and $1,019,639 thousand, respectively.

2) Concentration of credit risk

In order to lower the credit risk on accounts receivable, the Group continually evaluates clients' financial situation and also assesses the possibility of collecting accounts receivable and recognizes an "allowance for expected credit loss. Expected credit losses are always within the administrative personnel's expectations. As of December 31, 2020 and 2019, the accounts receivable from the Group's top ten customers represented 15% and 24%, respectively, of accounts receivable.

(ii) Credit risk of receivables

Please refer to Note 6(d) for information of credit risk exposure of accounts receivables and notes receivables.

Other financial assets at amortized cost includes other receivables and time deposits. Please refer to Note 6(e) and (m). All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. With regards to how the financial instruments are considered to have low credit risk, please refer to Note 4(g).

(iii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within 1 year	2-3 years	4-5 years
December 31, 2020					
Non-derivative financial liabilities					
Bank loans	$ 2,143,664	2,153,025	1,738,526	414,499	-
Non-interest-bearing liabilities (including related parties)	656,456	656,456	656,456	-	-
Guarantee deposits received	2,430	2,430	2,430	-	-
	$ 2,802,550	**2,811,911**	**2,397,412**	**414,499**	**-**
December 31, 2019					
Non-derivative financial liabilities					
Bank loans	$ 1,933,314	1,937,249	1,920,550	12,524	4,175
Non-interest-bearing liabilities (including related parties)	756,046	756,046	756,046	-	-
Guarantee deposits received	2,428	2,428	2,428	-	-
	$ 2,691,788	**2,695,723**	**2,679,024**	**12,524**	**4,175**

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iv) Market risk

1) Currency risk

The Group's significant exposure of financial assets and liabilities to foreign currency risk was as follows:

	December 31, 2020			December 31, 2019		
	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD
Financial assets						
Monetary items						
USD	$ 10,416	28.48	296,648	18,311	29.98	548,964
CNY	2,647	4.38	11,586	6,530	4.31	28,112
JPY	95,362	0.28	26,349	124,946	0.27	34,346
EUR	152	35.02	5,323	1,598	33.59	53,677
IDR	760,275	0.002	1,543	-	-	-
Nonmonetary items						
USD	48,097	28.48	1,369,812	47,993	29.98	1,438,824
CNY	49,391	4.377	216,183	51,489	4.31	221,659
THB	299,410	0.96	287,434	265,077	1.01	267,728

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents and accounts receivable that are denominated in foreign currency. Net investments in a foreign operation are strategic investments, so the Group does not treat them as a hedge.

A strengthening (weakening) of 1% of the NTD against the USD, CNY, JPY, EUR and IDR as of December 31, 2020 and 2019 would have increased (decreased) the net profit after tax by $2,731 thousand and $5,321 thousand, respectively. The analysis is performed on the same basis for both periods.

3) Gains or losses on monetary item

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the years ended December 31, 2020 and 2019, foreign exchange losses (including realized and unrealized portions) amounted to $15,253 thousand and $11,169 thousand, respectively.

(v) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial assets and liabilities.

The Group mainly borrows capital at floating interest rates, so the cash flow risk arises from changes in interest rates. The Group's main source of borrowed capital is bank loans.

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For variable-rate instruments, the sensitivity analysis assumes the variable-rate liabilities are outstanding for the whole year on the reporting date. The Group’ s internal management reported that increases/decreases in interest rates of 0.25% are considered by management to be a reasonably possible change in interest rate.
If the interest rate had increased/decreased by 0.25%, the Group’s after-tax net income would have decreased/increased by $1,967 thousand and $829 thousand for the years ended December 31, 2020 and 2019, respectively with all other variable factors remaining constant.

(vi) Other market value risk

For the years ended December 31, 2020 and 2019, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

	For the years ended December 31,			
	2020		2019	
Prices of securities at the reporting date	**Other Comprehensive income after tax**	**Net income**	**Other Comprehensive income after tax**	**Net income**
Increasing 10%	$ 28,845	-	52,891	470
Decreasing 10%	$ (28,845)	-	(52,891)	(470)

(vii) Fair value of financial instruments

1) Categories and fair value of financial instruments

The fair value of financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Group’ s financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value and lease liabilities, disclosure of fair value information is not required:

	December 31, 2020				
		Fair Value			
	Book Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through other comprehensive income					
Domestic stock in listed company at Stock Exchange	$ 176,970	176,970	-	-	176,970
Domestic stock in listed company at Taipei Exchange	62,216	62,216	-	-	62,216
International stock	49,271	-	-	49,271	49,271
subtotal	288,457	239,186	-	49,271	288,457

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	December 31, 2020				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 2,223,730	-	-	-	-
Notes receivable and accounts receivable (including related party)	1,033,268	-	-	-	-
Other receivables (including related party)	16,483	-	-	-	-
Other financial assets	439,700	-	-	-	-
Refundable deposits paid	22,019	-	-	-	-
subtotal	3,735,200	-	-	-	-
Total	$ 4,023,657	239,186	-	49,271	288,457
Financial liabilities measured at amortized cost					
Bank loans	$ 2,143,664	-	-	-	-
Notes payable and accounts payable (including related party)	159,440	-	-	-	-
Other payables (including related party)	497,016	-	-	-	-
Guarantee deposit received	2,430	-	-	-	-
Total	$ 2,802,550	-	-	-	-

	December 31, 2019				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	$ 5,874	5,874	-	-	5,874
Financial assets at fair value through other comprehensive income					
Domestic stock in listed company at Stock Exchange	$ 201,871	201,871	-	-	201,871
Domestic stock in listed company at Taipei Exchange	199,486	199,486	-	-	199,486
Domestic stock in listed company at emerging stock market	78,278	78,278	-	-	78,278
International stock	49,271	-	-	49,271	49,271
subtotal	528,906	479,635	-	49,271	528,906

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	December 31, 2019				
		Fair Value			
	Book Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 2,422,158	-	-	-	-
Notes receivable and accounts receivable (including related party)	997,601	-	-	-	-
Other receivables (including related party)	119,753	-	-	-	-
Other financial assets	491,252	-	-	-	-
Cash surrender value of life insurance	13,657	-	-	-	-
Refundable deposits paid	31,132	-	-	-	-
subtotal	4,075,553	-	-	-	-
Total	**$ 4,610,333**	**485,509**	**-**	**49,271**	**534,780**
Financial liabilities measured at amortized cost					
Bank loans	$ 1,933,314	-	-	-	-
Notes payable and accounts payable (including related party)	181,277	-	-	-	-
Other payables (including related party)	574,769	-	-	-	-
Guarantee deposit received	2,428	-	-	-	-
Total	**$ 2,691,788**	-	-	-	-

2) Fair value hierarchy

The Group strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

a) Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.

b) Level 2: 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).

c) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

3) Valuation techniques for financial instruments which are not measured at fair value

The Group's valuation techniques used for financial instruments not measured at fair value are as follows:

The financial instrument carried at amortized cost mentioned above is either close to its expiry date, or their future receivable or payable is close to its carrying value; thus, its fair value is estimated from the book value of the balance sheet date.

4) Valuation techniques for financial instruments measured at fair value

Non-derivative financial instruments

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

Measurements of fair value of financial instruments without an active market are based on valuation technique or quoted price from a competitor. Fair value measured by using valuation technique can be extrapolated from either similar financial instruments or discounted cash flow method or other valuation techniques, including models, is calculated based on available market data at the report date.

5) Transfer between levels

There was no change in valuation techniques for financial instruments measured at fair value for the years ended December 31, 2020 and 2019, so there was no transfer between levels.

6) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income
	Unquoted equity instruments
Balance at January 1, 2020	**$ 49,271**
Balance at December 31, 2020	**$ 49,271**
Balance at January 1, 2019	$ -
Purchase	49,271
Balance at December 31, 2019	**$ 49,271**

7) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instruments that use Level 3 inputs to measure fair value include "fair value through other comprehensive income – equity investments".

Most of the Group' s financial instruments that use Level 3 inputs have only one significant unobservable input. Only equity investments without an active market have multiple significant unobservable input.

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets measured at fair value through other comprehensive income - equity investments without an active market	Discounted Cash Flow Method	·Weighted average cost of capital (On December 31, 2020 and December 31, 2019 were 13.32% and 14.27%, respectively)	·The higher the weighted average cost of capital and discount for lack of market liquidity, the lower the fair value.

8) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The valuation models and assumptions used to measure the fair value of financial instruments are reasonable. However, the use of different valuation models or assumptions may result in different measurements. The following is the effect of other comprehensive income from financial assets and liabilities categorized within Level 3 if the inputs used in valuation models have changed:

			Other comprehensive income	
	Input	**Change**	**Favorable**	**Unfavorable**
December 31, 2020				
Financial assets at fair value through other comprehensive income - equity investments without an active market	Discounted of liquidity	1%	487	(487)
December 31, 2019				
Financial assets at fair value through other comprehensive income - equity investments without an active market	Discounted of liquidity	1%	646	(646)

The favorable and unfavorable effects represent the changes in fair value, which is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

(x) Financial risk management

(i) Overview

The Group have exposures to the following risks from its financial instruments:

1) credit risk

2) liquidity risk

3) market risk

The following likewise discusses the Group's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risk exposures, please refer to the respective notes in the accompanying financial statements.

(ii) Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in debt securities.

1) Accounts receivable and other receivables

The Group's credit policy is to transact with creditworthy customers and to obtain collateral to mitigate risks arising from financial loss due to default. The Group transacts with customers with credit ratings equivalent to investment grade, and such ratings are provided by independent rating agencies. Where it is not possible to obtain such information, the Group assesses the ratings based on other publicly available financial information and the records of transactions with its customers. The Group continuously monitor the exposure to credit risk and counterparty credit ratings, and to evaluate the customers' credit ratings and credit limits via annual review and approval by the finance department to manage the credit exposure.

The Group did not have any collateral or other credit enhancements to avoid credit risk of financial assets.

2) Investment

The exposure to credit risk related for the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Group's finance department. The Group only deals with banks and other external parties with good credit rating and with financial institutions, corporate organizations, and government agencies which are graded above investment grade, management does not expect any counterparty to fail to meet its obligation hence there is no significant credit risk arising from these counterparties.

(Continued)

3) Guarantees

The Group did not provide any endorsement or guarantee as of December 31, 2020 and 2019.

(iv) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(y) Capital management

The Group's objectives in managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the dividends payment to shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

The Group and other entities in the same industry use the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total amount of capital represents all the equity components (that is, share capital, capital surplus, retained earnings, and other equity) plus net debt.

The Group monitors funds by regularly reviewing the ratio of assets to liabilities. The Group's capital is the "total equity" listed in the balance sheet, which is also equal to the total assets less the total liabilities.

The Group's debt-to-equity ratios at the balance sheet date were as follows:

	December 31, 2020	December 31, 2019
Total liabilities	$ 3,282,741	3,383,652
Less: cash and cash equivalents	(2,223,730)	(2,422,158)
Net debt	1,059,011	961,494
Total capital	6,078,068	6,169,064
Adjusted capital	**$ 7,137,079**	**7,130,558**
Debt-to-equity ratio	**14.84%**	**13.48%**

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(7) Related-party transactions:

(a) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements.

Name of related party	Relationship with the Group
American Taiwan Biopharm (Thailand)	An associate
Chuang Yi Biotech Co., Ltd.	An associate (Note)
Shangta Pharmaceutical Co., Ltd.	Other related party
Chun-Hui, Chang	Other related party

Note: As of December 31, 2019, the Group obtained control over Chuang Yi Biotech Co., Ltd. and listed it as a subsidiary of the Group. Before that date, Chuang Yi Biotech Co., Ltd. was an associate of the Group.

(b) Significant transactions with related parties

(i) Operating revenue

The amounts of significant sales by the Group to related parties were as follows:

	For the years ended December 31, 2020	2019
Associates	$ 71,355	90,726
Other related parties	527	-
	$ 71,882	90,726

Prices charged for sales transactions with associates were calculated at 100% of the annual cost. If the collection was past due three months, then 5% interest was charged.

(ii) Purchase

The amounts of significant purchases by the Group from related parties were as follows:

	For the years ended December 31, 2020	2019
Associates	$ -	20,520

The terms and pricing of purchase transactions with related parties were not significantly different from those offered by other vendors. The payment terms are Net 30 days, which were no different from the payment terms given by other vendors.

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(iii) Rent income

The Group’s rent income for related party was as follows:

Recognized item	Category	For the years ended December 31, 2020	2019
Rent revenue	Associates	$ -	3,137

Rent was based on recent market transactions on arm’s-length terms.

(iv) Other gains

The amount of other gains from related parties were as follows:

Recognized item	Category	For the years ended December 31, 2020	2019
Other gains	Associates	$ -	932
	Associate-American Taiwan Biopharm (Thailand)	12,545	12,562
		$ 12,545	13,494

Based on management services agreements, the associates should pay the Group for development in the pharmaceutical industry or registration of pharmaceutical products. The credit term for the gains from development in the pharmaceutical industry or registration of pharmaceutical products is three months.

(c) Assets and liabilities with related parties

Recognized item	Category	December 31, 2020	December 31, 2019
Accounts receivable	Associates	$ 24,854	27,668
	Other related parties	-	110
		$ 24,854	27,778
Other receivables	Associate-American Taiwan Biopharm (Thailand)	$ 3,515	16,481
	Other related parties	-	826
		$ 3,515	17,307
Other payables	Other related parties	$ 87	-

The information about the expected credit losses for notes receivable and accounts receivable, please refer to Note 6(d).

(d) Key management personnel compensation

	For the years ended December 31, 2020	2019
Salaries and other short-term employee benefits	$ 97,725	102,358
Post-employment benefits	1,234	1,187
	$ 98,959	**103,545**

(8) Pledged assets:

As of December 31, 2020 and 2019, pledged assets were as follows:

Asset	Purpose of pledge	December 31, 2020	December 31, 2019
Other current and non-current asset-reserve account	Bank loan	$ 21,131	29,126
Other financial assets-non-current	Guarantee for provision attachment	149,380	149,380
		$ 170,511	**178,506**

(9) Commitments and contingencies:

(a) As of December 31, 2020 and 2019, due to the purchase of equipment, construction engineering, and entrusted research, the total price of unfinished contracts amounted to $506,798 thousand and $548,721 thousand, and the unpaid amount was $142,930 thousand and $161,866 thousand, respectively.

(b) As of December 31, 2020 and 2019, the financial institutions provide guarantee for the sale of medicine amounted to $71,211 thousand and $92,983 thousand, respectively.

(c) In June 2015, the Taiwan Taipei District Prosecutors Office (TTDPO) filed a charge against the ex-chairman of the Company, Rong-Jin Lin (Mr. Lin), for the offense of aggravated breach of trust under the Securities and Exchange Act. According to the verdict rendered by the Taipei District Court on September 1, 2017, Mr. Lin was found guilty for violating the Securities and Exchange Act. However, Mr. Lin disagreed with the decision made by the Taipei District Court; therefore, appealed to the Taiwan High Court. On the other hand, on April 23, 2018, the TTDPO requested the Taiwan High Court to review both cases of Mr. Lin’ s offense concerning the aggravated breach of trust under the Securities and Exchange Act, and the dispute on the contract entered into by the Company and Center Laboratories, Inc. regarding the drug called “Risperdone”. However, on May 27, 2020, the Taiwan High Court rejected the above request, and such case regarding the drug called “ Risperidone” was rejected by Taiwan High Court and further investigated by TTDPO. Consequently, it also acquitted Mr. Lin on the case with regards to the aggravated breach of trust, wherein Taiwan High Prosecutors Office was dissatisfied with the verdict, hence, further appealed to the Taiwan Supreme Court. On September 29,2020, TTDPO requested the Taiwan Supreme Court to review both cases of Mr. Lin’ s offense concerning the aggravated breach of trust under the Securities and Exchange Act, and the dispute on the contract entered into by the Company and Center Laboratories, Inc. regarding the drug called “ Risperdone” . On September 6, 2017, the relevant incidental civil action was later transferred to the civil court for further trial as a different case. As of June 29, 2018, the Company supplemented and raised the amount of its damage claim against Mr. Lin in the incidental civil action of the second appeal, which was also appealed to the Taiwan Supreme Court.

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TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES
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(d) On May 31, 2016, the Company filed a claim with the Cantonal Court of Zug in Switzerland against Inopha AG (Inopha) for all 13 licensing agreements between the Company and Inopha being declared null and void, and furthers sought an order that Inopha returns all the benefits it had gained from the agreements. The case is still in progress.

(e) On May 30, 2016, Janssen Pharmaceutical NV (Janssen) filed a request for arbitration with the WIPO Arbitration and Mediation Center, at the Company's request, to confirm whether the royalties belong to the Company or Inopha. The case was suspended. As of September 30, 2020, the amount of contract revenue $21,649 thousand euros has been deposited in the trust account.

(f) With regard to the dispute on the Risperidone Contract entered into by and between the Company and Center Laboratories, Inc. (CLI), CLI filed an administrative actions for declaration of such Contract, as a civil lawsuit, against the Company in the Taipei District Court on July 1, 2016. The Taipei District Court ruled in favor of CLI on March 1, 2018, and the appeal to the Taiwan High Court by the Company, had been dismissed on March 11, 2020. Therefore, the Company filed an appeal to the Supreme Court on April 10, 2020.

(g) On February 28, 2020, the Company filed a civil lawsuit to the Germany Labor Court of Dresden against Denis Optiz, who is the beneficiary owner of Inopha AG, which is still in progress in the Germany Labor Court of Dresden.

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

(12) Other:

(a) The nature employee benefits, depreciation and amortization expenses, categorized by function, was as follows:

By function	For the years ended December 31,					
	2020			2019		
By item	Operating Cost	Operating expense	Total	Operating Cost	Operating expense	Total
Employee benefit						
Salary	$ 221,866	656,274	878,140	214,072	607,965	822,037
Health and labor insurance	20,077	44,510	64,587	17,430	38,021	55,451
Pension	11,359	27,837	39,196	9,051	20,240	29,291
Others	5,914	47,325	53,239	6,597	75,416	82,013
Depreciation expense	105,251	31,879	137,130	103,758	29,739	133,497
Amortization expense	405	19,464	19,869	354	18,487	18,841

(b) Others

The Group donated $46,191 thousand and $52,708 thousand to related medical foundations and associations to support non-profit organizations developing drugs and promoting disease prevention and correct dosage for the years ended December 31, 2020 and 2019, respectively.

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(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the year ended December 31, 2020:

(i) Loans to other parties:

(In Thousands of New Taiwan Dollar)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period (Note 4)	Ending balance (Note 5)	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 1)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral Item	Collateral Value	Individual funding loan limits (Note 2)	Maximum limit of fund financing (Note 3)
0	The Company	Chuang Yi Biotech Co., Ltd.	Receivables from related parties	Yes	50,000	-	-	2.366%	2	-	Operating capital	-	-	-	1,089,953	1,089,953
1	Worldco International Co., Ltd.	Worldco Biotech Pharmaceutical Ltd. (Beijing)	Receivables from related parties	Yes	34,176 USD 1,200	-	-	0.5%	2	-	Operating capital	-	-	-	213,378 CNY 48,750	213,378 CNY48,750
1	Worldco International Co., Ltd.	The Company	Receivables from related parties	Yes	71,200 USD 2,500	71,200 USD 2,500	-	0.9%	2	-	Operating capital	-	-	-	85,352 CNY 19,500	85,352 CNY 19,500

The exchange rate of USD to NTD as of the reporting date is 1:28.48.

The exchange rate of CNY to NTD as of the reporting date is 1:4.377.

Note 1): Nature of financing activities is as follows:
1.Trading partner, the number is "1".
2.Short-term financing, the number is "2".

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TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES
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Note 2): The total amount for lending to a company shall not exceed 40% of the lending company's net worth in the latest financial statements. 100% directly and indirectly owned foreign subsidiaries are not subject to such limitation.

Note 3): The total amount available for lending purposes shall not exceed 40% of the lending company's net worth in the latest financial statements. 100% directly and indirectly owned foreign subsidiaries are not subject to such limitation.

Note 4): The highest balance of financing to other parties as of December 31, 2020.

Note 5): The amounts were approved by the Board of Directors.

Note 6): The amounts in foreign currencies were translated based on the spot exchange rate at the reporting date.

(ii) Guarantees and endorsements for other parties: None

(iii) Securities held as of December 31, 2020 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollar)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	Percentage of ownership (%)	
The Company	Lumosa Therapeutics Co., Ltd. common stock	-	Financial assets measured at fair value through other comprehensive income–non-current	-	-	- %	-	1.36 %	
TSH Biopharm Co., Ltd.	Lumosa Therapeutics Co., Ltd. common stock	-	Financial assets measured at fair value through other comprehensive income– current	1,765	62,216	1.50 %	62,216	3.57 %	
〃	Handa Pharmaceuticals Inc. common stock	-	Financial assets measured at fair value through other comprehensive income–non-current	-	-	- %	-	2.27 %	
〃	Fubon Financial Holding Co., Ltd. Preferred Shares B	-	〃	2,500	156,250	0.38 %	156,250	0.38 %	
〃	Union Bank of Taiwan Preferred Shares A	-	〃	400	20,720	0.20 %	20,720	0.20 %	
	CellMax Ltd. Preferred Stock	-	〃	1,593	49,271	2.03 %	49,271	2.03 %	

(Continued)

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(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollar)

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
The Company	Lumosa Therapeutics Co., Ltd. Common stock	Financial asset measured at fair value through other comprehensive income—non-current	-	-	1,600	55,040	-	-	1,600	70,172	70,172	-	-	-
TSH Biophram Co., Ltd.	Lumosa Therapeutics Co., Ltd. Common stock	Financial asset measured at fair value through other comprehensive income—current	-	-	4,199	144,446	-	-	2,434	111,433	110,940	493	1,765	62,216

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
The Company	Chuang Yi Biotech Co., Ltd.	Subsidiary	125,036	3.36%	-		122,043	-

(ix) Trading in derivative instruments: None

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(x) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	Worldco International Co., Ltd.	1	Royalty revenue	50,382	By contract	1.19%
0	〃	TSH Biopharm Co., Ltd.	1	Sale revenue	97,221	〃	2.30%
0	〃	〃	1	Other receivables	1,731	〃	0.02%
0	〃	〃	1	Selling expense	1,947	〃	0.05%
0	〃	〃	1	Other gains and losses	5,337	〃	0.13%
0	〃	〃	1	Other income	4,207	〃	0.10%
0	〃	〃	1	Accounts receivable	3,114	〃	0.03%
0	〃	American Taiwan Biopharma Phils Inc.	1	Accounts receivable	4,371	〃	0.05%
0	〃	〃	1	Other receivables	7,049	〃	0.08%
0		〃	1	Sale revenue	5,317	〃	0.13%
0	〃	Chuang Yi Biotech Co., Ltd.	1	Accounts receivable	54,715	〃	0.58%
0	〃	〃	1	Other receivables	70,321	〃	0.75%
0	〃	〃	1	Sales revenue	75,276	〃	1.78%
0	〃	〃	1	Other gains and losses	3,491	〃	0.08%
0	〃	〃	1	Other income	3,135	〃	0.07%
0	〃	TTY Biopharm Mexico S.A. de C.V.	1	Accounts receivable	1,084	〃	0.01%
0	〃	〃	1	Sale revenue	1,095	〃	0.03%
1	Xudong Haipu International Co., Ltd.	〃	3	Other receivables	3,972	〃	0.04%

Note 1): The numbering is as follows:
1."0" represents the parent company.
2.Subsidiaries are sequentially numbered from 1 by company.

Note 2): The types of transaction between the parent company and subsidiaries are as follows:
1.Transactions from parent company to subsidiary.
2.Transactions from subsidiary to parent company.
3.Transactions between subsidiaries.

Note 3): The transactions have been eliminated in the consolidated financial statements.

Note 4): The elated-party transactions less than NT$1,000 thousand were not disclosed, and so were the relative transactions.

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(b) Information on investees:

The following is the information on investees for the year ended December 31, 2020 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollar)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2020			Highest Percentage of ownership	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2020	December 31, 2019	Shares (thousands)	Percentage of ownership	Carrying value				
The Company	Xudong Haipu International Co., Ltd.	Cayman Is.	Investing activities	303,998	303,998	25,000	100.00 %	1,312,140	100.00 %	(8,168)	(8,168)	Subsidiary
The Company	Worldco International Co., Ltd.	Hong Kong	Selling chemical medicine	158,254	158,254	39,600	100.00 %	213,378	100.00 %	(10,335)	(10,335)	Subsidiary
The Company	American Taiwan Biopharma Phils Inc.	Philippines	Selling chemical medicine	32,904	32,904	481	87.00 %	(2,847)	87.00 %	2,462	2,142	Subsidiary
The Company	TSH Biopharm Co., Ltd.	Taiwan	Selling chemical medicine	227,449	227,449	21,687	56.48 %	625,349	56.48 %	64,969 (Note)	36,517	Subsidiary
The Company	EnhanX Biopharm Inc.	Taiwan	Developing chemical medicine	50,000	50,000	5,000	20.83 %	30,640	20.83 %	(27,377)	(5,703)	Subsidiary
The Company	Chuang Yi Biotech Co., Ltd.	Taiwan	Selling functional food	180,951	180,951	10,282	38.12 %	(32,485)	38.12 %	69,519	26,501	Subsidiary
The Company	PharmaEngine, Inc.	Taiwan	Developing chemical medicine	536,559	536,559	25,867	17.77 %	877,057	17.77 %	604,281	107,373	Investments accounted for using equity method
The Company	American Taiwan Biopharm (Thailand)	Thailand	Selling chemical medicine	2,966	2,966	380	40.00 %	287,434	40.00 %	93,537	37,415	Investments accounted for using equity method
The Company	Gligio International Limited (HK)	Hong Kong	Selling chemical medicine	2,685	2,685	620	40.00 %	57,672	40.00 %	45,192	18,077	Investments accounted for using equity method
Xudong Haipu International Co., Ltd.	EnhanX Biopharm Inc.	Taiwan	Developing chemical medicine	70,000	70,000	7,000	29.17 %	53,563	29.17 %	(27,377)	(7,986)	Subsidiary
Xudong Haipu International Co., Ltd.	TTY Biopharm Korea Co., Ltd.	Korea	Selling chemical medicine	43,834	43,834	318	100.00 %	22,884	100.00 %	(9,002)	(9,002)	Subsidiary
Xudong Haipu International Co., Ltd.	TTY Biopharm Mexico S.A. de C.V.	Mexico	Selling chemical medicine	26,638	13,822	17,500	50.00 %	17,876	50.00 %	(5,580)	(2,790)	Subsidiary
Worldco International Co., Ltd.	TTY Biopharm Mexico S.A. de C.V.	Mexico	Selling chemical medicine	26,638	13,822	17,500	50.00 %	17,876	50.00 %	(5,580)	(2,790)	Subsidiary
EnhanX Biopharm Inc.	EnhanX Biopharm B.V.	Netherlands	Developing chemical medicine	3,538	3,538	100	100.00 %	2,534	100.00 %	(500)	(500)	Subsidiary
TSH Biopharm Co., Ltd.	Chuang Yi Biotech Co., Ltd.	Taiwan	Selling functional food	40,252	40,252	1,320	4.89 %	5,321	4.89 %	69,519	3,399	Subsidiary
Chuang Yi Biotech Co., Ltd.	Immortal Fame Global Ltd.	Samoa	Import and export trading and investment activities	16,820	16,820	568	100.00 %	2,910	100.00 %	(1,424)	(1,424)	Subsidiary
Chuang Yi Biotech Co., Ltd.	Chuang Yi (Hongkong) Biotech Co., Ltd.	Hong Kong	Selling functional food	4,734	4,734	1,200	100.00 %	2,341	100.00 %	(370)	(370)	Subsidiary

Note: Net income (losses) of investee was calculated at the level of the consolidated group.

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(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollar)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2020	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2020	Net income (losses) of the investee	Percentage of ownership	Highest Percentage of ownership	Investment income (losses) (Note 2)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow							
Worldco Biotech Pharmaceutical Ltd. (Chengdu)	Selling chemical medicine	52,086 CNY 11,900	(2)	88,109 CNY 20,130	-	-	88,109 CNY 20,130	561 CNY 131	100 %	100 %	561 CNY 131	48,879 CNY 11,167	-
Chuang Yi (Shanghai) Trading Co., Ltd.	Selling functional food	14,240 USD 500	(2)	14,240 USD 500	-	-	14,240 USD 500	(1,334) CNY (312)	100 %	100 %	(1,334) CNY (312)	2,805 CNY 642	-

The exchange rate of USD to NTD as of the reporting date was 1:28.48, and the average exchange rate of USD to NTD for the reporting period was 1:29.588.

The exchange rate of CNY to NTD as of the reporting date was 1:4.377, and the average exchange rate of CNY to NTD for the reporting period was 1:4.275.

Note 1): Investment methods are classified into the following four categories.

1.Remittance from third-region companies to invest in Mainland China.

2.Through the establishment of third-region companies, then investing in Mainland China.

3.Through transfer of investment to third-region existing companies, then investing in Mainland China.

4.Others.

Note 2): The amounts are presented in New Taiwan Dollar. Recognized investment gain (loss) and the carrying value of investment as of the reporting date in foreign currencies were translated based on the average exchange rate during the reporting period and the exchange rate at the reporting date, respectively.

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(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
NTD 102,349	NTD 1,345,053 (USD 47,228)	NTD 3,269,860

(iii) Significant transactions: None

(d) Major shareholders:

Shareholding Shareholder's Name	Shares	Percentage
Dawan Technology Company Limited	22,590,732	9.08 %

(14) Segment information:

(a) General information

The Group's operating segments required to be disclosed are categorized as Oncology Business Unit, Health Care Unit, Anti-Infection Business Unit, Domestic Cardiovascular and Gastrointestinal Drugs Business Unit, China Medicine Business Unit, etc. The Group has other operating segments that are below the quantitative criteria located in the Philippines.

The segments' profit is measured at profit before tax. The Group assesses performance of the segments based on the segments' profit. The operating segments' accounting policies are similar to those described in Note 4 "significant accounting policies".

(b) Reportable segment profit or loss, segment assets, segment liabilities, and their measurement and reconciliations

The Group's operating segment information and reconciliation were as follows:

For the year ended December 31, 2020	Oncology Business Unit	Health Care Unit	Anti-Infection Business Unit	Domestic Cardiovascular and Gastrointestinal Drugs Business Unit	China Medicine Business Unit	Other Segment	Adjustment and elimination	Total
Revenue:								
Revenue from external customers	$ 2,452,779	173,473	953,330	445,833	-	196,421	-	4,221,836
Intersegment revenues	154,801	39,154	36,122	2,029	-	(371)	(231,735)	-
Interest revenue	1,126	-	-	2,238	357	11,860	(600)	14,981
Total revenue	$ 2,608,706	212,627	989,452	450,100	357	207,910	(232,335)	4,236,817
Interest expense	$ 17,358	-	-	27	-	2,618	(590)	19,413
Depreciation and amortization	137,412	-	303	9,649	630	19,269	(10,264)	156,999
Share of profit of associates accounted for using equity method	107,373	55,492	-	-	-	-	-	162,865
Reportable segment profit or loss	$ 759,038	54,052	316,444	80,631	(10,414)	35,665	(33,891)	1,201,525
Investments accounted for using equity method	$ 876,630	345,106	-	-	-	-	-	1,221,736
Reportable segment assets	$ 7,956,767	89,717	472,931	1,220,139	214,178	1,883,533	(2,476,456)	9,360,809

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For the year ended December 31, 2019	Oncology Business Unit	Health Care Unit	Anti-Infection Business Unit	Domestic Cardiovascular and Gastrointestinal Drugs Business Unit	China Medicine Business Unit	Other Segment	Adjustmend and ellmination	Total
Revenue:								
Revenue from external customers	$ 2,888,893	264,866	786,659	506,200	-	19,690	-	4,466,308
Intersegment revenues	136,784	-	-	1,466	-	-	(138,250)	-
Interest revenue	2,495	-	-	2,843	847	34,267	(7)	40,445
Total revenue	**$ 3,028,172**	**264,866**	**786,659**	**510,509**	**847**	**53,957**	**(138,257)**	**4,506,753**
Interest expense	$ 14,717	-	-	82	-	19	(8)	14,810
Depreciation and amortization	135,904	-	294	9,612	739	10,067	(4,278)	152,338
Share of profit of associates accounted for using equity method	(79,153)	46,018	-	(13,709)	-	-	-	(46,844)
Reportable segment profit or loss	**$ 847,282**	**77,098**	**253,531**	**65,036**	**320**	**(22,517)**	**(18,096)**	**1,202,654**
Investments accounted for using equity method	$ 782,858	318,187	-	1,926	-	-	(2,093)	1,100,878
Reportable segment assets	**$ 8,219,383**	**35,895**	**320,739**	**1,262,672**	**229,122**	**1,923,420**	**(2,438,515)**	**9,552,716**

(c) Information

The Group’s information about revenue from external customers was as follows:

Product and Service	For the years ended December 31, 2020	2019
Medical and functional food	$ 4,193,242	4,372,293
Service revenue	28,594	94,015
Total	**$ 4,221,836**	**4,466,308**

(d) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers, and segment assets are based on the geographical location of the assets. Non-current assets includes property, plant and equipment, investment property, intangible assets, and refundable deposits paid. Non-current assets are classified by location of the asset.

Region	For the years ended December 31, 2020	2019
Revenue from external customers:		
Taiwan	$ 3,931,611	3,727,105
Others countries	290,225	739,203
Total	**$ 4,221,836**	**4,466,308**

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Region	For the years ended December 31, 2020	For the years ended December 31, 2019
Non-current assets:		
Taiwan	$ 2,853,618	2,641,363
China	23,113	23,362
Others countries	196	128
Total	**$ 2,876,927**	**2,664,853**

(e) Major customer

The Group’s information about the major customer are as follows:

	For the years ended December 31, 2020	For the years ended December 31, 2019
Customer A	$ -	414,699
Customer B	142,548	-
	$ 142,548	**414,699**