STANDARD CHEM. & PHARM CO., LTD.
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2020 AND 2019

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

STANDARD CHEM. & PHARM CO., LTD. AND SUBSIDIARIES

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2020 pursuant to Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, the companies that are required to be included in the consolidated financial statements of affiliates, are the same as those required to be included in the consolidated financial statements under International Financial Reporting Standards 10 Consolidated Financial Statements. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. As a result, STANDARD CHEM. & PHARM CO., LTD. and subsidiaries are not required to prepare consolidated financial statements of affiliates.

Hereby declare

STANDARD CHEM. & PHARM CO., LTD.

March 16, 2021

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of STANDARD CHEM. & PHARM. CO., LTD.

Opinion

We have audited the accompanying consolidated balance sheets of STANDARD CHEM. & PHARM. CO., LTD. and its subsidiaries (collectively referred herein as the "Group") as of December 31, 2020 and 2019, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other independent accountants, 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 the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional 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, we do not provide a separate opinion on these matters.

Key audit matters of the consolidated financial statements of the current period are as follows:

Valuation of inventories

Description

Refer to Note 4(11) for accounting policies on the valuation of inventories, Note 5(2) for the uncertainty of significant accounting estimations and assumptions relating to valuation of inventories, and Note 6(5) for the details of allowance for inventory valuation loss. As of December 31, 2020, the carrying amount of inventories and allowance for inventory valuation loss are $927,530 thousand and $34,018 thousand, respectively.

The Group is primarily engaged in the manufacture and sales of human medicine and dietary supplement. Due to the influence of market demand and short expiration date of medicines, there is a risk of market price decline and obsolescence of inventories. The Group measures inventories at the lower of cost and net realisable value. The net realisable values of obsolete inventories are determined based on the historical information on the selling price.

Given that the valuation of inventories is subject to uncertainty of assumptions and the accounting estimations will have significant influence on the inventory values, we consider the valuation of inventories a key audit matter.

How our audit addressed the matter

We performed the following key audit procedures on the above key audit matter:

1. Assessed the reasonableness of policies on allowance for inventory valuation loss.
2. Assessed the effectiveness of the management’s inventory control, based on our understanding of the operations of the warehouse management, inspected the annual inventory taking plan and performed our observation.
3. Tested whether the basis of inventory aging used in calculating the net realisable value of inventory is consistent with the Group’s policy.
4. Validated the net realisable value of inventories and the adequacy of allowance for inventory valuation loss.

Existence of domestic sales revenue from human medicines and dietary supplements

Description

Refer to Note 4(29) for accounting policies on revenue recognition. Revenue is recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

The Group is primarily engaged in the manufacturing and sales of human medicines and dietary supplements. The Group's sales is mainly domestic-based and its customers are numerous, including hospitals, clinics, pharmacies, food and drug administrations all over the country. Since the sales transactions are numerous and would require a longer period for verification, we consider the existence of domestic sales revenue from human medicines and dietary supplements a key audit matter.

How our audit addressed the matter

We performed the following key audit procedures for the above matter:

1. Assessed the consistency and effectiveness of internal control relevant to sales recognition.
2. Assessed basic information of the major customers, including the details of chairman and major shareholders, registered address, principal place of business, capital and main business activities, etc.
3. Selected samples of sales transactions and checked against related supporting documentation, including unit prices, quantities, reasonableness of sales allowance recognition, waybill and subsequent cash collection.

Other matter –Reference to the audits of other independent accountants

We did not audit the financial statements of certain investments accounted for under the equity method. These investments amounted to $216,761 thousand and $134,573 thousand, constituting 3.07% and 1.94% of consolidated total assets as of December 31, 2020 and 2019, respectively, and the share of profit or loss of associates and joint ventures accounted for under the equity method was $14,008 thousand and $1,323 thousand, constituting 2.45% and 0.30% of consolidated total comprehensive income for the years then ended, respectively. The financial statements of these investee companies were audited by other independent accountants whose reports thereon have been furnished to us and our opinion expressed herein, insofar as it relates to the amounts included in the consolidated financial statements and information disclosed relative to these investments, is based solely on the reports of other independent accountants.

Other matter – Parent company only financial reports

We have audited and expressed an unmodified opinion on the parent company only financial statements of STANDARD CHEM. & PHARM. CO., LTD. as of and for the years ended December 31, 2020 and 2019.

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

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

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

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

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

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

As part of an audit in accordance with ROC GAAS, we exercise professional 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.

Tien, Chung-Yu

Independent Accountants

Lin, Tzu-Shu

PricewaterhouseCoopers, Taiwan

Republic of China

March 16, 2021

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

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

STANDARD CHEM. & PHARM CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Assets	Notes	December 31, 2020 AMOUNT	%	December 31, 2019 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 1,036,183	15	$ 1,471,902	21
1110	Financial assets at fair value through profit or loss - current	6(2)	136,563	2	135,816	2
1136	Financial assets at amortised cost - current	6(1)	308,540	4	84,450	1
1150	Notes receivable, net	6(4), 7 and 12	169,902	3	207,668	3
1170	Accounts receivable, net	6(4), 7 and 12	772,939	11	684,239	10
1200	Other receivables	7	24,413	-	19,114	1
1220	Current income tax assets	6(27)	-	-	5,352	-
130X	Inventories	5(2), 6(5)(8)	893,512	13	914,629	13
1410	Prepayments		93,157	1	86,556	1
1460	Non-current assets held for sale, net	6(6)(8)	165,110	2	-	-
1479	Other current assets		1,276	-	4,291	-
11XX	**Total current assets**		3,601,595	51	3,614,017	52
	Non-current assets					
1510	Financial assets at fair value through profit or loss - non-current	5(2) and 6(2)	14,047	-	15,291	-
1517	Financial assets at fair value through other comprehensive income - non-current	5(2) and 6(3)	404,752	6	424,367	6
1550	Investments accounted for under equity method	6(7) and 7	250,693	4	180,000	3
1600	Property, plant and equipment	6(8) and 8	2,125,207	30	2,116,644	31
1755	Right-of-use assets	6(9) and 7	264,074	4	203,681	3
1780	Intangible assets	6(10)(11)	88,963	1	96,586	1
1840	Deferred income tax assets	6(27)	138,588	2	141,583	2
1915	Prepayments for equipment	6(8)	58,071	1	67,325	1
1920	Guarantee deposits paid		25,209	-	32,915	-
1990	Other non-current assets	6(14)	78,248	1	35,595	1
15XX	**Total non-current assets**		3,447,852	49	3,313,987	48
1XXX	**TOTAL ASSETS**		$ 7,049,447	100	$ 6,928,004	100

(Continued)

STANDARD CHEM. & PHARM CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Liabilities and Equity	Notes	December 31, 2020 AMOUNT	%	December 31, 2019 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(12) and 8	$ 566,000	8	$ 565,000	8
2110	Short-term notes and bills payable	6(13)	-	-	300,000	4
2130	Contract liabilities - current	6(20)	135,662	2	94,027	1
2150	Notes payable	7	228,002	3	256,779	4
2170	Accounts payable	7	210,569	3	164,797	3
2200	Other payables		393,726	6	371,169	5
2230	Current income tax liabilities	6(27)	99,088	1	47,932	1
2280	Lease liabilities - current	6(9) and 7	17,540	-	13,346	-
2310	Receipts in advance		29	-	6	-
21XX	**Total current Liabilities**		1,650,616	23	1,813,056	26
	Non-current liabilities					
2570	Deferred income tax liabilities	6(27)	61,992	1	61,992	1
2580	Lease liabilities - non-current	6(9) and 7	201,655	3	144,114	2
2640	Net defined benefit liability - non-current	6(14)	227,978	3	244,022	4
2645	Guarantee deposits received		1,371	-	18,399	-
25XX	**Total non-current liabilities**		492,996	7	468,527	7
2XXX	**Total liabilities**		2,143,612	30	2,281,583	33
	Equity attributable to owners of parent					
	Share capital					
3110	Common stock	6(15)	1,786,961	25	1,786,961	26
3200	Capital surplus	6(7)(16)(29)	203,274	3	204,514	3
	Retained earnings	6(18)				
3310	Legal reserve		658,657	9	622,365	9
3350	Unappropriated retained earnings		1,287,735	18	1,079,851	15
3400	Other equity interest	6(3)(19)	29,305	1	70,521	1
31XX	**Equity attributable to owners of the parent**		3,965,932	56	3,764,212	54
36XX	**Non-controlling interest**	4(3) and 6(29)	939,903	14	882,209	13
3XXX	**Total equity**		4,905,835	70	4,646,421	67
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant event after blance sheet date	11				
3X2X	**TOTAL LIABILITIES AND EQUITY**		$ 7,049,447	100	$ 6,928,004	100

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

STANDARD CHEM. & PHARM CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE DATA)

	Items	Notes	For the years ended December 31, 2020 AMOUNT	%	2019 AMOUNT	%
4000	Operating revenue	6(20) and 7	$ 4,305,400	100	$ 3,937,129	100
5000	Operating costs	6(5)(9)(10)(14)(17)(25)(26) and 7	(2,385,562)	(55)	(2,227,998)	(57)
5900	Gross profit		1,919,838	45	1,709,131	43
	Operating expenses	6(9)(10)(14)(17)(25)(26) and 7				
6100	Selling expenses		(708,480)	(16)	(690,312)	(17)
6200	General and administrative expenses		(283,997)	(7)	(283,246)	(7)
6300	Research and development expenses		(227,211)	(5)	(225,765)	(6)
6450	Expected credit gains	12	6,437	-	6,036	-
6000	Total operating expenses		(1,213,251)	(28)	(1,193,287)	(30)
6900	Operating profit		706,587	17	515,844	13
	Non-operating income and expenses					
7100	Interest income	6(21)	11,203	1	14,299	-
7010	Other income	6(3)(22) and 7	92,985	2	119,673	3
7020	Other gains and losses	6(2)(10)(23) and 12	(33,323)	(1)	(55,287)	(1)
7050	Finance costs	6(8)(9)(24) and 7	(7,572)	-	(10,470)	-
7060	Share of profit of associates and joint ventures accounted for under equity method	6(7)	3,047	-	1,751	-
7000	Total non-operating income and expenses		66,340	2	69,966	2
7900	**Profit before income tax**		772,927	19	585,810	15
7950	Income tax expense	6(27)	(147,367)	(4)	(115,377)	(3)
8200	**Profit for the year**		$ 625,560	15	$ 470,433	12

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STANDARD CHEM. & PHARM CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE DATA)

	Items	Notes	For the years ended December 31, 2020 AMOUNT	2020 %	2019 AMOUNT	2019 %
	Other comprehensive (loss) income					
	Components of other comprehensive (loss) income that will not be reclassified to profit or loss					
8311	Remeasurment of defined benefit plans	6(14)	($ 14,169)	-	($ 7,310)	-
8316	Unrealised losses from investments in equity instruments measured at fair value through other comprehensive income	6(3)(19)	(39,372)	(1)	(14,476)	(1)
8320	Share of other comprehensive loss of associates and joint ventures accounted for using equity method	6(7)	(365)	-	(263)	-
8349	Income tax related to components of other comprehensive income	6(27)	2,834	-	1,462	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(19)	(1,757)	-	(4,372)	-
8370	Share of other comprehensive loss of associates and joint ventures accounted for under equity method	6(7)	(534)	-	(319)	-
8300	**Total other comprehensive loss for the year**		($ 53,363)	(1)	($ 25,278)	(1)
8500	**Total comprehensive income for the year**		$ 572,197	14	$ 445,155	11
	Profit attributable to:					
8610	Owners of the parent		$ 524,172	12	$ 376,482	10
8620	Non-controlling interest		101,388	3	93,951	2
			$ 625,560	15	$ 470,433	12
	Total comprehensive income attributable to:					
8710	Owners of the parent		$ 471,004	12	$ 351,286	9
8720	Non-controlling interest		101,193	2	93,869	2
			$ 572,197	14	$ 445,155	11
	Earnings per share	6(28)				
9750	Basic		$	2.93	$	2.11
9850	Diluted		$	2.93	$	2.10

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

STANDARD CHEM. & PHARM CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		Equity attributable to owners of the parent											
			Capital Reserves				Retained Earnings		Other equity interest				
	Notes	Common stock	Additional paid-in capital	Difference between the price for acquisition or disposal of subsidiaries and book value	Change in net equity of associates and joint ventures accounted for under equity method	Others	Legal reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Total Unrealised gains or losses from financial assets measured at fair value through other comprehensive income	Total	Non-controlling interest	Total equity
For the year ended December 31, 2019													
Balance at January 1, 2019		$ 1,786,961	$ 143,353	$ 50,453	$ 3,460	$ 49	$ 584,929	$ 1,022,410	($ 9,853)	$ 99,463	$ 3,681,225	$ 565,087	$ 4,246,312
Effect of retrospective application	6(7)	-	-	-	-	-	-	(7,454)	-	-	(7,454)	-	(7,454)
Adjusted balance at January 1, 2019		1,786,961	143,353	50,453	3,460	49	584,929	1,014,956	(9,853)	99,463	3,673,771	565,087	4,238,858
Profit for the year		-	-	-	-	-	-	376,482	-	-	376,482	93,951	470,433
Other comprehensive loss for the year	6(19)	-	-	-	-	-	-	(6,107)	(4,691)	(14,398)	(25,196)	(82)	(25,278)
Total comprehensive income (loss) for the year		-	-	-	-	-	-	370,375	(4,691)	(14,398)	351,286	93,869	445,155
Difference between proceeds from acquisition of subsidiaries and book value	6(29)	-	-	7,054	-	-	-	-	-	-	7,054	(25,190)	(18,136)
Cash dividends payable expired	6(16)	-	-	-	-	145	-	-	-	-	145	-	145
Appropriations of 2018 earnings:													
Legal reserve		-	-	-	-	-	37,436	(37,436)	-	-	-	-	-
Cash dividends	6(18)	-	-	-	-	-	-	(268,044)	-	-	(268,044)	-	(268,044)
Change in non-controlling interest		-	-	-	-	-	-	-	-	-	-	248,443	248,443
Balance at December 31, 2019		$ 1,786,961	$ 143,353	$ 57,507	$ 3,460	$ 194	$ 622,365	$ 1,079,851	($ 14,544)	$ 85,065	$ 3,764,212	$ 882,209	$ 4,646,421
For the year ended December 31, 2020													
Balance at January 1, 2020		$ 1,786,961	$ 143,353	$ 57,507	$ 3,460	$ 194	$ 622,365	$ 1,079,851	($ 14,544)	$ 85,065	$ 3,764,212	$ 882,209	$ 4,646,421
Profit for the year		-	-	-	-	-	-	524,172	-	-	524,172	101,388	625,560
Other comprehensive loss for the year	6(19)	-	-	-	-	-	-	(11,952)	(2,244)	(38,972)	(53,168)	(195)	(53,363)
Total comprehensive income (loss) for the year		-	-	-	-	-	-	512,220	(2,244)	(38,972)	471,004	101,193	572,197
Difference between proceeds from acquisition of subsidiaries and book value	6(29)	-	-	(53)	-	-	-	-	-	-	(53)	(150)	(203)
Adjustment to non-proportional acquisition of associates and joint ventures accounted for using equity method	6(7)(16)	-	-	-	(1,187)	-	-	-	-	-	(1,187)	-	(1,187)
Appropriations of 2019 earnings:													
Legal reserve		-	-	-	-	-	36,292	(36,292)	-	-	-	-	-
Cash dividends	6(18)	-	-	-	-	-	-	(268,044)	-	-	(268,044)	-	(268,044)
Change in non-controlling interest		-	-	-	-	-	-	-	-	-	-	(43,349)	(43,349)
Balance at December 31, 2020		$ 1,786,961	$ 143,353	$ 57,454	$ 2,273	$ 194	$ 658,657	$ 1,287,735	($ 16,788)	$ 46,093	$ 3,965,932	$ 939,903	$ 4,905,835

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

STANDARD CHEM. & PHARM CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	For the years ended December 31, 2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 772,927	$ 585,810
Adjustments			
Adjustments to reconcile profit (loss)			
Net loss (gain) on financial assets at fair value through profit or loss		535	(1,189)
Expected credit gain	12	(6,437)	(6,036)
Allowance (reversal of allowance) for loss on inventory market price decline	6(5)	3,153	(5,221)
Share of profit of associates and joint ventures accounted for under the equity method	6(7)	(3,047)	(1,751)
Net loss on disposal of investments accounted for under equity method	6(23)	-	4,404
Depreciation	6(8)(9)(25)	208,671	205,511
Net loss on disposal of property, plant and equipment	6(23)	79	1,385
Property, plant and equipment transferred to expenses	6(8)	1,639	527
Amortisation	6(25)	25,115	23,121
Net loss on disposal of intangible assets	6(10)(23)	-	7,630
Share-based compensation	6(17)(26)	-	8,648
Dividend income	6(22)	(15,315)	(16,433)
Interest income	6(21)	(11,203)	(14,299)
Interest expense	6(24)	7,572	10,470
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		(544)	9,564
Notes receivable		37,722	27,945
Accounts receivable		(82,219)	(657)
Other receivables		(5,935)	(1,269)
Inventories		3,242	(126,631)
Prepayments		(6,601)	28,023
Other current assets		3,015	(1,548)
Other non-current assets		(7,035)	(3,137)
Changes in operating liabilities			
Contract liabilities - current		41,635	32,229
Notes payable		(12,145)	(28,613)
Accounts payable		45,772	49,981
Other payables		16,673	39,265
Receipts in advance		23	(2,365)
Net defined benefit liability - non-current		(30,824)	(34,958)
Cash inflow generated from operations		986,468	790,406
Dividends received		15,315	16,433
Interest received		11,839	14,552
Interest paid		(6,012)	(10,590)
Income tax received		5,352	-
Income tax paid		(90,382)	(158,354)
Net cash flows from operating activities		922,580	652,447

(Continued)

STANDARD CHEM. & PHARM CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	For the years ended December 31, 2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in financial assets at amortised cost - current		($ 224,090)	($ 33,370)
Proceeds from capital reduction of financial assets at fair value through profit or loss - non-current	6(2) and 12(3)	506	-
Acquisition of financial assets at fair value through other comprehensive income - non-current		(19,757)	(22,876)
Acquisition of investments accounted for under the equity method	6(7)	(69,732)	(29,940)
Cash paid for aquisition of property, plant and equipment	6(30)	(307,126)	(102,245)
Interest paid for acquisition of property, plant and equipment	6(8)(24)(30)	(192)	(113)
Proceeds from disposal of property, plant and equipment		214	80
Acquisition of intangible assets	6(10)	(161)	(1,486)
Increase in prepayments for equipment		(45,200)	(75,378)
Decrease (increase) in guarantee deposits paid		7,706	(7,710)
Increase in other non-current assets		(52,335)	(21,673)
Net cash flows used in investing activities		(710,167)	(294,711)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings	6(31)	451,000	435,000
Decrease in short-term borrowings	6(31)	(450,000)	(355,000)
(Decrease) increase in short-term notes and bills payable	6(31)	(300,000)	50,000
Payments of lease liabilities	6(31)	(16,352)	(14,568)
Redemption of long-term borrowings	6(31)	-	(212,312)
(Decrease) increase in guarantee deposit received	6(31)	(17,028)	5,062
Cash dividends payable expired	6(16)	-	145
Payments of cash dividends	6(18)	(268,044)	(268,044)
Cash paid for transaction with non-controlling interests	6(29)	(203)	(18,136)
(Decrease) increase in non-controlling interests		(43,349)	239,795
Net cash flows used in financing activities		(643,976)	(138,058)
Effects due to changes in exchange rate		(4,156)	(1,837)
Net (decrease) increase in cash and cash equivalents		(435,719)	217,841
Cash and cash equivalents at beginning of year	6(1)	1,471,902	1,254,061
Cash and cash equivalents at end of year	6(1)	$ 1,036,183	$ 1,471,902

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

STANDARD CHEM. & PHARM CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANISATION

(1) Standard Chem. & Pharm. Co., Ltd. (the 'Company') was incorporated on June 30, 1967 under the provisions of the Company Act of the Republic of China (R.O.C.) and other regulations. The Company is primarily engaged in the manufacturing and sales of Chinese and western medicine, cosmetics, beverage, normal instruments and medical instruments. For the main business activities of the Company's subsidiaries, please refer to Note 4(3).

(2) The Company has been listed on the Taiwan Stock Exchange starting from December 1995.

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

These consolidated financial statements were authorised for issuance by the Board of Directors on March 16, 2021.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board ("IASB")
Amendments to IAS 1 and IAS 8, 'Disclosure initiative-definition of material'	January 1, 2020
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7 ,'Interest rate benchmark reform'	January 1, 2020
Amendment to IFRS 16, 'Covid-19-related rent concessions'	January 1, 2020 (Note)

Note：Earlier application from January 1, 2020 is allowed by FSC.

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

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

New standards, interpretations and amendments endorsed by the FSC effective from 2021 are as follows:

New Standards, Interpretations and Amendments	Effective date by IASB
Amendments to IFRS 4, 'Extension of the temporary exemption from applying IFRS 9'	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, 'Interest Rate Benchmark Reform— Phase 2'	January 1, 2021

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

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

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

New Standards, Interpretations and Amendments	Effective date by IASB
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by IASB
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 16, 'Property, plant and equipment:proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts—cost of fulfilling a	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC

Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

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

(a) Financial assets at fair value through profit or loss.

(b) Financial assets at fair value through other comprehensive income.

(c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5. Critical accounting judgements, estimates and key sources of assumption uncertainty.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

(e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. The fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investors	Name of subsidiaries	Main business activities	Ownership (%) December 31, 2020	Ownership (%) December 31, 2019	Description
Standard Chem & Pharm. Co., Ltd.	Standard Pharmaceutical Co., Ltd.	Research and development, trading, investment and other business of medical products	100.00	100.00	—
Standard Chem & Pharm. Co., Ltd.	Chia Scheng Investment Co., Ltd.	General investment	100.00	100.00	—
Standard Chem & Pharm. Co., Ltd.	STANDARD CHEM. & PHARM. PHILIPPINES, INC.	Import and export of various medical products, medicine, supplements	100.00	100.00	—
Standard Chem & Pharm. Co., Ltd.	Inforight Technology Co., Ltd.	Wholesale of multi-function printers and information software	100.00	100.00	—
Standard Chem & Pharm. Co., Ltd.	Souriree Biotech & Pharm. Co., Ltd.	Manufacturing of western medicine and retail and wholesale of various medicine	93.17	93.17	—

Name of investors	Name of subsidiaries	Main business activities	Ownership (%) December 31, 2020	Ownership (%) December 31, 2019	Description
Standard Chem & Pharm. Co., Ltd.	Multipower Enterprise Corp.	Import and export of western medicine, nourishment and function food, processing, manufacturing and sale of food	90.72	90.72	—
Standard Chem & Pharm. Co., Ltd.	Advpharma Inc.	Research and development, manufacturing and sale of various medicines	88.65	88.61	—
Standard Chem & Pharm. Co., Ltd.	Syngen Biotech Co., Ltd.	Research and development, manufacturing and sale of APIs, biopesticide, fertiliser and biochemical nutrition, sale of preventive medicines	46.68	46.68	Note
Standard Pharmaceutical Co., Ltd.	Jiangsu Standard Biotech Pharmaceutical Co., Ltd.	Research and development, technical consulting and technical services of medicines	100.00	100.00	—
Syngen Biotech Co., Ltd.	SYNGEN BIOTECH INTERNATIONAL SDN. BHD.	Research and development, manufacturing and sale of APIs and biochemical nutrition, sale of preventive medicines	100.00	100.00	—

Name of investors	Name of subsidiaries	Main business activities	Ownership (%) December 31, 2020	Ownership (%) December 31, 2019	Description
Jiangsu Standard Biotech Pharmaceutical Co., Ltd.	Jiangsu Standard-Dia Biopharma Co., Ltd.	Research and development, manufacturing and sale of various medicines	55.00	55.00	—

Note : The subsidiary, Syngen Biotech Co., Ltd. ("Syngen Biotech"), filed for an initial public offering with the Taipei Exchange. As part of the public trading process, the Group allowed its underwriter to exercise the overallotment option, which decreased the Group's ownership percentage in Syngen Biotech down to below 50%. The Group still has control over Syngen Biotech and accordingly, Syngen Biotech was included in the consolidated financial statements.

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

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

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group:

(1) As of December 31, 2020 and 2019, the non-controlling interest amounted to $939,903 and $882,209, respectively. The information on non-controlling interest and respective subsidiaries is as follows:

		Non-controlling interest				
		December 31, 2020		December 31, 2019		
Name of subsidiary	Principal place of business	Amount	Ownership (%)	Amount	Ownership (%)	Description
Syngen Biotech Co., Ltd.	Taiwan	$866,671	53.32%	$794,929	53.32%	—

(2) Summarised financial information of the subsidiary, Syngen Biotech Co., Ltd.:

A. Balance sheets

	December 31, 2020	December 31, 2019
Current assets	$ 1,016,831	$ 1,073,254
Non-current assets	1,110,011	855,242
Current liabilities	(311,996)	(292,638)
Non-current liabilities	(188,745)	(144,368)
Total net assets	$ 1,626,101	$ 1,491,490

B. Statements of comprehensive income

	For the years ended December 31, 2020	For the years ended December 31, 2019
Revenue	$ 1,311,436	$ 1,297,269
Profit before income tax	$ 263,375	$ 240,255
Income tax expense	(47,825)	(51,490)
Net income for the year	$ 215,550	$ 188,765
Total comprehensive income for the year	$ 215,914	$ 188,930
Comprehensive income attributable to non-controlling interest	$ 115,281	$ 97,664

C. Statements of cash flows

	For the years ended December 31, 2020	For the years ended December 31, 2019
Net cash flows provided by operating activities	$ 220,200	$ 255,236
Net cash flows used in investing activities	(272,061)	(106,986)
Net cash flows (used in) provided by financing activities	(43,992)	242,495
Net exchange differences	(123)	101
Net (decrease) increase in cash and cash equivalents	(95,976)	390,846
Cash and cash equivalents at beginning of the year	519,393	128,547
Cash and cash equivalents at end of the year	$ 423,417	$ 519,393

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within other gains and losses.

B. Translation of foreign operations

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

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognised in other comprehensive income.

(b) When the foreign operation partially disposed of or sold is an associate, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, if the Group retains partial interest in the former foreign associate after losing significant influence over the former foreign associate, such transactions should be accounted for as disposal of all interest in these foreign operations.

(c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, if the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(5) Classification of current and non-current items

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

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

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

(a) Liabilities that are expected to be paid off within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be paid off within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

A. Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

B. Time deposits and repurchase bonds that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.

D. The Group recognizes the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Financial assets at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Group’s business model is achieved by collecting contractual cash flows.

(b) The assets’ contractual cash flows represent solely payments of principal and interest.

B. The Group’s time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

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

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:

The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(10) Accounts and notes receivable

A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(11) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in process comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses. If the cost exceeds net realisable value, valuation loss is accrued and recognised in operating costs. If the net realisable value reverses, valuation is eliminated within credit balance and is recognised as deduction of operating costs.

(12) Non-current assets held for sale

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

(13) Impairment of financial assets

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

(14) Derecognition of financial assets

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

(15) Leasing arrangements (lessor)－operating leases

Lease income from an operating lease (net of any incentives given to lessee) is recognised in profit or loss on straight-line basis over the lease term.

(16) Investments accounted for using equity method / associates

A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for under the equity method and are initially recognised at cost.

B. The Group’s share of its associates’ post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group’s share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

C. When changes in an associate’s equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group’s ownership percentage of the associate, the Group recognises the Group’s share of change in equity of the associate in ‘capital surplus’ in proportion to its ownership.

D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group’s interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group’s ownership percentage of the associate but maintains significant influence on the associate, then ‘capital surplus’ and ‘investments accounted for using the equity method’ shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group’s ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

F. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

G. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(17) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets’ residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end. If expectations for the assets’ residual values and useful lives differ from previous estimates or the patterns of consumption of the assets’ future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, ‘Accounting Policies, Changes in Accounting Estimates and Errors’, from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Assets	Useful Life
Buildings (including auxiliary equipment)	2 ～ 60 years
Machinery and equipment	2 ～ 50 years
Utility equipment	3 ～ 20 years
Transportation equipment	2 ～ 15 years
Office equipment	2 ～ 9 years
Other equipment	2 ～ 35 years

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

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentive receivable. The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

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

(a) The amount of the initial measurement of lease liability; and

(b) Any lease payments made at or before the commencement date.

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

D. For lease modifications that decrease the scope of the leas, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognise the difference between remeasured lease liability in profit or loss.

(19) Intangible assets

A. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method.

B. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 to 20 years.

C. Patents

Patents is stated at cost and amortised on a straight-line basis over its estimated useful life of 5 to 20 years.

D. Other intangible assets

Technical skill transfer fee, royalty paid for acquisition of techniques and distribution rights, trademarks and property rights are stated at cost, with exception of technical skill transfer fee, the rest other intangible assets are amortised on a straight-line basis over its estimated useful life of 2 to 10 years. The technical skill transfer fee is regarded as having an indefinite useful life as it was assessed to generate continuous net cash inflow in the foreseeable future. Therefore it is not amortised, but is tested annually for impairment.

(20) Impairment of non-financial assets

A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

B. The recoverable amounts of goodwill and intangible asset with uncertain useful life have not yet been available for use are evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(21) Borrowings

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

(22) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(23) Derecognition of financial liabilities

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

(24) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plan

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

(b) Defined benefit plan

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

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

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

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

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

(25) Employee share-based payment

A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

B. For cash capital increase reserved for employee pre-emption arrangement, grant date is determined as the date on which the exercise price and number of shares are agreed by all parties involved.

(26) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the Company and its domestic subsidiaries of the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously

F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from research and development expenditures, etc., to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(27) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(28) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance. The distribution of cash dividends of 2019 earnings will be recorded as liabilities after resolution by the Board of Directors.

(29) Revenue recognition

A. Sales of goods

(a) The Group manufactures and sells human pharmaceuticals and dietary supplements, etc. Revenue is recognized when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(b) Goods are often sold with discounts and allowances based on the price spread given by the National Health Insurance. Revenue is recognised based on the price specified in the contract, net of the estimated sales discounts and allowances, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. Reversal of accounts receivable is recognised for expected sales discounts and allowances payable to customers in relation to sales made until the end of the reporting period. The terms of sales transactions are set individually with each clients and usually are made with cash payment in 2 months after billings, or to obtain cheques with a maturity of 4~6 months upon billings. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.

(c) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Rendering of services

(a) The Group provides processing services. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed price contracts, revenue is recognised based on the actual service provided to the end of the balance sheet date as a proportion of the total services to be provided.

(b) The Group's estimate about revenue, costs and progress towards complete satisfaction of a performance obligation is subject to a revision whenever there is a change in circumstances. Any increase or decrease in revenue or costs due to an estimate revision is reflected in profit or loss during the period when the management become aware of the changes in circumstances.

C. Incremental costs of obtaining a contract

Given that the contractual period lasts less than one year, the Group recognises the incremental costs of obtaining a contract as an expense when incurred although the Group expects to recover those costs.

(30) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group's chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

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

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

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

None.

(2) Critical accounting estimates and assumptions

A. Evaluation of inventories

(a) As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the influence of different market demand and expiration date, etc., the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

(b) As of December 31, 2020, the carrying amount of inventories was $893,512.

B. Financial assets-fair value measurement of unlisted stocks without active market

(a) The fair value of unlisted stocks held by the Group that are not traded in an active market is determined considering those companies' recent fund raising activities and technical development status, fair value assessment of other companies of the same type, market conditions and other economic indicators existing on balance sheet date. Any changes in these judgements and estimates will impact the fair value measurement of these unlisted stocks. Please refer to Note 12(3) for the fair value estimation for the financial instruments fair value information.

(b) As of December 31, 2020, the carrying amount of unlisted stocks without active market was $108,525.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash:		
Revolving funds and petty cash	$ 6,733	$ 6,111
Checking accounts and demand deposits	639,647	877,325
	646,380	883,436
Cash equivalents:		
Time deposits	174,549	512,760
Repurchase bonds	215,254	75,706
	389,803	588,466
	$ 1,036,183	$ 1,471,902

A. The Group associates with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. As of December 31, 2020 and 2019, the carrying amount of more than 3-month time deposits (shown as "Financial assets at amortised cost - current") was $308,540 and $84,450, respectively.

C. As of December 31, 2020 and 2019, the Company has no cash and cash equivalents pledged to others.

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

	December 31, 2020	December 31, 2019
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	$ 133,424	$ 128,195
Listed stocks	-	4,685
Unlisted stocks	12,000	12,000
	145,424	144,880
Valuation adjustment	(8,861)	(9,064)
	$ 136,563	135,816
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Emerging stocks	$ 1,759	$ 1,759
Unlisted stocks	18,980	19,486
	20,739	21,245
Valuation adjustment	(6,692)	(5,954)
	$ 14,047	$ 15,291

A. The Group recognised net gain (shown as "other gains and losses") of $203 and $948 for the years ended December 31, 2020 and 2019, respectively.

B. The Group's financial assets at fair value through profit or loss - non-current, Der Yang Biotechnology Venture Capital, conducted a capital reduction in August 2020. The Group has reversed 51 thousand shares at the initial investment price of $506 proportionately.

C. As of December 31, 2020 and 2019, the Company has no financial assets at fair value through profit or loss pledged to others.

D. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2), 'Financial Instruments'.

(3) Financial assets at fair value through other comprehensive income - non-current

	December 31, 2020	December 31, 2019
Equity instrument		
Listed stocks	$ 160,510	$ 140,753
Unlisted stocks	196,997	196,997
	357,507	$ 337,750
Valuation adjustment	47,245	86,617
	$ 404,752	$ 424,367

A. The Group has elected to classify equity instruments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. Without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group was its book value.

B. The Group recognised ($39,372) and ($14,476) in other comprehensive income for fair value change for the years ended December 31, 2020 and 2019, respectively.

C. The Group recognised dividend income of $14,898 and $15,793 in profit or loss (shown as "other income") in relation to the financial assets at fair value through other comprehensive income for the years ended December 31, 2020 and 2019, respectively.

D. As of December 31, 2020 and 2019, the Group has no financial assets at fair value through other comprehensive income pledged to others.

E. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2), 'Financial Instruments'.

(4) Notes and accounts receivable

	December 31, 2020	December 31, 2019
Notes receivable	$ 170,117	$ 207,839
Less: Allowance for bad debts	(215)	(171)
	$ 169,902	$ 207,668
Accounts receivable	$ 778,711	$ 696,506
Less: Allowance for bad debts	(5,772)	(12,267)
	$ 772,939	$ 684,239

A. The ageing analysis of notes and accounts receivable is as follows:

	December 31, 2020	December 31, 2019
Notes receivable:		
During the credit period	$ 169,100	$ 207,839
Overdue over 90 days	1,017	-
	$ 170,117	$ 207,839
Accounts receivable:		
During the credit period	$ 743,933	$ 605,949
Overdue up to 90 days	34,283	70,967
Overdue 91 to 180 days	429	18,409
Overdue 181 to 270 days	66	477
Overdue over 271 days	-	704
	$ 778,711	$ 696,506

The above ageing analysis was based on days overdue.

B. As of December 31, 2020 and 2019, notes and accounts receivable were all from contracts with customers. As of January 1, 2019, the balance of receivables from contracts with customers amounted to $931,689.

C. Without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable was its book value.

D. As of December 31, 2020 and 2019, the Group has no notes and accounts receivable pledged to others.

E. Information relating to credit risk of notes and accounts receivable is provided in Note 12(2), 'Financial instruments'.

(5) Inventories

	December 31, 2020		
	Cost	Allowance for valuation loss	Book value
Merchandise	$ 104,256	($ 5,658)	$ 98,598
Raw materials	244,201	(10,754)	233,447
Supplies	72,623	(5,919)	66,704
Work in process	108,363	(701)	107,662
Finished goods	398,087	(10,986)	387,101
	$ 927,530	($ 34,018)	$ 893,512

	December 31, 2019		
	Cost	Allowance for valuation loss	Book value
Merchandise	$ 127,362	($ 5,344)	$ 122,018
Raw materials	296,760	(7,640)	289,120
Supplies	70,624	(4,945)	65,679
Work in process	116,759	(1,707)	115,052
Finished goods	333,989	(11,229)	322,760
	$ 945,494	($ 30,865)	$ 914,629

A. The cost of inventories recognised as expenses for the year:

	For the years ended December 31,	
	2020	2019
Cost of goods sold	$ 2,333,177	$ 2,157,917
Loss on scrapped inventories	38,940	67,847
Allowance (reversal of allowance) for loss on inventory market price decline (Note)	3,153	(5,221)
Under applied overhead	3,140	-
Gain on physical inventory	(938)	(828)
	$ 2,377,472	$ 2,219,715

(Note) For the year ended December 31, 2019, the Group reversed a previous inventory write-down which was accounted for as reduction of operating costs as these items were subsequently sold or disposed.

(6) Non-current asset held for sale

Part of land, buildings and machinery of the subsidiary of the Company, Multipower Enterprise Corp. (hereinafter referred to as "Multipower") have been reclassified as held for sale following the approval of Multipower's Board of Directors on November 9, 2020, with the purpose of raising working capital and increasing the efficiency of capital utilisation, The aforementioned assets are amounted to $165,110. Multipower signed a contract with the buyer in January 2021 on agreed transaction price of $245,602. It is expected that the transfer will be completed in March 2021.

(7) Investments accounted for under the equity method

A. Movements of investments accounted for under the equity method:

	For the years ended December 31,	
	2020	2019
At January 1 before adjustments	$ 180,000	$ 156,345
Effects of retrospective application	-	(7,454)
At January 1 after adjustments	180,000	148,891
Acquisition of investments accounted for under the equity method	69,732	29,940
Share of profit or loss of investments accounted for under the equity method	3,047	1,751
Capital surplus —Adjustment to non-proportional acquisition of associates and joint ventures accounted for using equity method	(1,187)	-
Other equity interest—Actuarial losses of defined benefit plan	(365)	(263)
Other equity interest—Financial statements translation differences of foreign operations	(534)	(319)
At December 31	$ 250,693	$ 180,000

B. Details of investments accounted for under the equity method are as follows:

	December 31, 2020	December 31, 2019
WE CAN MEDICINES CO., LTD.	$ 216,761	$ 134,573
CNH TECHNOLOGIES, INC.	9,453	12,375
Taiwan Biosim Co., Ltd.	24,479	33,052
	$ 250,693	$ 180,000

C. Associate:

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

Company name	Principal place of business	Shareholding ratio December 31, 2020	Shareholding ratio December 31, 2019
WE CAN MEDICINES CO., LTD.	Taiwan	33.61%	33.10%

(b) The summarised financial information of the associate that is material to the Group is as follows:

i. Balance sheet

	December 31, 2020	December 31, 2019
Current assets	$ 938,513	$ 704,171
Non-current assets	827,725	717,856
Current liabilities	(592,745)	(556,972)
Non-current liabilities	(527,969)	(458,489)
Total net assets	$ 645,524	$ 406,566
Share in associate's net assets	$ 216,961	$ 134,573
Carrying amount of the associate	$ 216,761	$ 134,573

ii. Statement of comprehensive income

	For the years ended December 31, 2020	For the years ended December 31, 2019
Revenue	$ 2,666,748	$ 2,287,208
Net income for the year	$ 42,708	$ 4,176
Total comprehensive income for the year	$ 41,744	$ 3,380

(c) As of December 31, 2020 and 2019, the carrying amount of the Group's individually immaterial associates amounted to $33,932 and $45,427, respectively. The share in associate's financial performance is as follows:

	For the years ended December 31,	
	2020	2019
Net (loss) income for the year	($ 10,961)	$ 428
Total comprehensive (loss) income for the year	($ 10,961)	$ 428

D. For the years ended December 31, 2020 and 2019, the details of the Group's equity transactions are provided in Note 7," Related party transactions".

E. As of December 31, 2020 and 2019, the Group has no investment accounted for under the equity method pledged to others.

(8) Property, plant and equipment

	Land	Buildings	Machinery	Utility equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress and equipment to be inspected	Total
At January 1, 2020									
Cost	$ 515,143	$ 1,571,452	$ 1,292,635	$ 210,271	$ 21,799	$ 51,945	$ 497,658	$ 33,198	$ 4,194,101
Accumulated depreciation	-	(675,548)	(861,272)	(159,804)	(15,522)	(41,293)	(324,018)	-	(2,077,457)
	$ 515,143	$ 895,904	$ 431,363	$ 50,467	$ 6,277	$ 10,652	$ 173,640	$ 33,198	$ 2,116,644
2020									
At January 1	$ 515,143	$ 895,904	$ 431,363	$ 50,467	$ 6,277	$ 10,652	$ 173,640	$ 33,198	$ 2,116,644
Additions-cost	-	9,846	56,046	3,480	1,009	573	24,660	199,291	294,905
Transfer-cost (Note 1)	(94,773)	88,086	32,073	4,641	1	(17,324)	7,168	(146,152)	(126,280)
-accumulated depreciation (Note 1)	-	8,649	3,886	-	-	13,281	2,891	-	28,707
Depreciation	-	(52,849)	(88,764)	(8,099)	(1,260)	(3,709)	(35,596)	-	(190,277)
Disposals-cost	-	(595)	(4,905)	-	(296)	(338)	(12,232)	-	(18,366)
-accumulated depreciation	-	595	4,824	-	218	338	12,098	-	18,073
Net exchange differences	-	1,591	197	-	1	-	11	1	1,801
At December 31	$ 420,370	$ 951,227	$ 434,720	$ 50,489	$ 5,950	$ 3,473	$ 172,640	$ 86,338	$ 2,125,207
At December 31, 2020									
Cost	$ 420,370	$ 1,671,082	$ 1,376,498	$ 218,392	$ 22,541	$ 34,887	$ 516,181	$ 86,338	$ 4,346,289
Accumulated depreciation	-	(719,855)	(941,778)	(167,903)	(16,591)	(31,414)	(343,541)	-	(2,221,082)
	$ 420,370	$ 951,227	$ 434,720	$ 50,489	$ 5,950	$ 3,473	$ 172,640	$ 86,338	$ 2,125,207

	Land	Buildings	Machinery	Utility equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress and equipment to be inspected	Total
At January 1, 2019									
Cost	$ 515, 143	$ 1, 200, 339	$ 1, 025, 378	$ 190, 421	$ 2, 631	$ 22, 817	$ 1, 092, 683	$ 886	$ 4, 050, 298
Accumulated depreciation	-	(348, 947)	(651, 405)	(145, 116)	(2, 278)	(13, 704)	(754, 595)	-	(1, 916, 045)
	$ 515, 143	$ 851, 392	$ 373, 973	$ 45, 305	$ 353	$ 9, 113	$ 338, 088	$ 886	$ 2, 134, 253
2019									
At January 1	$ 515, 143	$ 851, 392	$ 373, 973	$ 45, 305	$ 353	$ 9, 113	$ 338, 088	$ 886	$ 2, 134, 253
Additions-cost	-	10, 851	21, 163	2, 674	460	2, 040	17, 325	33, 171	87, 684
Transfer-cost (Note 2)	-	368, 003	255, 005	18, 033	18, 781	27, 590	(596, 616)	(824)	89, 972
-accumulated depreciation	-	(273, 363)	(140, 707)	(7, 903)	(12, 185)	(24, 921)	459, 079	-	-
Depreciation	-	(56, 226)	(76, 999)	(7, 642)	(1, 158)	(3, 155)	(43, 599)	-	(188, 779)
Disposals-cost	-	(1, 717)	(7, 253)	(857)	-	(410)	(13, 802)	-	(24, 039)
-accumulated depreciation	-	1, 272	6, 846	857	-	410	13, 189	-	22, 574
Net exchange differences	-	(4, 308)	(665)	-	26	(15)	(24)	(35)	(5, 021)
At December 31	$ 515, 143	$ 895, 904	$ 431, 363	$ 50, 467	$ 6, 277	$ 10, 652	$ 173, 640	$ 33, 198	$ 2, 116, 644
At December 31, 2019									
Cost	$ 515, 143	$ 1, 571, 452	$ 1, 292, 635	$ 210, 271	$ 21, 799	$ 51, 945	$ 497, 658	$ 33, 198	$ 4, 194, 101
Accumulated depreciation	-	(675, 548)	(861, 272)	(159, 804)	(15, 522)	(41, 293)	(324, 018)	-	(2, 077, 457)
	$ 515, 143	$ 895, 904	$ 431, 363	$ 50, 467	$ 6, 277	$ 10, 652	$ 173, 640	$ 33, 198	$ 2, 116, 644

(Note 1) Including transfer of $14,722 from 'inventories'; transfer of $54,454 from 'prepayment for equipment'; transfer of $165,110 to 'non-current assets held for sale, net' and transfer of $1,639 to expenses.

(Note 2) Including transfer of $10,351 from 'inventories'; transfer of $80,972 from 'prepayment for equipment'; transfer of $824 to 'other non-current assets' and transfer of $527 to expenses.

A. As of December 31, 2020 and 2019, the carrying amount of land, buildings and other equipment held for operating leases are as follows:

	December 31, 2020	December 31, 2019
Land	$ 5,264	$ 5,264
Buildings	$ 11,798	$ 12,519
Other equipment	$ 3,917	$ 3,921

B. Amount of borrowing costs capitalised as part of property, plant and equipment and the interest rates for such capitalisation for the years ended December 31, 2020 and 2019 are as follows:

	For the years ended December 31,	
	2020	2019
Capitalised interest payments	$ 192	$ 113
Interest rate	0.75%～0.80%	0.83%～0.86%

C. Information about the property, plant and equipment that were pledged to others as collateral as of December 31, 2020 and 2019 is provided in Note 8, 'pledged assets'.

(9) Leasing arrangements－lessee

A. The Group leases various assets including land, buildings and transportation equipment. Rental contracts are typically made for periods of 2 to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2020	December 31, 2019
	Carrying amount	Carrying amount
Land	$ 230,464	$ 181,444
Buildings	23,852	12,073
Transportaion equipment	9,758	10,164
	$ 264,074	$ 203,681

	For the years ended December 31,	
	2020	2019
	Depreciation charge	Depreciation charge
Land	$ 11, 118	$ 9, 698
Buildings	6, 468	6, 436
Transportaion equipment	808	598
	$ 18, 394	$ 16, 732

C. For the years ended December 31, 2020 and 2019, the additions to right-of-use assets were $78,468 and $1,613, respectively.

D. The information on profit and loss accounts relating to lease contracts is as follows:

	For the years ended December 31,	
	2020	2019
Items affecting profit or loss		
Interest expense on lease liabilities	$ 2, 283	$ 2, 000
Expense on short-term lease contract	2, 440	2, 914
Expense on leases of low-value assets	276	710
	$ 4, 999	$ 5, 624

E. For the years ended December 31, 2020 and 2019, the Group's total cash outflow for leases were $21,351 and $20,192, respectively.

(10) Intangible assets

	Goodwill	Software	Patents	Others	Total
At January 1, 2020					
Cost	$ 70,513	$ 47,380	$ 18,107	$ 84,058	$ 220,058
Accumulated amortisation	(248)	(38,154)	(12,095)	(59,251)	(109,748)
Accumulated impairment	-	-	-	(13,924)	(13,924)
Net exchange differences	-	(19)	219	-	200
	$ 70,265	$ 9,207	$ 6,231	$ 10,883	$ 96,586
2020					
At January 1	$ 70,265	$ 9,207	$ 6,231	$ 10,883	$ 96,586
Additions - acquired separately	-	161	-	-	161
Amortisation	-	(4,802)	(1,496)	(1,489)	(7,787)
Disposal - cost	-	(14,913)	-	-	(14,913)
- accumulated amortisation		14,913	-	-	14,913
Net exchange differences	-	3	-	-	3
At December 31	$ 70,265	$ 4,569	$ 4,735	$ 9,394	$ 88,963
At December 31, 2020					
Cost	$ 70,513	$ 32,628	$ 18,107	$ 84,058	$ 205,306
Accumulated amortisation	(248)	(28,043)	(13,591)	(60,740)	(102,622)
Accumulated impairment	-	-	-	(13,924)	(13,924)
Net exchange differences	-	(16)	219	-	203
	$ 70,265	$ 4,569	$ 4,735	$ 9,394	$ 88,963

	Goodwill	Software	Patents	Others	Total
At January 1, 2019					
Cost	$ 70,513	$ 45,894	$ 35,063	$ 84,058	$ 235,528
Accumulated amortisation	(248)	(32,810)	(19,650)	(57,753)	(110,461)
Accumulated impairment	-	-	-	(13,924)	(13,924)
Net exchange differences	-	(9)	192	-	183
	$ 70,265	$ 13,075	$ 15,605	$ 12,381	$ 111,326
2019					
At January 1	$ 70,265	$ 13,075	$ 15,605	$ 12,381	$ 111,326
Additions - acquired separately	-	1,486	-	-	1,486
Amortisation	-	(5,344)	(1,771)	(1,498)	(8,613)
Disposal - cost (Note)	-	-	(16,956)	-	(16,956)
- accumulated amortisation (Note)			9,326	-	9,326
Net exchange differences	-	(10)	27	-	17
At December 31	$ 70,265	$ 9,207	$ 6,231	$ 10,883	$ 96,586
At December 31, 2019					
Cost	$ 70,513	$ 47,380	$ 18,107	$ 84,058	$ 220,058
Accumulated amortisation	(248)	(38,154)	(12,095)	(59,251)	(109,748)
Accumulated impairment	-	-	-	(13,924)	(13,924)
Net exchange differences	-	(19)	219	-	200
	$ 70,265	$ 9,207	$ 6,231	$ 10,883	$ 96,586

(Note) The Group's subsidiary, SANTOS BIOTECH INDUSTRIES, INC., had been in the process of liquidation since January, 2019. The carrying amount of intangible assets was set to zero and the subsidiary recognised net loss on disposal of intangible assets of $7,630 (shown as 'other gains and losses'). The SANTOS BIOTECH INDUSTRIES, INC. was liquidated in June, 2019.

A. No borrowing costs were capitalised as part of intangible assets for the years ended December 31, 2020 and 2019.

B. Details of amortisation on intangible assets are as follows:

	For the years ended December 31,	
	2020	2019
Operating costs	$ 4,293	$ 4,683
Selling expenses	1,237	1,437
General and administrative expenses	1,727	1,816
Research and development expenses	530	677
	$ 7,787	$ 8,613

C. The Group applied value in use method when calculating recoverable amount of goodwill and determined the recoverable amount to be greater than the carrying amount; thus, no impairment was identified. Goodwill distributed to cash generating unit according to operating segment is shown below:

	December 31, 2020	December 31, 2019
Multipower Enterprise Corp.	$ 70,265	$ 70,265

D. Impairment information about the intangible assets is provided in Note 6(11) for the impairment of non-financial assets.

E. As of December 31, 2020 and 2019, the Company has no intangible assets pledged to others.

(11) Impairment of non-financial assets

A. Goodwill is tested annually for impairment. Goodwill is allocated to the Group's cash-generating unit - Multipower Enterprise Corp., identified according to operating segment. The recoverable amount of all cash-generating units has been determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by the cash-generating unit - Multipower Enterprise Corp. Cash flow of financial budgets is prepared based on forecasts of growth of future annual revenue, profit and capital expenditure. Management determined budgeted gross margin based on past performance and its expectation of market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segments.

B. The recoverable amount of all cash-generating units calculated using the value-in-use exceeded their carrying amount, so goodwill was not impaired for the years ended December 31, 2020 and 2019.

C. As of December 31, 2020 and 2019, the carrying amount of accumulated impairment of non-financial assets are both $13,924.

(12) Short-term borrowings

Type of borrowings	December 31, 2020	Interest rate range	Collateral
Unsecured bank borrowings	$ 391,000	0.63%～0.86%	None
Bank secured borrowings	175,000	0.81%～0.84%	Land and buildings
	$ 566,000		

Type of borrowings	December 31, 2019	Interest rate range	Collateral
Unsecured bank borrowings	$ 340,000	1.00%～1.05%	None
Bank secured borrowings	225,000	1.00%	Land and buildings
	$ 565,000		

For more information regarding interest expenses recognised in profit or loss by the Group for the years ended December 31, 2020 and 2019, please refer to Note 6(24), 'Finance costs'.

(13) Short-term notes and bills payable

	December 31, 2019	Interest rate range	Collateral
Commercial papers payable	$ 300,000	0.58%～0.68%	None

As of December 31, 2020, the Group has no short-term notes and bills payable.

A. The above commercial papers payable are issued and secured by Mega Bills Finance Corporation and other financial institutions.

B. For more information regarding interest expenses recognised in profit or loss by the Group for the years ended December 31, 2020 and 2019, please refer to Note 6(24), 'Finance costs'.

(14) Pensions

A. The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labour Standards Law, covering all regular employees' service years prior to the enforcement of the Labour Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 2%~5% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labour pension reserve account by December 31, every year. If the account balances are not enough to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contribution for the deficit by next year. In accordance with defined benefit pension plan, the Company and its domestic subsidiaries disclose the related information as follows:

(a) The amounts recognised in the balance sheet are as follows:

	December 31, 2020	December 31, 2019
Present value of defined benefit obligations	($ 536,100)	($ 518,127)
Fair value of plan assets	322,160	284,872
	($ 213,940)	($ 233,255)
Net defined benefit liability in the balance sheet (Note 1)	($ 227,978)	($ 244,022)
Net defined benefit asset in the balance sheet (Note 2)	14,038	10,767
	($ 213,940)	($ 233,255)

(Note 1) Shown as 'net defined benefit liability-non-current'.

(Note 2) Shown as 'other non-current assets'.

(b) Movements in defined benefit liability are as follows:

2020	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
At January 1	($ 518,127)	$ 284,872	($ 233,255)
Current service cost	(4,242)	-	(4,242)
Interest (expense) income	(3,839)	2,131	(1,708)
	(526,208)	287,003	(239,205)
Remeasurements:			
Return on plan assets	-	9,335	9,335
Change in demographic assumptions	(11)	-	(11)
Change in financial assumptions	(23,469)	-	(23,469)
Experience adjustments	(24)	-	(24)
	(23,504)	9,335	(14,169)
Pension fund contribution	-	39,434	39,434
Paid pension	13,612	(13,612)	-
At December 31	($ 536,100)	$ 322,160	($ 213,940)

2019	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
At January 1	($ 507,119)	$ 243,079	($ 264,040)
Current service cost	(4,896)	-	(4,896)
Interest (expense) income	(4,996)	2,409	(2,587)
Reversal of past service cost	548	-	548
	(516,463)	245,488	(270,975)
Remeasurements:			
Return on plan assets	-	8,602	8,602
Change in demographic assumptions	(10)	-	(10)
Change in financial assumptions	(13,295)	-	(13,295)
Experience adjustments	(2,607)	-	(2,607)
	(15,912)	8,602	(7,310)
Pension fund contribution	-	45,030	45,030
Paid pension	14,248	(14,248)	-
At December 31	($ 518,127)	$ 284,872	($ 233,255)

(c) The Bank of Taiwan was commissioned to manage the Fund of the Company's and its domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labour Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company and its domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and its domestic subsidiaries are unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The fair value of plan assets as of December 31, 2020 and 2019 is given in the Annual Labour Retirement Fund Utilisation Report announced by the government.

(d) The principal actuarial assumptions used were as follows:

	For the years ended December 31,	
	2020	2019
Discount rate	0.30%～0.40%	0.70%～0.75%
Future salary increases	2.00%～2.50%	2.00%～2.50%

Assumptions regarding future mortality rate are set based on the 5th Taiwan Standard Ordinary Experience Mortality Table.

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

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2020				
Effect on present value of defined benefit obligation	($ 13,305)	$ 13,789	$ 13,483	($ 13,084)
December 31, 2019				
Effect on present value of defined benefit obligation	($ 13,271)	$ 13,766	$ 13,518	($ 13,104)

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

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

(e) Expected contributions to the defined benefit pension plan of the Group for the year ended December 31, 2021 amount to $10,755.

(f) As of December 31, 2020, the weighted average duration of that retirement plan is 9~12 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	$	15,305
2-5 years		91,065
Over 5 years		443,784
	$	550,154

B. Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labour Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labour Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The Group’s subsidiaries, Jiangsu Standard Biotech Pharmaceutical Co., Ltd. and Jiangsu Standard-Dia Biopharma Co., Ltd., in Mainland China are subject to the government sponsored defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China (PRC) are based on a certain percentage of employees’ monthly salaries and wages. For the years ended December 31, 2020 and 2019, the contribution rates are from 19% to 30%. Other than the monthly contributions, the Group has no further obligations. The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2020 and 2019 were $40,881 and $37,850, respectively.

(15) Share capital – common stock

A. Movements in the number of the Company’s ordinary shares outstanding are as follows (in thousands of shares):

	For the years ended December 31,	
	2020	2019
Beginning and ending balance	178,696	178,696

B. As of December 31, 2020, the Company’s authorised capital was $2,000,000, and the paid-in capital was $1,786,961, consisting of 178,696 thousand shares of ordinary share, with a par value of $10 (in dollars) per share. Shares can be issued several times. All proceeds from shares issued have been collected.

(16) Capital surplus

A. Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

B. For the years ended December 31, 2020, pursuant of the Business letter No. 10602420200, the Company reclassified dividends payable of $145, which was expired and not collected by the shareholders, to capital surplus.

C. For more information regarding changes of capital surplus due to transactions with non-controlling interest, please refer to Note 6(29), 'Transactions with non-controlling interest'.

D. In November 2020, the associate of the Company, WE CAN MEDICINES CO., LTD., increased its capital by issuing new shares. The Company did not acquire share proportionally to its interest. The change of the transaction resulted in a decrease in the equity attributable to owners of parent by $1,187 and is recorded under capital surplus.

(17) Share-based payments

The Group's subsidiary, Syngen Biotech Co., Ltd. (''Syngen Biotech'') increased its capital by issuing new shares as resolved by the Board of Directors on July 31, 2019 and granted 400 thousand shares for employee share option at the price of $120. The grant date was set on September 11, 2019. Syngen recognised compensation costs of $8,648. The aforementioned fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Grant date	September 11, 2019
Stock price (in dollars)	$ 141.5
Expected dividend yield	1.86%
Expected price volatility	35.17%
Risk-free rate	1.04%
Expected duration (year)	0.07 year
Fair value (in dollars per share)	$ 21.62

(18) Retained earnings

A. Within the limit, except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

B. Under the amended Company's Articles of Incorporation resolved by the shareholders on June 19, 2019, as the Company operates in a volatile business environment and is in the stable growth stage, the Board of Directors takes into consideration the Company's future capital needs, long-term financial planning and shareholders' needs for cash inflow. The Company's earnings, if any, are distributed in the following order:

(a) Pay all taxes.

(b) Cover accumulated deficit.

(c) Appropriate 10% as legal reserve, until such legal reserve amounts to the total paid-in capital.

(d) Appropriate or reverse special reserve in accordance with regulations.

(e) At least 10% of the remainder and previous unappropriated retained earnings as stockholders' bonus and cash dividends shall account for at least 20% of total dividends distributed. If the cash dividend is below $0.5 (in dollars) per share, the Company can distribute stock dividends instead of cash dividends upon resolution of the shareholders.

When the shareholders bonus is distributed in stock dividend, it shall be allocated according to the resolutions of the shareholders' meeting. The company authorised the Board of Directors to process resolution resolved by a majority vote at the meeting attended by two-thirds of the total number of directors: all or part of distributed dividends and bonus, and capital reserve/legal surplus reserve shall be distributed by cash. The result shall be reported to the shareholders' meeting.

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

D. As resolved by the shareholders on June 19, 2019, the Company recognised cash dividends distributed to owners amounting to $268,044 ($1.5 (in dollars) per share) for the appropriations of 2018 earnings. As of March 16, 2021, the proposal for appropriations of 2020 earnings has not yet adopted a resolution by the Board of Directors. Information about the distribution of dividends by the Company as proposed by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(19) Other equity

	For the year ended December 31, 2020		
	Currency translation	Unrealised gain on valuation of financial assets	Total
At January 1	($ 14,544)	$ 85,065	$ 70,521
Currency translation differences			
- Company	(2,244)	-	(2,244)
Valuation adjustment			
- Company	-	(17,991)	(17,991)
- Subsidiaries	-	(20,981)	(20,981)
At December 31	($ 16,788)	$ 46,093	$ 29,305

	For the year ended December 31, 2019		
	Currency translation	Unrealised gain on valuation of financial assets	Total
At January 1	($ 9,853)	$ 99,463	$ 89,610
Currency translation differences			
- Company	(4,691)	-	(4,691)
Valuation adjustment			
- Company	-	17,152	17,152
- Subsidiaries	-	(31,550)	(31,550)
At December 31	($ 14,544)	$ 85,065	$ 70,521

(20) Operating revenue

A. The Group derives revenue from the transfer of goods at a point in time and of services over time in the following major product categories and geographical regions:

	For the year ended December 31, 2020		
	Domestic	International	Total
Revenue from sales of medicine	$ 1,944,550	$ 455,847	$ 2,400,397
Revenue from sales of dietary supplement	1,277,916	82,085	1,360,001
Revenue from rendering of services	7,678	-	7,678
Others	306,393	230,931	537,324
	$ 3,536,537	$ 768,863	$ 4,305,400

	For the year ended December 31, 2019		
	Domestic	International	Total
Revenue from sales of medicine	$ 1,776,613	$ 320,692	$ 2,097,305
Revenue from sales of dietary supplement	1,199,859	109,876	1,309,735
Revenue from rendering of services	9,141	–	9,141
Others	273,052	247,896	520,948
	$ 3,258,665	$ 678,464	$ 3,937,129

B. The Group has recognised the following revenue-related contract liabilities:

	December 31, 2020	December 31, 2019	January 1, 2019
Contract liabilities – sales of medicine	$ 93,239	$ 54,476	$ 40,526
Contract liabilities – sales of dietary supplement	28,675	37,688	17,858
Contract liabilities – others	13,748	1,863	3,414
	$ 135,662	$ 94,027	$ 61,798

Revenue recognised that was included in the contract liability balance at the beginning of the year ended December 31, 2020 and 2019 were $57,409 and $57,223, respectively.

(21) Interest income

	For the years ended December 31,	
	2020	2019
Interest income	$ 11,203	$ 14,299

(22) Other income

	For the years ended December 31,	
	2020	2019
Dividend income	$ 15,315	$ 16,433
Rental income	2,163	2,174
Technology transfer income	16,097	11,803
Research income	3,612	10,061
Royalty income	11,250	–
Indemnity income (Note)	–	57,339
Other income	44,548	21,863
	$ 92,985	$ 119,673

(Note) Multipower Enterprise Corp. (the “Multipower”) was affected by its supplier in France, LNS Lactalis Group, which was polluted by salmonella. Because of this, Multipower decided to discontinue selling certain milk powder in advance for food safety. As of March 31, 2019, Multipower has recognised all accrued loss on inventories and purchase discounts totaling $114,736 for these inventories informed to be regulated by Food and Drug Administration. All affected inventories were scrapped and Multipower requested for compensation to be collected by installment within one year. Multipower had collected all compensation payment based on mutual agreement. In addition, in January 2019, the supplier had paid EUR 1,641 thousand as compensation for operating loss, which Multipower recognised as indemnity income of $57,339 for the year ended December 31, 2019.

(23) Other gains and losses

	For the years ended December 31,	
	2020	2019
Net currency exchange loss	($ 33,068)	($ 28,933)
Net loss on disposal of investments	-	(4,404)
Net gain loss on current financial assets at fair value through profit or loss	203	948
Net loss on disposal of property, plant and equipment	(79)	(1,385)
Net loss on disposal of intangible assets	-	(7,630)
Indemnity loss	-	(11,880)
Other losses	(379)	(2,003)
	($ 33,323)	($ 55,287)

(24) Finance costs

	For the years ended December 31,	
	2020	2019
Interest expense		
Bank borrowings	$ 5,481	$ 8,583
Lease liabilities	2,283	2,000
	7,764	10,583
Less: Capitalisation of qualifying assets	(192)	(113)
	$ 7,572	$ 10,470

(25) Expenses by nature

	For the year ended December 31, 2020		
	Recognised in operating costs	Recognised in operating expenses	Total
Employee benefit expenses	$ 486,400	$ 627,119	$ 1,113,519
Depreciation	159,754	48,917	208,671
Amortisation	8,702	16,413	25,115
	$ 654,856	$ 692,449	$ 1,347,305

	For the year ended December 31, 2019		
	Recognised in operating costs	Recognised in operating expenses	Total
Employee benefit expenses	$ 453,413	$ 595,039	$ 1,048,452
Depreciation	154,181	51,330	205,511
Amortisation	9,071	14,050	23,121
	$ 616,665	$ 660,419	$ 1,277,084

(26) Employee benefit expenses

	For the year ended December 31, 2020		
	Recognised in operating costs	Recognised in operating expenses	Total
Wages and salaries	$ 406,358	$ 536,070	$ 942,428
Labour and health insurance expenses	38,733	42,721	81,454
Pension costs	20,258	26,573	46,831
Other personnel expenses	21,051	21,755	42,806
	$ 486,400	$ 627,119	$ 1,113,519

	For the year ended December 31, 2019		
	Recognised in operating costs	Recognised in operating expenses	Total
Wages and salaries	$ 374,006	$ 499,307	$ 873,313
Share-based employee compensation	2,808	5,840	8,648
Labour and health insurance expenses	36,209	42,892	79,101
Pension costs	20,182	24,603	44,785
Other personnel expenses	20,208	22,397	42,605
	$ 453,413	$ 595,039	$ 1,048,452

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year (pre-tax profit before deducting employees’ compensation and directors’ and supervisors’ remuneration), after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall be 1%~10% for employees' compensation and shall not be higher than 3% for directors' and supervisors' remuneration. Employees' compensation will be distributed in the form of shares or cash. Qualification requirements of employees, including the employees of subsidiaries of the company meeting certain specific requirements, are entitled to receive aforementioned stock or cash. The Company may, by a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation distributed in the form of shares or in cash; and in addition thereto a report of such distribution shall be submitted to the shareholders during their meeting.

B. For the years ended December 31, 2020 and 2019, employees' compensation was accrued at $6,306 and $4,471, respectively; while directors' and supervisors' remuneration was accrued at $2,000 and $8,942, respectively. The aforementioned amounts were recognised in salary expenses that were estimated and accrued based on the distributable net profit of current year calculated by the percentage prescribed under the Company's Articles of Incorporation. As resolved by the Board of Directors on March 16, 2021, the employees' compensation and directors' and supervisors' remuneration were $6,323 and $2,213, respectively, and the employees' compensation will be distributed in the form of cash. The employees' compensation and directors' and supervisors' remuneration for 2019 as resolved by the Board of Directors was $13,608. The difference between the aforementioned amount and the amount of $13,413 recognised in the 2019 financial statements by $195, mainly caused by estimation differences, had been adjusted in the profit or loss for 2020. Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors and shareholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(27) Income tax

A. Income tax expense:

(a) Components of income tax expense:

	For the years ended December 31,	
	2020	2019
Current tax:		
Current tax on profits for the year	$ 150,340	$ 104,974
Tax on undistributed earnings	1,118	3,372
(Over) under provision of prior year's income tax	(9,920)	16,514
	141,538	124,860
Deferred tax:		
Origination and reversal of temporary differences	5,829	(9,483)
Total income tax expense	$ 147,367	$ 115,377

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

	For the years ended December 31,	
	2020	2019
Remeasurement of defined benefit obligation	($ 2,834)	($ 1,462)

B. Reconciliation between income tax expense and accounting profit:

	For the years ended December 31,	
	2020	2019
Tax calculated based on profit before tax and statutory tax rate	$ 178,312	$ 136,071
Effect of amount not allowed to recognise under regulations	(10,428)	(20,900)
Effect from tax-exempt income	(11,042)	(1,971)
Effect from net operating loss carryfoward	(673)	2,045
Tax on undistributed earnings	1,118	3,372
(Over) under provision of prior year's income tax	(9,920)	16,514
Effect from realised loss on investments	-	(19,754)
Income tax expense	$ 147,367	$ 115,377

C. Amounts of deferred tax assets or liabilities as a result of temporary differences, investment tax credit and loss carryforward are as follows:

	For the year ended December 31, 2020			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets				
Temporary differences:				
Bad debts	$ 3,969	($ 1,036)	$ -	$ 2,933
Unrealised loss on inventories from market value decline	6,173	631	-	6,804
Unrealised exchange loss	5,510	4,670	-	10,180
Investment loss	36,675	893	-	37,568
Unrealised impairment loss on intangible assets	2,785	-	-	2,785
Unrealised sales return and allowance	7,594	(3,428)	-	4,166
Unused compensated absences	6,163	554	-	6,717
Pensions	40,737	(6,688)	2,834	36,883
Unrealised loss on scrapped inventories	1,385	(1,385)	-	-
Unrealised loss on indemnity	2,376	-	-	2,376
Lease expenses	13	(13)	-	-
Employee benefits	-	3	-	3
Investment tax credits				
Deferred investment tax credits	1,428	(2)	-	1,426
Loss carryforward	26,775	(28)	-	26,747
	$ 141,583	($ 5,829)	$ 2,834	$ 138,588
Deferred tax liabilities				
Temporary differences:				
Provision for land value increment tax	($ 61,992)	$ -	$ -	($ 61,992)
	$ 79,591	($ 5,829)	$ 2,834	$ 76,596

	For the year ended December 31, 2019			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets				
Temporary differences:				
Bad debts	$ 5,071	($ 1,102)	$ -	$ 3,969
Unrealised loss on inventories from market value decline	7,217	(1,044)	-	6,173
Unrealised exchange loss	75	5,435	-	5,510
Investment loss	32,859	3,816	-	36,675
Unrealised impairment loss on intangible assets	2,785	-	-	2,785
Unrealised sales return and allowance	4,814	2,780	-	7,594
Unused compensated absences	5,842	321	-	6,163
Pensions	46,973	(7,698)	1,462	40,737
Unrealised loss on scrapped inventories	1,345	40	-	1,385
Unrealised loss on indemnity	-	2,376	-	2,376
Lease expenses	-	13	-	13
Unrealised loss on financial assets through profit or loss	250	(250)	-	-
Investment tax credits				
Deferred investment tax credits	576	852	-	1,428
Loss carryforward	28,820	(2,045)	-	26,775
	$ 136,627	$ 3,494	$ 1,462	$ 141,583
Deferred tax liabilities				
Temporary differences:				
Provision for land value increment tax	($ 61,992)	$ -	$ -	($ 61,992)
Unrealised exchange gain	(5,427)	5,427	-	-
Others	(562)	562	-	-
	($ 67,981)	$ 5,989	$ -	($ 61,992)
	$ 68,646	$ 9,483	$ 1,462	$ 79,591

D. The Company qualifies for “Regulations for Encouraging Manufacturing Enterprises and Technical Service Enterprises in the Newly Emerging, Important and Strategic Industries” and is entitled to income tax exemption for 5 consecutive years starting from 2017.

E. Expiration dates of loss carryforward and amounts of unrecognised deferred tax assets are as follows:

December 31, 2020				
Year incurred	Amount filed/ approved	Unused amount	Unrecognised deferred tax assets	Usable until year
2011～2020	$ 338,207	$ 329,167	$ 195,431	2021～2030

December 31, 2019				
Year incurred	Amount filed/ approved	Unused amount	Unrecognised deferred tax assets	Usable until year
2010～2019	$ 286,572	$ 277,722	$ 143,849	2020～2029

F. The Company's income tax returns through 2018 have been assessed and approved by the Tax Authority. The Company does not have any administrative remedy as of March 16, 2021.

(28) Earnings per share

	For the year ended December 31, 2020		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 524,172	178,696	$ 2.93
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 524,172	178,696	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	192	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 524,172	178,888	$ 2.93

	For the year ended December 31, 2019		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 376,482	178,696	$ 2.11
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 376,482	178,696	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	156	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 376,482	178,852	$ 2.10

(29) Transactions with non-controlling interest

A. From May 2019 to August 2019, the Group acquired part of shares of its subsidiary—Advpharma Inc. for a total cash consideration of $18,136. The carrying amount was $13,404 at the acquisition date. This transaction resulted in a decrease in the equity attributable to owners of the parent by $4,732.

B. In October 2019, the subsidiary of the Group, Syngen Biotech Co., Ltd., increased its capital by issuing new shares. The Group did not acquire shares proportionally to its interest. The transaction resulted in an increase in the equity attributable to owners of parent by $11,786, and a decrease in non-controlling interest by $11,786.

C. In April 2020, the Company acquired part of shares of its subsidiary—Advpharma Inc. for a total cash consideration of $203. The carrying amount was $150 at the acquisition date. This transaction resulted in a decrease in the equity attributable to owners of the parent by $53.

D. Based on the above transactions, the details of changes in the Group's capital surplus due to transactions with non-controlling interest for the years ended December 31, 2020 and 2019 are as follows:

	For the years ended December 31,	
	2020	2019
Effect on acquisition of shares that are not proportionate to its interest	($ 53)	$ 7,054

(30) Supplemental cash flow information

A. Investing activities with partial cash payments:

	For the years ended December 31,	
	2020	2019
Purchases of property, plant and equipment	$ 294,905	$ 87,684
Add: Opening balance of notes payable	19,239	4,697
Opening balance of payable on equipment (shown as "Other payables")	8,783	37,999
Less: Ending balance of notes payable	(2,607)	(19,239)
Ending balance of payable on equipment (shown as "Other payables")	(13,002)	(8,783)
Capitalised interest	(192)	(113)
Cash paid for acquisition of property, plant and equipment	$ 307,126	$ 102,245

B. Operating and investing activities with no cash flow effects:

	For the years ended December 31,	
	2020	2019
(1) Elimination of allowance for bad debts	$ 14	$ 56
(2) Inventories transferred to property, plant and equipment	$ 14,722	$ 10,351
(3) Prepayments for equipment transferred to property, plant and equipment	$ 54,454	$ 80,972
(4) Property, plant and equipment transferred to non-current assets held for sale, net	$ 165,110	$ -
(5) Property, plant and equipment transferred to other non - current assets	$ -	$ 824
(6) Property, plant and equipment transferred to expenses	$ 1,639	$ 527

(31) Changes in liabilities from financing activities

	Short-term borrowings	Short-term notes and bills payable	Lease liabilities	Guarantee deposits received	Total
At January 1, 2020	$ 565,000	$ 300,000	$ 157,460	$ 18,399	$ 1,040,859
Changes in cash flow from financing activities	1,000	(300,000)	(16,352)	(17,028)	(332,380)
Changes in other non-cash items	-	-	78,087	-	78,087
At December 31, 2020	$ 566,000	$ -	$ 219,195	$ 1,371	$ 786,566

	Short-term borrowings	Short-term notes and bills payable	Lease liabilities	Long-term borrowings (including current portion)	Guarantee deposits received	Total
At January 1, 2019	$ 485,000	$ 250,000	$ -	$ 212,312	$ 13,337	$ 960,649
Effect of retrospective application	-	-	171,154	-	-	171,154
Changes in cash flow from financing activities	80,000	50,000	(14,568)	(212,312)	5,062	(91,818)
Interest expense	-	-	-	-	-	-
Changes in other non-cash items	-	-	874	-	-	874
At December 31, 2019	$ 565,000	$ 300,000	$ 157,460	$ -	$ 18,399	$ 1,040,859

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Group
WE CAN MEDICINES CO., LTD. (WE CAN)	Associate
Taiwan Biosim Co., Ltd. (Biosim)	Associate
SUN YOU BIOTECH PHARM CO., LTD. (SUN YOU)	Other related party (The manager of the Company is SUN YOU's corporate director)
SYN-TECH CHEM & PHARM CO., LTD. (SYN-TECH)	Other related party (The Company is SYN-TECH's corporate director)
Fan Dao Nan Foundation (Fan Dao Nan)	Other related party (The corporate director of the Company)
Chen, Wei-Jen	Other related party (The executive of the Company)

(2) Significant related party transactions

A. Sales of goods

	For the years ended December 31, 2020	2019
Associates	$ 100,024	$ 96,819
Other related parties	20,439	18,696
	$ 120,463	$ 115,515

Prices of goods sold to related parties are determined each time when delivering goods. Terms of transactions are similar with those to third parties, which is cash payment in 2 months after billing, or to obtain cheques with a maturity of 4~6 months upon billing.

B. Purchases of goods

	For the years ended December 31,	
	2020	2019
Other related parties	$ 69,418	$ 64,937
Associates	164	-
	$ 69,582	$ 64,937

Goods are purchased based on the price lists in force and terms that would be available to regular suppliers. Payment terms are cheques with a maturity of 3~4 months after inspection has passed.

C. Equity transactions

(a) The Company participated in the cash capital increase of the associate, WE CAN, by investing $69,732 in November 2020.

(b) The Group acquired additional shares of its subsidiary, Advpharma Inc., for $1,125 from other related parties, Chen, Wei-Jen, in July 2019.

(c) The Group participated in the cash capital increase of the associate, Biosim, by investing $29,940 in November 2019.

D. Other expenses

	For the years ended December 31,	
	2020	2019
Advertisement expenses:		
Associates	$ 2,946	$ 2,195
Other related parties	-	782
	$ 2,946	$ 2,977
Research and development expenses:		
Other related parties	$ 82	$ 102
Miscellaneous expenses:		
Associates	$ 219	$ 1,662
Other related parties	20	-
	$ 239	$ 1,662

E. Other income

	For the years ended December 31,	
	2020	2019
Other income:		
Associates	$ 12,564	$ 3,374
Other related parties	734	776
	$ 13,298	$ 4,150

F. Ending balance of goods sold

	December 31, 2020	December 31, 2019
Receivables from related parties:		
Associates	$ 24,657	$ 18,655
Other related parties	7,403	9,179
	$ 32,060	$ 27,834

The receivables from related parties arise mainly from sale transactions. The receivables are unsecured in nature and bear no interest. There are no provisions held against receivables from related parties.

G. Other receivables

	December 31, 2020	December 31, 2019
Receivables from related parties:		
Associates	$ 1,170	$ 2,812
Other related parties	4	3
	$ 1,174	$ 2,815

H. Ending balance of goods purchased

	December 31, 2020	December 31, 2019
Payables to related parties:		
Other related parties	$ 19,137	$ 24,396
Associates	22	-
	$ 19,159	$ 24,396

The payables to related parties arise mainly from purchase transactions. The payables bear no interest.

I. Lease transactions－lessee

(a) The Group leases land from other related party, Fan Dao Nan. Rental contracts are made for the periods from October 1, 2016 to September 30, 2027. Rents are paid quarterly.

(b) As of December 31, 2020 and 2019, the carrying amount of 'right-of-use asset' are $4,048 and $4,647, respectively.

(c) As of December 31, 2020 and 2019, the carrying amount of lease liability are $4,095 and $4,674, respectively. For the year ended December 31, 2020 and 2019, the Group recognised interest expense for $51 and $57, respectively (shown as 'Finance costs').

(3) Key management compensation

	For the years ended December 31,	
	2020	2019
Salaries and other short-term employee benefits	$ 33,924	$ 32,580

8. PLEDGED ASSETS

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

	Book value		
Pledged asset	December 31, 2020	December 31, 2019	Purposes
Land (Note)	$ 288,489	$ 288,489	Short-term and long-term borrowings
Buildings-net (Note)	282,695	289,793	Short-term and long-term borrowings
Machinery and equipment -net (Note)	28,552	32,292	Long-term borrowings
Other equipment-net (Note)	168	258	Long-term borrowings
	$ 599,904	$ 610,832	

(Note) Shown as 'Property, plant and equipment'.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

As of December 31, 2020 and 2019, the Group's significant contingent liabilities and unrecognised contract commitments are as follows:

(1) The balances for contracts that the Group entered into for the purchase of property, plant and equipment, but not yet due were $126,923 and $159,059, respectively.

(2) The amounts of the letter of credit that the Group issued but not yet negotiated were $2,262 and $1,943, respectively.

(3) Endorsements/guarantees for financing within the Group are as follows:

Endorsor/guarantor	Endorsee/guarantee	December 31, 2020	December 31, 2019
Standard Chem. & Pharm. Co., Ltd.	Standard Pharmaceutical Co., Ltd.	$ 85,440	$ 89,940

The actual endorsement/guarantee amount provided by the Group for the above subsidiaries were $ － and $89,940, respectively.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENT AFTER THE BALANCE SHEET DATE

(1) The Company implements its work-division and resource integration, to enhance competitiveness and business performance by dividing its synthesis department to related party－Syn-Tech CHEM & PHARM CO., LTD. (Sys-Tech) after the resolution by the Board of Directors on March 16, 2021. According to the appraised value of $341,000 for the department to be transferred, the Company will acquire 4,532 thousand shares of Syn-Tech newly issued common stock as consideration. The effective date is to be set on October 1, 2021.

(2) The subsidiary of the Group, Syngen Biotech Co., Ltd., after the resolution by the Board of Directors on January 12, 2021, acquired 12,000 thousand shares of Geneferm Biotechnology Co., Ltd. newly issued common stocks under its private placement for capital raising plan at $22.82 per share, which accounted for 30.08% ownership to Geneferm. As of, March 16, 2021, the transaction of acquisition is completed.

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders 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 amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2020	December 31, 2019
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 150,610	$ 151,107
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	$ 404,752	$ 424,367
Financial assets at amortised cost		
Cash and cash equivalents	$ 1,036,183	$ 1,471,902
Financial assets at amortised cost	308,540	84,450
Notes receivable	169,902	207,668
Accounts receivable	772,939	684,239
Other receivables	24,413	19,114
Guarantee deposits paid	25,209	32,915
	$ 2,337,186	$ 2,500,288

		December 31, 2020		December 31, 2019
Financial liabilities				
Financial liabilities at amortised cost				
Short-term borrowings	$	566,000	$	565,000
Short-term notes and bills payable		-		300,000
Notes payable		228,002		256,779
Accounts payable		210,569		164,797
Other payables		393,726		371,169
Guarantee deposits received		1,371		18,399
	$	1,399,668	$	1,676,144
Lease liabilities	$	219,195	$	157,460

B. Risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. To minimise any adverse effects on the financial performance of the Group, derivative financial instruments may be used to hedge certain risk.

(b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Group used in various functional currency, primarily with respect to the USD, EUR, JPY and RMB. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

ii. The Group has certain sales and purchases denominated in USD and other foreign currencies. Changes in market exchange rates would affect the fair value. However, the payment and collection periods of asset and liability positions in foreign currencies are close, market risk can be offset. The Group does not expect significant interest rate risk.

iii. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. However, the net investments of foreign operations are strategic investments, thus the Group does not hedge the investments.

iv.The Group’s businesses involve some non-functional currency operations (the Company’s and certain subsidiaries’ functional currency: NTD; other certain subsidiaries’ functional currency: USD, PHP and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2020		
	Foreign currency amount (In thousands)	Exchange rate	Book value
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD: NTD	$ 31,201	28.48	$ 888,604
EUR: NTD	314	35.02	10,996
JPY: NTD	25,001	0.2763	6,908
RMB: NTD	39,045	4.377	170,900
Financial liabilities			
Monetary items			
USD: NTD	2,136	28.48	60,833
EUR: NTD	15	35.02	525

	December 31, 2019		
	Foreign currency amount (In thousands)	Exchange rate	Book value
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD: NTD	$ 32,375	29.98	$ 970,603
EUR: NTD	674	33.59	22,640
JPY: NTD	153,781	0.276	42,444
RMB: NTD	33,539	4.305	144,385
Financial liabilities			
Monetary items			
USD: NTD	141	29.98	4,227
JPY: NTD	4,361	0.276	1,204

With regard to sensitivity analysis of foreign currency exchange rate risk, if the exchange rates of NTD to all foreign currencies had appreciated/depreciated by 1%, with all other factors remaining constant, the Group’s net income for the years ended December 31, 2020 and 2019 would have increased/decreased by $8,095 and $7,391, respectively.

v. Total exchange loss, including realized and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2020 and 2019 amounted to $33,068 and $28,933, respectively.

Price risk

i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

ii. The Group's investments in equity securities comprise shares and open-end funds issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2020 and 2019 would have increased/decreased by $1,662 and $1,661, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by $3,575 and $3,377, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

i. The Group's main interest rate risk arises from long-term and short-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. During the years ended December 31, 2020 and 2019, the Group's borrowings at variable rate were denominated in the NTD.

ii. With regard to sensitivity analysis of interest rate risk, if interest rates on borrowings at that date had been 1% higher/lower with all other variables held constant, post-tax profit for the years ended December 31, 2020 and 2019 would have been $61 and $84 lower/higher, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.

ii. The Group manages their credit risk taking into consideration the entire company's concern. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilization of credit limits is regularly monitored.

iii. In line with credit risk management procedure, payment reminders are sent as the contract payments are past due, whereby the default occurs when the contract payments are past due over certain period of time, and recourse procedures are initiated. However, the Group will continue executing the recourse procedures to secure their rights.

iv. The Group classifies customer's notes and accounts receivable in accordance with credit rating of customer. The Group applies the modified approach using provision matrix to estimate expected credit loss under the provision matrix basis. The Group used the forecastability of conditions to adjust historical and timely information to assess the default possibility of notes and accounts receivable, whereby rate ranges from 0.01% to 100% are applied to the provision matrix. Movements in relation to the Group applying the modified approach to provide loss allowance for notes and accounts receivable are as follows:

	For the year ended December 31, 2020		
	Notes receivable	Accounts receivable	Total
Beginning balance	$ 171	$ 12,267	$ 12,438
Provision (reversal of) for impairment	44	(6,481)	(6,437)
Write-offs during the year	-	(14)	(14)
Ending balance	$ 215	$ 5,772	$ 5,987

	For the year ended December 31, 2019		
	Notes receivable	Accounts receivable	Total
Beginning balance	$ 427	$ 18,103	$ 18,530
Reversal of impairment	(256)	(5,780)	(6,036)
Write-offs during the year	-	(56)	(56)
Ending balance	$ 171	$ 12,267	$ 12,438

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities.

ii. Surplus cash held by the Group over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts, time deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts.

iii. The Group has the following undrawn borrowing facilities:

	December 31, 2020	December 31, 2019
Floating rate:		
Expiring within one year	$ 1,246,298	$ 703,762
Expiring beyond one year	867,568	350,000
	$ 2,113,866	$ 1,053,762

iv. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date:

December 31, 2020	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Non-derivative financial liabilities:				
Short-term borrowings	$ 566,643	$ -	$ -	$ -
Notes payable	228,002	-	-	-
Accounts payable	210,569	-	-	-
Other payables	393,726	-	-	-
Lease liabilities	20,152	19,254	49,725	151,916
Guarantee deposits received	-	1,371	-	-

December 31, 2019	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Non-derivative financial liabilities:				
Short-term borrowings	$ 565,764	$ -	$ -	$ -
Short-term notes and bills payable	300,000	-	-	-
Notes payable	256,779	-	-	-
Accounts payable	164,797	-	-	-
Other payables	371,169	-	-	-
Lease liabilities	15,515	13,962	33,589	115,619
Guarantee deposits received	-	18,399	-	-

v. For non-derivative financial liabilities, the Group's non-derivative financial liabilities do not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

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

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

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly.

Level 3: Unobservable inputs for the asset or liability. The Group's investment in partial equity instruments without active market is included.

B. The carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, financial assets at amortised cost - current, notes receivable, accounts receivable, other receivables, guarantee deposits paid, short-term borrowings, short-term notes and bills payable, notes payable, accounts payable, other payables, lease liabilities, and guarantee deposits received) are approximate to their fair values.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets is as follows:

December 31, 2020	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 136,563	$ -	$ 14,047	$ 150,610
Financial assets at fair value through other comprehensive income				
Equity securities	310,274	-	94,478	404,752
	$ 446,837	$ -	$ 108,525	$ 555,362

December 31, 2019	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 135,816	$ -	$ 15,291	$ 151,107
Financial assets at fair value through other comprehensive income				
Equity securities	308,097	-	116,270	424,367
	$ 443,913	$ -	$ 131,561	$ 575,474

D. The methods and assumptions the Group used to measure fair value are as follows:

(a) The instruments that the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed stocks	Open-end fund	Unlisted stocks
Market quoted price	Closing price	Net asset value	Latest closing price on the balance sheet date

(b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the parent company only balance sheet date.

(c) The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the parent company only balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

E. There was no transfer between Level 1 and Level 2 in 2020 and 2019.

F. The following table presents the changes in Level 3 instruments in 2020 and 2019:

	For the years ended December 31,	
	2020	2019
At January 1	$ 131,561	$ 154,470
Purchase	-	9,546
Capital reduction and return of shares	(506)	-
Recognised in profit or loss (Note 1)	(738)	(546)
Recognised in other comprehensive loss (Note 2)	(21,792)	(31,909)
At December 31	$ 108,525	$ 131,561

(Note 1) Shown as "Other income or loss".

(Note 2) Shown as "Unrealised gain or loss on financial assets at fair value through other comprehensive income".

G. For the years ended December 31, 2020 and 2019, there was no transfer from or to Level 3.

H. Financial segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

I. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted stocks	$ 108,525	Market comparable companies	Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value

	Fair value at December 31, 2019	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted stocks	$ 131,561	Market comparable companies	Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value

J. The Group has carefully assessed the valuation models and assumptions used to measure fair value; therefore, the fair value measurement is reasonable. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets categorised within Level 3 if the inputs used to valuation models have changed:

			December 31, 2020			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Discount for lack of marketability	± 3%	$ 602	($ 602)	$ 4,049	($ 4,049)

			December 31, 2019			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Discount for lack of marketability	± 3%	$ 476	($ 476)	$ 4,983	($ 4,983)

13. SUPPLEMENTARY DISCLOSURES

(Only 2020 information is disclosed in accordance with the current regulatory requirements.)

(1) Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Holding of marketable securities at the end of the year (not including subsidiaries, associates and joint ventures): Please refer to table 3.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 4.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Please refer to table 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 6.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 7.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

(4) Major stockholders' information

Major stockholders' information: Please refer to table 8.

14. SEGMENT INFORMATION

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions. There is change in the basis for formation of entities and division of segments in the Group or in the measurement basis for segment information during this year in accordance with global marketing expansion of the

Group.

(2) Measurement of segment information

The chief operating decision maker evaluates the performance of operating segments based on pre-tax income. Accounting policies applied on the operating segments are consistent with the significant accounting policies applied in the preparation of the consolidated financial statements set out in Note 4.

(3) Information about segment profit or loss, assets and liabilities

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	For the year ended December 31, 2020			
	Medicine	Dietary supplement	Others	Total
Segment revenue	$ 2,458,032	$ 1,421,596	$ 563,233	$ 4,442,861
Revenue from internal customers	(57,635)	(61,595)	(18,231)	(137,461)
Revenue from external customers, net	2,400,397	1,360,001	545,002	4,305,400
Inter-segment profit before income tax	552,536	150,174	100,542	803,252
Segment assets	3,484,614	2,367,952	1,196,881	7,049,447
Segment liabilities	1,297,275	581,983	264,354	2,143,612

	For the year ended December 31, 2019			
	Medicine	Dietary supplement	Others	Total
Segment revenue	$ 2,137,862	$ 1,378,776	$ 550,986	$ 4,067,624
Revenue from internal customers	(40,557)	(69,041)	(20,897)	(130,495)
Revenue from external customers, net	2,097,305	1,309,735	530,089	3,937,129
Inter-segment profit before income tax	383,186	202,177	59,545	644,908
Segment assets	3,467,989	2,257,324	1,202,691	6,928,004
Segment liabilities	1,502,161	511,816	267,606	2,281,583

(4) Reconciliation for segment income (loss), assets and liabilities

A. Sales between segments are carried out at arm's length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income. A reconciliation of reportable segment income before income tax to the profit before income tax is provided as follows:

	For the years ended December 31,	
	2020	2019
Reportable segment income before income tax	$ 702,710	$ 585,363
Other segments profit before income tax	100,542	59,545
Including inter-segment loss	(30,325)	(59,098)
Profit before income tax	$ 772,927	$ 585,810

B. The amounts provided to the chief operating decision-maker with respect to total assets and total liabilities are measured in a manner consistent with that of the financial statements. No reconciliation is needed.

(5) Information on product and service

Revenue from external customers is mainly from manufacturing, research and development, sale and wholesale of various medicine, food and medical products. Details of revenue are as follows:

	For the years ended December 31,	
	2020	2019
Revenue from sales of medicine	$ 2,400,397	$ 2,097,305
Revenue from sales of dietary supplement	1,360,001	1,309,735
Revenue from rendering of services	7,678	9,141
Others	537,324	520,948
	$ 4,305,400	$ 3,937,129

(6) Geographical information

Geographical information for the years ended December 31, 2020 and 2019 is as follows:

	For the years ended December 31,			
	2020		2019	
	Revenue (Note 1)	Non-current asset (Note 2)	Revenue (Note 1)	Non-current asset (Note 2)
Taiwan	$ 3,536,537	$ 2,430,410	$ 3,258,665	$ 2,334,633
Mainland China	225,978	169,067	125,597	172,952
Vietnam	98,799	-	70,568	-
Philippines	60,540	-	79,405	-
Japan	51,289	-	28,005	-
South Korea	44,860	-	55,045	-
Thailand	37,815	-	39,236	-
Egypt	37,010	-	32,709	-
America	32,724	-	38,128	-
Others	179,848	1,048	207,351	1,479
	$ 4,305,400	$ 2,600,525	$ 3,934,709	$ 2,509,064

(Note 1) Revenue is based on where the clients are located.

(Note 2) Non-current assets include property, plant and equipment, right-of-use assets, intangible assets, prepayments for equipment, and partial other non-current assets.

(7) Major customer information

Major customer information of the Group (revenue accounted for more than 10% revenue) for the years ended December 31, 2020 and 2019 is as follows:

	For the years ended December 31,	
	2020	2019
Company A	$ 440,813	$ 410,966

STANDARD CHEM & PHARM. CO., LTD. AND SUBSIDIARIES

Loans to others

For the year ended December 31, 2020

Table 1

Expressed in thousands of NTD

Number	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance	Ending balance (Note 2)	Actual amount drawn down	Interest rate	Nature of loan (Note 1)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Note
													Item	Value			
0	Standard Chem & Pharm. Co., Ltd.	Standard Pharmaceutical Co., Ltd.	Other receivables	Yes	$ 85,440	$ -	$ -	2.50%	2	$ -	Operating capital	$ -	—	$ -	$ 198,297	$ 396,593	(Notes 3)
1	Standard Pharmaceutical Co., Ltd.	Jiangsu Standard Biotech Pharmaceutical Co., Ltd.	Other receivables	Yes	85,440	85,440	85,440	2.50%	2	-	Operating capital	-	—	-	398,680	398,680	(Notes 3)
2	Jiangsu Standard Biotech Pharmaceutical Co., Ltd.	Jiangsu Standard-Dia Biopharma Co., Ltd.	Other receivables	Yes	4,596	4,596	4,596	2.50%	2	-	Operating capital	-	—	-	20,283	24,340	(Notes 3)

Note 1: The code represents the nature of financing activities as follows:

(1) Trading partner.

(2) Short-term financing.

Note 2: The ending balance is the credit limit approved by the Board of Directors.

Note 3: Calculation of limit on loans granted to a single party and ceiling on total loans granted:

(1) Limit on loans granted to a single party:

(a) For the companies having business relationship with the Company, limit on loans granted to a single party is the higher value of purchasing and selling during current or latest year on the year of financing.

(b) For short-term financing, limit on loans granted to a single party is 5% of the Company’s net assets based on the latest audited consolidated financial statements.

(c) Limit on loans granted by Standard Pharmaceutical Co., Ltd. to a single party is 200% of the creditor’s net assets based on the latest audited or reviewed consolidated financial statements.

(d) Limit on loans granted by Jiangsu Standard Biotech Pharmaceutical to a single party is 25% of the creditor’s net assets based on the latest audited or reviewed consolidated financial statements.

(2) Ceiling on total loans granted to a single party:

(a) Ceiling on total loans granted by the Company to single party is 10% of the Company’s net assets.

(b) Ceiling on total loans granted by Standard Pharmaceutical Co., Ltd. to single party is 200% of the creditor’s net assets.

(c) Ceiling on total loans granted by Jiangsu Standard Biotech Pharmaceutical to single party is 30% of the creditor’s net assets.

(3) For short-term financing, ceiling on total loans granted to all direct or indirect wholly-owned domestic and foreign subsidiaries of the Company is not limited to 40% of the creditors’ net assets.

Note 4: Foreign currencies were translated into New Taiwan Dollars with exchange rate as of December 31, 2020 as follows: USD: NTD 1:28.48 and RMB: NTD 1:4.377.

STANDARD CHEM & PHARM. CO., LTD. AND SUBSIDIARIES

Provision of endorsements and guarantees to others

For the year ended December 31, 2020

Table 2 | Expressed in thousands of NTD

Number	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 1)	Maximum outstanding endorsement/ guarantee amount	Outstanding endorsement/ guarantee amount	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 1)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Note
		Company name	Relationship with the endorser/guarantor											
0	Standard Chem & Pharm. Co., Ltd.	Standard Pharmaceutical. Co., Ltd.	Subsidiary	$ 793,186	$ 85,440	$ 85,440	$ -	$ -	2%	$ 1,982,966	Y	N	N	-

Note 1: Under “Procedures for Provision of Endorsements and Guarantees”, the total endorsement and guarantee provided shall not exceed 50% of the Company’s net assets; the amount provided for each counterparty shall not exceed 20% of the Company's net assets.

Note 2: Foreign currencies were translated into New Taiwan Dollars with exchange rate as of December 31, 2020 as follows: USD: NTD 1:28.48.

STANDARD CHEM & PHARM. CO., LTD. AND SUBSIDIARIES

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2020

Table 3

Expressed in thousands of NTD

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	As of December 31, 2020 Book value	Ownership (%)	Fair value	Note
Standard Chem & Pharm. Co., Ltd.	Bonds with repurchase agreement:							
	China Bills Finance Corporation	—	1	—	$ 85,440	-	$ 85,440	-
	Mega Bills Finance Co., Ltd.	—	1	—	72,355	-	72,355	-
	International Bills Finance Corporation	—	1	—	57,459	-	57,459	-
	Stocks (investment certificate):							
	Original BioMedicals Co., Ltd.	—	2	200,000	-	0.70%	-	-
	NCKU Venture Capital Co., Ltd.	—	3	650,000	2,704	4.17%	2,704	-
	NTU Innovation & Incubation Co., Ltd.	—	3	480,000	3,591	3.76%	3,591	-
	TaiwanJ Pharmaceuticals Co., Ltd.	—	3	258,133	3,446	0.34%	3,446	-
	SYN-TECH CHEM & PHARM CO., LTD.	The Company is SYN-TECH CHEM & PHARM Co., Ltd.'s corporate director	4	3,188,484	246,151	10.61%	246,151	-
	HER-SING CO., LTD.	The Company is HER-SING Co., Ltd.'s corporate director	4	3,055,000	40,326	17.71%	40,326	-
	SUN YOU BIOTECH PHARM CO., LTD.	The manager of the Company is SUN YOU BIOTECH PHARM CO., LTD.'s director	4	3,378,006	43,610	18.13%	43,610	-
	Green Management International Co., Ltd.	—	4	109,672	1,661	5.14%	1,661	-
	Kenda Pharmacentiocal Co., Ltd.	—	4	5,000,000	5,772	19.42%	5,772	-
	Rossmax International Ltd.	—	4	600,000	12,630	0.76%	12,630	-
Chia Scheng Investment Co., Ltd.	Beneficiary certificates:							
	Taishin Ta-Chong Money Market Fund	—	2	368,142	5,272	-	5,272	-
	Taishin 1699 Money Market Fund	—	2	50,000	682	-	682	-
	Stocks:							
	SUN YOU BIOTECH PHARM CO., LTD.	The manager of the Company is SUN YOU BIOTECH PHARM CO., LTD.'s director	4	240,846	3,109	1.29%	3,109	-
	Stason Pharmaceuticals, Inc.	—	4	4,000,000	-	13.02%	-	-
Advpharma Inc.	Beneficiary certificates:							
	Taiwan Cooperative Bank Money Market Fund	—	2	2,000,000	20,475	-	20,475	-
	Mega Diamond Money Market Fund	—	2	3,166,588	40,057	-	40,057	-
	FSITC Taiwan Money Market Fund	—	2	1,652,490	25,504	-	25,504	-
	Taishin 1699 Money Market Fund	—	2	1,473,047	20,101	-	20,101	-

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	As of December 31, 2020 Book value	Ownership (%)	Fair value	Note
	UPAMC James Bond Money Market Fund	—	2	477,020	$ 8,033	-	$ 8,033	-
	Shin Kong US Harvest Balanced TWD A	—	2	245,916	2,629	-	2,629	-
	Cathay Senior Secured High Yield Bond	—	2	271,919	2,800	-	2,800	-
	Shin Kong Chi-Shin Money-Market Fund	—	2	128,638	2,008	-	2,008	-
	Capital Money Market Fund	—	2	431,305	7,015	-	7,015	-
	Shin Kong Emergin Wealthy Nations Bond Fund A	—	2	195,290	1,987	-	1,987	-
Advpharma Inc.	Stocks:							
	Der Yang Biotechnology Venture Capital Co., Ltd.	—	3	117,997	1,266	3.70%	1,266	-
	TaiwanJ Pharmaceuticals Co., Ltd.	—	3	25,203	336	0.03%	336	-
	SYN-TECH CHEM & PHARM CO., Ltd.	The Company is SYN-TECH CHEM & PHARM Co., Ltd.'s corporate director	4	667,000	51,493	2.22%	51,493	-
Syngen Biotech Co,. Ltd.	Stocks:							
	NCKU Venture Capital Co., Ltd.	—	3	650,000	2,704	4.17%	2,704	-

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.
Note 2: The general ledger account is classified into the following five categories:

1. Cash and cash equivalents
2. Financial assets at fair value through profit or loss - current
3. Financial assets at fair value through profit or loss - non-current
4. Financial assets at fair value through other comprehensive income - non-current

Note 3: Foreign currencies were translated into New Taiwan Dollars with exchange rate as of December 31, 2020 as follows: USD: NTD 1:28.48.

STANDARD CHEM & PHARM. CO., LTD.

Purchase or sales transactions with related parties amounting to $100,000 or 20 percent of the contributed capital

For the year ended December 31, 2020

Table 4

Expressed in thousands of NTD

			Description of transaction				Desceiption and reasons for difference in transaction terms compared to non-related party		Notes or accounts receivable / (Payable)		
Purchases / Sales company	Name of the counter-party	Relationship	Purchases / (Sales)	Amount	Percentage of net purchases/(sales)	Credit period	Unit Price	Credit Period	Amount	Percentage of notes or accounts receivable/(payable)	Note
Standard Chem & Pharm. Co., Ltd.	WE CAN MEDICINES CO., LTD.	Associate	Sales	($ 100,024)	(4%)	Closes its accounts 60 days after the end of each month	$ -	-	$ 24,657	5%	—

STANDARD CHEM & PHARM. CO., LTD. AND SUBSIDIARIES

Significant inter-company transactions during the reporting period

For the year ended December 31, 2020

Table 5

Expressed in thousands of NTD

				Transaction			
Number (Note 2)	Company name	Counterparty	Relationship (Note 3)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 4)
0	Standard Chem & Pharm. Co., Ltd.	Standard Pharmaceutical Co., Ltd.	1	Endorsements and guarantee	$ 85,440	–	1%
		Syngen Biotech Co,. Ltd.	1	Purchases	61,884	Pay cheques with a maturity of 3~4 months after inspection had passed	1%
			1	Account payables	(23,054)	–	–
		Souriree Biotech & Pharm. Co., Ltd.	1	Purchases	50,583	Pay cheques with a maturity of 3~4 months after inspection had passed	1%
1	Standard Pharmaceutical Co., Ltd.	Jiangsu Standard Biotech Pharmaceutical Co., Ltd.	3	Other receivables	85,660	–	1%

Note 1: As the amounts and counterparties of significant inter-company transactions are the same from the opposite transaction sides, no disclosure is required. Only transactions amounting to more than $10,000 are disclosed.

Note 2: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is ‘0’.

(2) The subsidiaries are numbered in order starting from ‘1’.

Note 3: Relationship between transaction company and counterparty is classified into the following three categories:

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 4: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on ending balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the year to consolidated total operating revenues for statement of comprehensive income accounts.

Note 5: Foreign currencies were translated into New Taiwan Dollars with exchange rate as of December 31, 2020 as follows: USD: NTD 1:28.48.

STANDARD CHEM & PHARM. CO., LTD. AND SUBSIDIARIES

Information on investees

For the year ended December 31, 2020

Table 6

Expressed in thousands of NTD

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2020	Initial investment amount: Balance as at December 31, 2019	Shares held as at December 31, 2020: Number of shares	Shares held as at December 31, 2020: Ownership (%)	Shares held as at December 31, 2020: Book value	Net profit (loss) of the investee for the year ended December 31, 2020	Investment income (loss) recognised for the year ended December 31, 2020	Note
Standard Chem & Pharm. Co., Ltd.	Standard Pharmaceutical Co., Ltd.	Samoa	Research and development, trading, investment and other business of medical products	$ 396,953	$ 310,283	13,000,000	100.00	$ 199,340	($ 3,368)	($ 3,368)	Subsidiary
	Chia Scheng Investment Co., Ltd.	Taiwan	General investment	161,356	161,356	14,553,000	100.00	10,955	(213)	(213)	Subsidiary
	STANDARD CHEM. & PHARM. PHILIPPINES, INC.	Philippines	Import and export of various medical products, medicine, supplements	6,762	6,762	192,195	100.00	1,276	(925)	(925)	Subsidiary
	Inforight Technology Co., Ltd.	Taiwan	Wholesale of multi-function printers and information software	5,000	5,000	500,000	100.00	4,313	(369)	(369)	Subsidiary
	Souriree Biotech & Pharm. Co., Ltd	Taiwan	Manufacturing of western medicine and retail and wholesale of various medicines	41,549	41,549	5,649,126	93.17	26,981	4,213	1,098	Subsidiary
	Multipower Enterprise Corp.	Taiwan	Import and export of western medicine, nourishment and function food, processing, manufacturing and sale of food	293,063	293,063	19,840,600	90.72	307,667	(72,318)	(67,112)	Subsidiary
	Advpharma Inc.	Taiwan	Research and development, manufacturing and sale of various medicine	525,671	525,468	53,191,806	88.65	284,967	(4,231)	(3,707)	Subsidiary
	Syngen Biotech Co., Ltd	Taiwan	Research and development, manufacturing and sale of APIs, biopesticide, fertiliser and biochemical nutrition, sale of preventive medicine	330,203	330,203	12,651,146	46.68	741,860	215,550	100,463	Subsidiary (Note 1)

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2020	Initial investment amount: Balance as at December 31, 2019	Shares held as at December 31, 2020: Number of shares	Shares held as at December 31, 2020: Ownership (%)	Shares held as at December 31, 2020: Book value	Net profit (loss) of the investee for the year ended December 31, 2020	Investment income (loss) recognised for the year ended December 31, 2020	Note
Standard Chem & Pharm. Co., Ltd.	WE CAN MEDICINES CO., LTD.	Taiwan	Wholesale of various medicine	$ 282,868	$ 213,136	13,442,909	33.61	$ 216,761	$ 42,708	$ 14,008	-
	Taiwan Biosim, Co., Ltd.	Taiwan	Research and development of various medicine	34,930	34,930	3,493,000	49.90	24,479	(17,181)	(8,573)	-
Syngen Biotech Co., Ltd	SYNGEN BIOTECH INTERNATIONAL SDN. BHD.	Malaysia	Research and development, manufacturing and sale of APIs and biochemical nutrition, sale of preventive medicine	7,322	7,322	1,000,000	100.00	2,680	(1,096)	-	Subsidiary (Note 2)
Advpharma Inc.	CHN TECHNOLOGIES INC.	America	Inspection of medicine, retail and wholesale of various chemistry	13,734	13,734	400,000	35.60	9,453	(6,706)	-	(Note 2)

Note 1: In September 2016, the subsidiary, Syngen Biotech Co., Ltd. ("Syngen"), filed for an initial public offering with Taipei Exchange. As part of the public trading process, the Company allowed its underwriter to exercise the overallotment option, which decreased the Company's ownership percentage in Syngen to below 50%. However the Company did not lose control over Syngen.

Note 2: Not required to disclose income (loss) recognised.

Note 3: Foreign currencies were translated into New Taiwan Dollars with exchange rate as of December 31, 2020 as follows: USD: NTD 1:28.48 .

STANDARD CHEM & PHARM. CO., LTD. AND SUBSIDIARIES

Information on investments in Mainland China

For the year ended December 31, 2020

Table 7

Expressed in thousands of NTD

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2020	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2020: Remitted to Mainland China	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2020: Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020	Net income (loss) of investee for the year ended December 31, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised for the year ended December 31, 2020	Book value of investments in Mainland China as of December 31, 2020	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2020	Note
Jiangsu Standard Biotech Pharmaceutical Co., Ltd.	Research and development, technical consulting and technical services of medicine	$ 256,320	(Note 1)	$ 256,037	$ -	$ -	$ 256,037	($ 4,277)	100.00	($ 4,277)	$ 80,908	$ -	(Note 3)
Jiangsu Standard-Dia Biopharma Co., Ltd.	Research and development, manufacturing and sale of various medicine	185,563	(Note 2)	-	-	-	-	(14,725)	55.00	(8,015)	8,546	-	(Note 3)

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 4)
Standard Chem & Pharm. Co., Ltd.	$ 256,037	$ 256,320	$ 2,943,501

Note 1: Indirect investment in Mainland China through an existing company (Standard Pharmaceutical Co., Ltd.) located in the third area.
Note 2: Indirect investment in Mainland China through an existing company (Jiangsu Standard Biotech Pharmaceutical Co., Ltd.) located in Mainland China.
Note 3: Recognition is based on investees' financial statements audited and attested by independent accountants.
Note 4: Ceiling is the higher of net assets or 60% of consolidated equity.
Note 5: Foreign currencies were translated into New Taiwan Dollars with exchange rate as of December 31, 2020 as follows: USD: NTD 1:28.48 and RMB: NTD 1:4.377.

STANDARD CHEM & PHARM. CO., LTD. AND SUBSIDIARIES
Major Shareholder's Information
December 31, 2020

Table 8

Major Shareholder's Name	Shares	
	Number of shares	Percentage
Chin-Tsai, Fan	20,789,813	12%
Tzu-Pin, Fan	19,518,084	11%
Mei-Rong, Fan Hung	14,584,781	8%
Tzu-Tin, Fan	11,766,604	7%
Sen-Hao, Cheng	9,405,888	5%
Tsuey-Wen, Yeh	9,124,669	5%

Note 1: The information of major shareholders in this table is calculated by TDCC on the last business day at the end of each quarter to calculate that the shareholder-holding company has completed the book-entry delivery (including treasury stocks) of common stocks and special stocks totaling more than 5%. As for the share capital recorded in the company’s financial report and the company’s actual number of shares registered and delivered may be different due to the calculation bases.

Note 2: If shareholder has his/hers shares been entrusted, it shall disclosed in the trustee's individual accounts. As for shareholder's declareation of shares held by insiders with more than 10%, for shareholding that includes shares on hand and those have been entrusted, and the right to their entrust property, etc., please refer to MOPS's website.