TWSE Stock Code: 6469

Great Tree Pharmacy Co., Ltd.

2020

Annual Report

The Annual Report can be viewed on the Market Observation Post System (MOPS) at http://newmops.twse.com.tw/

Required website for information announcement from the Securities & Futures Institute: same as above

Website for information related to the Annual Report: same as above

Printed on April 30, 2021

I. **Spokesperson: Shan-Feng Lu Title: Deputy General Manager**

Telephone: (03)455-6469

E-mail: stock@greattree.com.tw

Deputy spokesperson: Shu-Yi Wu Title: Assistant Manager in Finance Department

Telephone: (03)455-6469

E-mail: stock@greattree.com.tw

II. **Address and telephone of the Company and plant:**

Name	Address	Tel
Head office	No. 143, Chenggang 4th Street, Zhongli District, Taoyuan City.	(03)455-6469
Taoyuan Branch	No. 1, Gaobian Road, Zhongli District, Taoyuan City.	(03)455-4585
Gangshan Branch Office	No. 136, Gangshan Rd., Gangshan Dist., Kaohsiung City	(07)621-9477
Kinmen Branch Office	No.17, Alley 1, Lane 239, Section 1, Huandao West Road, Jincheng Township, Kinmen County	(082)312832

III. **Stock transfer handling agency:**

Name: Share Agency Department, Taishin International Bank

Address: B1, No. 96, Section 1, Jianguo North Road, Taipei City.

Telephone: (02)2504-8125

Website: www.taishinbank.com.tw/

IV. **Certified public accountants (CPAs) who audited the financial reports of the most recent year:**

Names: Hsiao-Chin Lo and Ching-Piao Cheng

Name of accounting firm: Ernst & Young (EY)

Address: 9F, No. 333, Section 1, Keelung Road, Taipei City.

Website: www.ey.com.tw

Telephone: (02)2757-8888

V. Name of securities market for trading of overseas marketable securities and ways to inquire about information on said overseas marketable securities: None.

VI. Company website: www.greattree.com.tw

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Chapter 1 Letter to Shareholders

Dear Esteemed Shareholders,

First of all, thank you all for taking time off from your busy schedule to attend our Annual Shareholders' Meeting. On behalf of the Company, I extend a warm welcome to you and thank you for your kind support and encouragement. The Company's 2020 operational performance and future outlook are summarized as below:

I. 2020 Business Report

(I) Implementation results of 2020 Business Plan

The Company has initiated a 5-year plan from 2016 to 2020, beginning in 2016 when the Company became listed on the Taipei Exchange. The plan was to replicate our past success and expand our business scope in 5 years, and to build economies of scale, the largest advantage in pharmacy retail channels. As of today, the Company can report to our shareholders that the promise we made five years ago has come true. Our operating revenue has grown from NT$2.8 billion in 2016 to NT$8.6 billion in 2020, and the Company has also become the largest pharmaceutical and healthcare industry channel in Taiwan. We are grateful for our shareholders' continued support for our long-term plan, which allowed us to concentrate on enhancing corporate values rather than pursuing short-term gains.

In 2020, the Company's consolidated net operating revenue has been NT$8,641,394 thousand, showing a 30.90% increase from 2019. The pretax consolidated profit has been NT$243,410 thousand, which showed an increase of 42.27% from 2019. Increases in both revenue and pretax profits are mostly attributable to the revenue injections from the Company's 46 new stores opened in 2020 and through effective cost control, enhancing operating efficiency. These efforts have paid off in the form of increases in both 2020 consolidated revenue and pretax profit.

At the beginning of 2019, the Company integrated the chain system of Pro Healthcare and organized community store pharmaceutical channel alliance. Its accumulated experience helped cooperation among the alliance in the pharmaceutical store channel business increasing differentiation in content management, encouraging more young franchisees join the pharmaceutical store market. By 2020, about 56 stores have joined as partners.

By 2020, we currently have 193 stores and made various achievements in terms of e-commerce. In addition to collaborating with Tmall of Alibaba Group on cross-border e-commerce platform, we also partner with e-commerce platforms including Yahoo, Shopee, and Qoo10, which have contributed approximately NT$392,637 thousand in revenue in 2020.

To provide convenient shopping experiences to consumers and to enhance the awareness for our corporate image, the Company continues to optimize both software and hardware facilities in our stores. Through improving in-store style, professional consulting services and building membership services which provide customized healthcare management system, the Company has also strengthened customer loyalty. By effective managing approximately 1 million active members and new stores continuing to bring in new members, our revenues have continued to grow.

(II) Budget performance: The Company has not disclosed its financial forecast for 2020, so it is not necessary to disclose the budget performance.

(III) Analysis of financial revenue, expenditure, and profitability

Unit: NT$1,000

Item	2020	2019
Cash flow from operating activities	728,128	224,888
Cash flow from investing activities	(253,470)	(291,202)

Cash flow from financing activities	53,021	(259,224)
Return on assets (%)	4.10	4.45
Return on equity (%)	14.05	11.66
Ratio of net profit before tax to paid-in capital (%)	45.63	39.58
Net profit margin	2.23	2.03
Earnings per share (NT$)	3.73	2.77

Note: The financial information presented is consolidated information that has followed IFRS reporting standards.

(IV) Research and development status: the Company belongs to the channel operator of chain pharmacy, and has no full-time R&D department. However, based on the demand of serving general public, the product marketing department is actively engaged in product development-related business.

II. Outline of 2021 Business Plan

2020 marked the final year of our five-year plan, and it was also the year for preparing for the next five-year plan. Having achieved our goal to open 200 physical stores, the Company will now focus on our long-prepared trial runs of OMO service & online personal health data pharmacy throughout all stores and prepare for our subsequent five-year plan.

(I) Management policy and important production and marketing policy

We will continue to optimize the mode of successful development of stores, expand the business scope at home and abroad, and start the next five-year growth momentum.

We will continue to build on strategic cooperation opportunities, introduce exclusive overseas agency products, and actively seek diversified products, such as drugs, health supplements and supplies from well-known manufacturers in Europe, America and Japan in addition to branded powdered milk to create differentiation in our channels.

The Company provides consumers with free, professional online health care service through the pioneering Personal Cloud-based Health Management System. The Company plans to increase the use of the cloud-based health information platform, and for the platform to reach maturity within 5 years and to become the best virtual channel for health care services in Taiwan.

④Launch commercial activities on the cloud-based health information platform. Integrate physical and virtual customer service and sales system to overcome legal hurdles against drug sales online through integration of customer flow, information flow and logistics online and offline to create a direct, fast, and comprehensive bi-lateral health consultation channel for customers.

⑤Collaborate with professional medical material manufacturers to record the health data provided by consumers through programs and analyze professionally, provide professional consultation to members in the use of products, promote the development of health Internet, enhance the service experience of physical store members, and build an all-channel online merge offline (OMO) model.

(II) Expected Sales Volume and Basis

The Company is a channel of chain pharmacy. Due to large variety of products sold and in different quantity units, it is not possible to provide the expected sales quantity. According to "turnover of wholesale, retail and catering industry" issued by the Department of Statistics of the Ministry of Economic Affairs, the annual compound growth rate is 1.90% from NT$158.5 billion in 2010 to NT$199.0 billion in 2020. Therefore, the domestic retail market of drugs and cosmetics has a moderate and optimistic growth trend as a whole. The Company is actively opening up new stores and expanding its business scale and expects to maintain stable revenue growth.

III. Future Company development strategies

The Company will follow an active and sound growth strategy by recruiting professional talent on one hand, and actively develop new products and new markets on the other, enabling it to become the best in the industry.

Over the next five years, the Company will continue to innovate and provide customers with the most comprehensive health recommendations through integrating and analyzing quantitative data from customers' in-hospital treatments and at-home health readings. Additionally, the Company will integrate relevant industry operators to build a macro health platform and change past consumer behaviors at pharmacies. We aim to show the public that Great Tree is more than just a pharmacy.

IV. Impacts from external competitive environment, legal environment, and overall operating environment

The Company is a channel for the operation of pharmacy. Due to rich product items, it is faced with competition, including from pharmacy and drug stores. Due to price-cutting in the industry, the competition will be increasingly aggressive in the future. The Company will continue to provide professional and complete education and training to its employees, and further establish the professional brand value of "Great Tree Pharmacy". The Company will adhere to the motto of "professional and honest" and provide consumers with all-round services. In the survey of top 2,000 enterprises by CommonWealth Magazine in 2019, our overall rating was 217. Additionally, our industry and growth-rate ranking ranked the first in the category of pharmaceutical and health-care service retailers. We hope our core team of innovative senior management will develop service processes with high entry barriers, quickly emulate successful experience, expand our business scope, and further distinguish ourselves from the industry competitors.

The beginning of 2020 saw the emergence of COVID-19 throughout the world. In addition to handling severe epidemic prevention situation, it also has impacted new diversified industries and undertakings. Nevertheless, as epidemic prevention takes effect with the development of vaccines in 2021, the effects from the pandemic have also decreased somewhat. As a channel of pharmacy business, the Company provides necessary commodities and therefore have led relatively small effects from the pandemic. In the face of change in consumer patterns, the Company will actively integrate online and offline channel services to help consumers in maintaining good health and work hand-in-hand to survive this crisis. We hope to practice corporate social responsibility in daily operation while pursuing the objective of corporate growth.

Finally, I would like to once again express my heartfelt appreciation for the support and encouragement received from all shareholders and our passionate and dedicated staff over the years. You have our highest regards! I would like to wish everyone

Health and prosperity

Chairman: Ming-Lung Cheng

General Manager: Ming-Lung Cheng

Accounting Manager: Shu-Yi Wu

Chapter 2 Company Profile

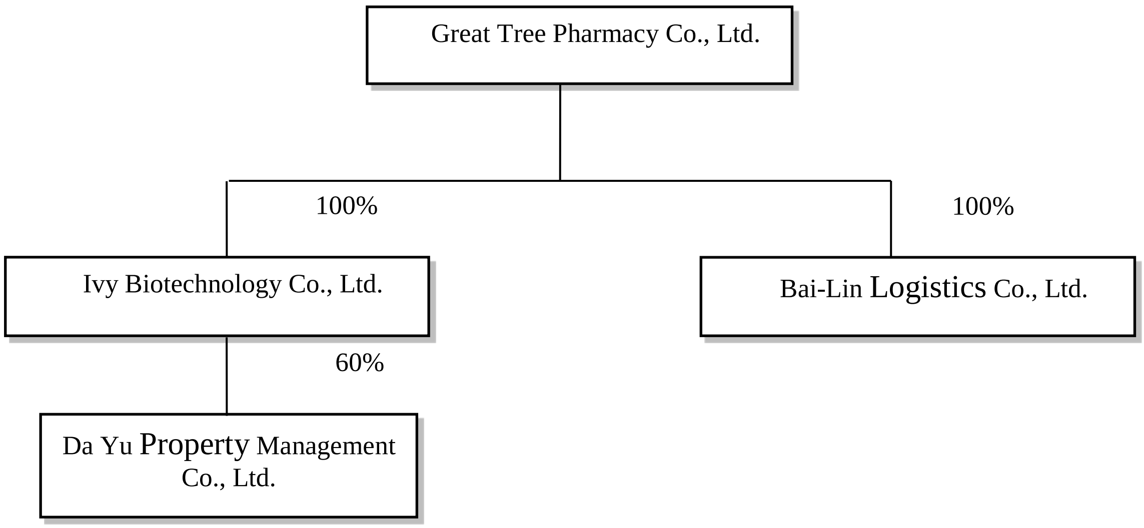
I. Introduction to the Company and the Group

Great Tree Pharmacy Co., Ltd. (hereinafter referred to as "the Company") was authorized to be established on May 15, 2001. Our main businesses include management and trade of various drugs, health supplements, maternity and infant products, and cosmetics products. We also provide coordinated medicine procurement services to various clinics, outpatient centers, and medical communities. Besides, we are also an agency for domestic and foreign health care products sold in clinics, outpatient centers, and medical communities.

(I) Date of Incorporation: May 15, 2001

(II) Structure of the Group

1. Organization Chart of Affiliates (as at April 30, 2021)



2. Relations, percentage of shareholding, number of shares, and actual investments among the affiliates:

March 31, 2021; Unit: NT$1,000; Share

Name of affiliate	Relationship with the Company	Main business	Directly or indirectly held by the Company			Affiliate that holds shares in the Company		
			Ratio (%)	Shareholding	Amount	Ratio (%)	Shareholding	Amount
Ivy Biotechnology Co., Ltd.	Subsidiary accounted for using equity method	Wholesale and retail business	100.00	5,900,000	59,000	-	-	-
Bai-Lin Logistics Co., Ltd.	Subsidiary accounted for using equity method	Wholesale and retail business	100.00	200,000	2,000	-	-	-
Da Yu Property Management Co., Ltd.	Subsidiary of subsidiary (second-tier subsidiary) accounted for using equity method	Real estate sales and lease	60.00	360,000	36,000	-	-	-

II. Company History

Year	Milestones
2001	Tian-Chin Pharmaceuticals Co. Ltd. was established with the paid-in capital of NT$3 million. The Chairman was Mr. Yu-Teng Liu, and the Company used "Great Tree Pharmacy" as the brand of its drugstore retail channels.
2002	ERP web online system was successfully introduced, allowing all information management throughout the Company to be more humanistic, effective, stable, secure, and instantaneous.
2005	Established presence in "E-Mall," the first integrated institution of medical community with shops throughout Taiwan and becoming a hybrid community drugstore that blends health care, professionalism, with business opportunities.
2007	Assisted Tajen University to establish an drugstore for internship on its campus. Reached more than 10 franchised drugstores in the Taoyuan area.
2009	Managed the health business division of Carrefour, the largest retailer in Taiwan, and opened drugstores under the joint trademark of Great Tree Pharmacy and Carrefour, pushing the Great Tree experience nationwide.
2010	Introduced corporate identity system (CIS) to all stores and updated shelf displays.
2011	Opened the first franchised drugstore in New Taipei City -

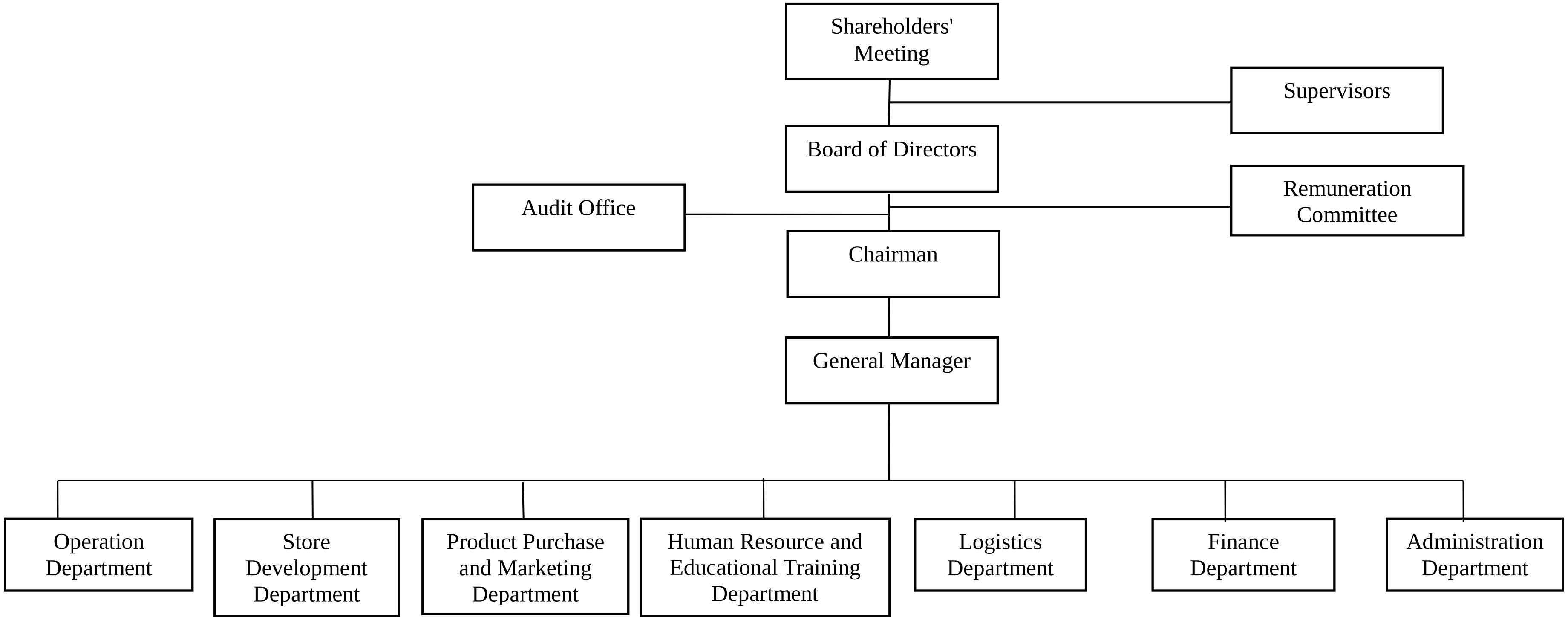
Year	Milestones
	Tucheng YuMin Store.
2012	Reached more than 20 franchised drugstores nationwide. Established the "Nanping Medical Community", providing the community with "primary care deductibles", and hospital grade "multiple division convenient healthcare."
2013	Reached more than 25 franchised drugstores nationwide. Opened the first franchised drugstore in Hsinchu City - Hsinchu Xida Store. Opened the first franchised drugstore in Taipei City - Taipei Longjiang Store
2014	Reached more than 35 franchised drugstores nationwide. Opened franchised drugstores in Kaohsiung City - Fengshan Youth Store and Qianzhen Ruilong Store. Opened franchised drugstores in Taichung City - Dali Chunghsin Store, Hangkou Store, and Meicun Store. Stationed into the "Taoyuan International Airport Terminal 1 Shopping Mall," protecting the health of the travelers at the nation's door with professional and warm services. Changed the company name to Great Tree Pharmacy Co., Ltd. Registered in emerging stocks on December 29, 2014.
2015	Reached more than 45 drugstores including franchised and the airport direct-sale store. Cooperated with FamilyMart to establish compound drugstore.
2016	Reached more than 68 drugstores including franchised and the airport direct-sale store. Officially listed in the stock market on March 30th, 2016.
2017	Reached more than 86 drugstores including franchised and the airport direct-sale store. (76 franchised and direct-sale drugstores, 9 FamilyMart x Great Tree compound drugstores, 1 drugstore in Carrefour) Restarted the cooperation with Carrefour, the largest retailer in Taiwan, and established the healthcare zone.
2018	Reached more than 111 drugstores including franchised and the airport direct-sale store. (106 franchised and direct-sale drugstores, 4 FamilyMart x Great Tree compound drugstores, 1 drugstore in Carrefour)
2019	Reached more than 147 drugstores including franchised and the airport direct-sale store. (141 franchised and direct-sale drugstores, 4 FamilyMart x Great Tree compound drugstores, 2 drugstores in Carrefour) At the beginning of 2019, we integrated the chain system of Pro Healthcare with 50 franchises
2020	Reached more than 193 drugstores including franchised and the airport direct-sale store. (177 franchised and direct-sale drugstores, 4 FamilyMart x Great Tree compound drugstores, 12 drugstore in Carrefour)

Year	Milestones
	At the beginning of 2019, we integrated the chain system of Pro Healthcare with about 51 franchises at present
April 2021	Reached more than 203 drugstores including franchised and the airport direct-sale store. (187 franchised and direct-sale drugstores, 4 FamilyMart x Great Tree compound drugstores, 12 drugstore in Carrefour) We integrated the chain system of Pro Healthcare with about 56 franchises at present

Chapter 3 Corporate Governance Report

I. Organizational System

(I) Organizational Structure



(II) Responsibilities and functions of major departments

Department	Responsibilities and functions
Audit Office	✓ Establishment, amendments, and reviews of the internal audit system. ✓ Discussion, approval, and amendments of the internal control system. ✓ Discussion, plan, and review of systems within subsidiaries.
Operation Department	✓ Establish strategies and operational management over store developments.
Store Development Department	✓ Develop new stores. ✓ Coordinate the measurement inspections and designs of various engineering projects. ✓ Supervise the construction quality and quality management of various engineering projects. ✓ Maintenance and management of engineering equipment. ✓ Revisions, establishments, promotions and implementation, and follow-up of various environmental and occupational safety and health regulations. ✓ Coordinate the implementation of health and safety inspections at all stores and head office.
Product Purchase and Marketing Department	✓ Development of product purchase and planning and carrying out of brand strategies.
Human Resource and Educational Training Department	✓ Planning and carrying out human resources tasks ✓ Personnel administration works ✓ Personnel educational training
Logistics Department	✓ Coordinate various tasks and operations related to logistics and warehousing.
Finance Department	✓ In charge of matters related to corporate finance ✓ Responsible of coordinating the Company's accounting tasks
Administration Department	✓ Information system management ✓ Administration works ✓ Management and maintenance over fixed assets and other assets

II. Information of Directors, Supervisors, General Manager, Deputy General Manager, Assistant Manager, and Managers of Departments and Branches

(I) Directors and Supervisors

April 26, 2021 (book closure day); Unit: Share

Title	Name	Nationality or place of registration	Gender	Date first elected	Date of appointment	Term	Shares held when elected		Current shareholding		Shares held by spouse and minor children		Shares held in others' names		Education and work experience	Titles currently held at the Company and other companies	Other Supervisor or Director roles held by spouse or second-degree relations			Remark
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relations	
Chairman	Zhen Han Investment Co., Ltd.	Republic of China	-	2014.05.30	2020.06.17	3 years	5,154,458	11.82	6,063,106	11.23	-	-	-	-	-	-	-	-	-	Note
Chairman	Representative: Ming-Lung Cheng	Republic of China	Male	2014.05.30	2020.06.17	3 years	1,153,435	2.65	1,356,767	2.51	-	-	-	-	Bachelor's Degree, Shih Chien University Manager of Sinyi Realty Inc. General Manager of Great Tree Pharmacy Co., Ltd.	General Manager of Great Tree Pharmacy Co., Ltd. Director, Treetop Molecular Biotechnology Co., Ltd. Chairman, Da Yu Property Management Co., Ltd. Director and President of Zhen Han Investment Co., Ltd.	-	-	-	Note
Director	Top Taiwan Venture Capital Co., Ltd.	Republic of China	-	2020.06.17	2020.06.17	3 years	283,347	0.65	333,296	0.62	-	-	-	-	-	Director, ShareHope Medicine Co., Ltd. Director, Trust Bio Sonics Co., Ltd. Director, Steminent Biotherapeutics Inc. Director, TaiHao Medical Inc. Supervisor, BRIM Biotechnology, Inc.	-	-	-	-
Director	Representative: Li-Ping Shen	Republic of China	Male	2020.06.17	2020.06.17	3 years	47,918	0.11	56,365	0.10	-	-	-	-	Master of Business Administration, National Chung Cheng University Bachelor's Degree, Department of Finance, National Central University Auditor, KPMG Taiwan Professional Assistant Manager, Mega Securities Business Manager, Taishin Securities Co., Ltd.	Representative of Corporate Director, Great Tree Pharmacy Co., Ltd. Representative of Corporate Director, Art Emperor Technology & Culture Co., Ltd Manager of Top Taiwan Venture Capital Co., Ltd.	-	-	-	-
Director	Hung-Yi Chen	Republic of China	Male	2020.06.17	2020.06.17	3 years	-	-	-	-	-	-	-	-	Ph.D.in Chemistry, College of Pharmacy,	-	-	-	-	-

Title	Name	Nationality or place of registration	Gender	Date first elected	Date of appointment	Term	Shares held when elected		Current shareholding		Shares held by spouse and minor children		Shares held in others' names		Education and work experience	Titles currently held at the Company and other companies	Other Supervisor or Director roles held by spouse or second-degree relations			Remark
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relations	
															China Medical University Associate Professor, College of Pharmacy, China Medical University					
Independent Director	Tian-Dao Liu	Republic of China	Male	2014.09.26	2020.06.17	3 years	-	-	-	-	-	-	-	-	Bachelor's Degree, Business Administration, National Taiwan University Certified Public Accountant, Zhi-Dao Accounting Firm	-	-	-	-	-
Independent Director	Dai-Huang Kuo	Republic of China	Male	2020.06.17	2020.06.17	3 years	30,622	0.07	36,020	0.07	-	-	-	-	PhD, College of Pharmacy, China Medical University Professor of the Department of Pharmacy and Institute of Pharmacy and President of Tajen University	-	-	-	-	-
Independent Director	Hsing-Wen Wang	Republic of China	Female	2020.06.17	2017.06.23	3 years	-	-	-	-	-	-	-	-	Graduate Institute of Industrial Economics of NCU School of Law, Soochow University Chief Lawyer of Hsing-Wen Wang Law Firm	-	-	-	-	-

Note:When the general manager or person holding the equivalent post (top manager) and the chairman of the board are the same person, spouse or relative of first degree, the reasons, rationality, necessity and corresponding measures (such as increasing the number of independent directors, and the way that more than half of the directors are not employees or managers) shall be disclosed：Based on the characteristics of the industry, the chairman and general manager are the same person is beneficial to the development and efficiency of the company, and more than half of the directors are not concurrently employees or managers.

(II) Substantial Shareholders of Corporate Shareholders

April 26, 2021

Name of corporate shareholder	Substantial shareholders of the corporate shareholders	Shareholding ratio %)
Jun Wei Investment Co., Ltd.	Yu-Teng Liu	83.58%
	Chun-Hao Liu	8.21%
	Wei-Cheng Liu	8.21%
Zhen Han Investment Co., Ltd.	Ming-Lung Cheng	77.68%
	Yung-Chen Cheng	11.16%
	Yung-Han Chan	11.16%
Top Taiwan Venture Capital Co., Ltd.	Farglory Life Insurance Inc.	12.38%
	Taiwan Life Insurance Co., Ltd.	11.25%
	TransGlobe Life Insurance Inc.	11.25%
	Chicony Electronics Co., Ltd.	9.38%
	Chicony Power Technology Co., Ltd.	9.38%
	Taiwan Fire & Marine Insurance Co., Ltd.	7.50%
	SINBON Electronics Co., Ltd.	7.50%
	ShareHope Medicine Co., Ltd.	7.50%
	Elan Microelectronics Corp.	6.25%
	Ampire Co., Ltd.	6.25%

(III) Substantial Shareholders of Corporate Shareholders whose Substantial Shareholders are Judicial Persons

April 21, 2020

Name of corporate shareholder	Substantial Shareholders of the Corporate Shareholders	
	Shareholder	Shareholding ratio
Farglory Life Insurance Co., Ltd.	Shin Yu Investment Ltd.	19.00%
	Fareast Land Development Co., Ltd.	12.48%
	Global View Co., Ltd.	8.91%
	Teng-Hsiung Chao	8.49%
	Harvard International Investment Co., Ltd.	6.71%
	RuiChi International Investment Co., Ltd.	6.43%
	Far Glory International Investment Co., Ltd.	6.43%
	Chun-Yao Yeh	5.96%
	Yu-Niu Chao	5.77%
	Tungyuan Construction Co., Ltd.	5.63%

April 21, 2020

Name of corporate shareholder	Substantial Shareholders of the Corporate Shareholders	
	Shareholder	Shareholding ratio
Taiwan Life Insurance Co., Ltd.	CTBC Financial Holding Co., Ltd.	100%

March 31, 2020

Name of corporate shareholder	Substantial Shareholders of the Corporate Shareholders	
	Shareholder	Shareholding ratio
TransGlobe Life Insurance Inc.	Chung Wei First Co., Ltd.	100%

April 13, 2021

Name of corporate shareholder	Substantial Shareholders of the Corporate Shareholders	
	Shareholder	Shareholding ratio
Chicony Electronics Co., Ltd.	Kun-Tai Syu	8.27%
	Yuanta/P-shares Taiwan Dividend Plus ETF	3.50%
	Unikey Electronics Co., Ltd.	2.84%
	Epoque Corporation	2.36%
	Custodial investment account of Singapore government at Citibank Taiwan Limited	2.31%
	Hipro Electronics (Taiwan) Co., Ltd.	2.17%
	Custodial investment account for Lo Pei Ke Capital Growth Fund at JPMorgan Chase Bank, N. A., Taipei Branch	1.52%
	Tong Ling Machinery Co., Ltd.	1.50%
	Chin Yuan Iron Works & Co., Ltd.	1.46%
	Custodial investment account of Noregs Bank at Citibank Taiwan Limited	1.37%

April 11, 2020

Name of corporate shareholder	Substantial Shareholders of the Corporate Shareholders	
	Shareholder	Shareholding ratio
Chicony Power Technology Co., Ltd.	Chicony Electronics Co., Ltd.	50.71%
	Mao-Kuei Lin	6.19%
	Special account for entrusted trust property at Taishin Commercial Bank - Mao-Kuei Lin	2.57%
	Yan-Li Lin	2.03%
	I-Ching Lin	2.03%
	Special account for small business investment in Asia of PineBridge at Deutsche Bank	1.64%
	Di Chia Investment Co., Ltd.	1.06%
	Kuo-Hua Tseng	1.00%
	Yu Feng Investment Co, Ltd	0.90%
	Tzu-Ching Li	0.80%

April 20, 2020

Name of corporate shareholder	Substantial Shareholders of the Corporate Shareholders	
	Shareholder	Shareholding ratio
Taiwan Fire & Marine Insurance Co., Ltd.	Bank of Taiwan	17.84%
	Ling Hang Investments and Development Co., Ltd.	6.95%
	Yong-Hsin Development Co., Ltd.	6.67%
	Chiao-Nong Investment Co., Ltd.	3.04%
	Taichung Commercial Bank Co., Ltd.	2.94%
	Ling Hang Construction Co., Ltd.	2.93%
	Land Bank of Taiwan	2.83%

Name of corporate shareholder	Substantial Shareholders of the Corporate Shareholders	
	Shareholder	Shareholding ratio
	Chia-Te Investment Co., Ltd.	2.20%
	Tai-Hung Lee	2.07%
	Tung Sheng Development Co., Ltd.	1.91%

April 13, 2021

Name of corporate shareholder	Substantial Shareholders of the Corporate Shareholders	
	Shareholder	Shareholding ratio
SINBON Electronics Co., Ltd.	Fubon Life Insurance Co., Ltd.	5.80%
	PineBridge Global Funds under the custody of the branch of Standard Chartered Bank (Taiwan) Ltd. - Special account for small business investment in Asia except Japan of PineBridge at Deutsche Bank	3.85%
	Joseph Wang	3.22%
	Aberdeen Standard OEIC II-ASI Global Small Company Fund Investment Account under the custody of Citi Commercial Bank Taiwan Co., Ltd.	2.93%
	Swedbank Robur global funds investment account under the custody of Standard Chartered Bank (Taiwan) Ltd.	2.15%
	Swedbank Robur Technology investment account under the custody of Standard Chartered Bank (Taiwan) Ltd.	2.15%
	TaiE Investment Co., Ltd.	1.77%
	Argosy Research Inc.	1.63%
	Small-sum global fund investment account under the custody of the branch of Standard Chartered Bank (Taiwan) Ltd.	1.57%
	Nan Shan Life Insurance Co., Ltd.	1.57%

May 1, 2021

Name of corporate shareholder	Substantial Shareholders of the Corporate Shareholders	
	Shareholder	Shareholding ratio
ShareHope Medicine Co., Ltd.	Missioncare Co.	29.01%
	Shih-Kuang Lv	1.16%
	Tsai-Bi Yang Chen	1.12%
	Ching-Jung Su	0.91%
	Hung-Jen Yang	0.70%
	Yang Jheng Investment Co., Ltd.	0.64%
	Top Taiwan Venture Capital Co., Ltd.	0.61%
	Chin-Mu Chen	0.58%
	Chung-Yen Li	0.56%
	Lung-Jung Wu	0.55%

April 18, 2021

Name of corporate shareholder	Substantial Shareholders of the Corporate Shareholders	
	Shareholder	Shareholding ratio
Elan Microelectronics Corporation	Nan Shan Life Insurance Co., Ltd.	4.40%
	New Labor Pension Fund	4.15%
	Yuanta/P-shares Taiwan Dividend Plus ETF	3.07%
	Yuanta/P-shares Taiwan Dividend Plus ETF account	2.53%
	Yu-Long Investments Co., Ltd.	2.33%
	I-Ho Yeh	1.72%
	Van Garde Emerging Market Stock Index Fund account under the custody of the Chase Bank	1.37%
	Advanced Star Advanced Sum International Stock Index under the custody of the Chase Bank	1.25%
	PIMCO Fund's Global Investor Series under the custody of Standard Chartered	1.20%
	Public Service Pension Fund Management Board	1.07%

March 29, 2021

Name of corporate shareholder	Substantial Shareholders of the Corporate Shareholders	
	Shareholder	Shareholding ratio
Ampire Co., Ltd.	AMICCOM Electronics Corporation, Ltd.	5.49%
	Han-Chieh Su	2.96%
	Chi-Yung Chen	2.31%
	Kuan-Wei Investments and Development Co., Ltd.	2.28%
	Pei Chia Investment Co., Ltd.	1.94%
	Liu Lai-Fuzi	1.75%
	Chengding Venture Capital Co., LTD	1.69%
	Chung-Hsien Lee	1.57%
	Rich Flash Technology Ltd.	1.27%
	Dong An Investment Co., Ltd.	1.06%

(IV)Directors and Supervisors

Conditions / Name (Note 1)	Has more than 5 years of work experience and the following professional qualifications			Complies with terms for independence (Note 2)												Number of other public companies where the individual concurrently serves as an Independent Director
	Instructor or above in public/private university/college in one of the following departments: business administration, law, finance, accounting, or another discipline relevant to the Company's operations	A judge, prosecutor, lawyer, accountant, or other professional practice or technician that must undergo national examinations and specialized license	Has work experience in business administration, law, finance, accounting, or another discipline relevant to the Company's operations	1	2	3	4	5	6	7	8	9	10	11	12	
Representative of Zhen Han Investment Co., Ltd: Ming-Lung Cheng	-	-	✓	-	-	-	-	-	✓	-	✓	✓	✓	✓	-	-
Representative of Top Taiwan Venture Capital Co., Ltd.: Li-Ping Shen	-	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-	-
Hung-Yi Chen	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Tian-Dao Liu	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Dai-Huang Kuo	✓	-	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Hsing-Wen Wang	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-

Note 1: Number of columns will be adjusted based on actual numbers.

Note 2: For any Director or Supervisor who fulfills the relevant condition(s) for two fiscal years before being elected to the office or during the term of office, please provide the [✓] sign in the field next to the corresponding conditions.

(1) Not employed by the Company or its affiliated companies.

(2) Not serving as a Director and Supervisor of the Company or any of its affiliates (except for independent directors set up by the Company and its parent company, subsidiaries or subsidiaries of the same parent company in accordance with this law or local laws and regulations).

(3) Not a natural-person shareholder who holds more than 1% of issued shares or is ranked top 10 in terms of the total quantity of shares held, including the shares held in the name of the person's spouse, minor children, or in the name of others.

(4) Not a manager listed in (1) or a spouse, relative within the second degree, or direct blood relative within the third degree of the personnel listed in (2) or (3).

(5) Not a director, supervisor or employee of a corporate shareholder who directly holds more than 5% of the total issued shares of the Company, holds the top five shares, or designates a representative as a director or supervisor of the Company in accordance with Article 27, Paragraph 1 or Paragraph 2 of the Company Act (except that if the independent directors of the Company and its parent company, subsidiaries or subsidiaries of the same parent company are set up in accordance with this law or the laws and regulations of the country in which the Company is located concurrently serving as a director, supervisor or employee of the Company, this shall not apply).

(6) Not a director, supervisor or employee of a company controlled by the same person who has shares over half of Aurora's director seats or voting rights (except for an independent director appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, Aurora and its parent or subsidiary or a subsidiary of the same parent).

(7) A director, supervisor or employee of another company or institution that is not the same person or spouse as the chairman, president or holding equivalent post of the company (except for the independent directors

set up by the company and its parent company, subsidiaries or subsidiaries of the same parent company in accordance with this law or local laws and regulations where they are located concurrently serving the posts).

(8) Not a director, supervisor, managerial officer, or shareholder holding 5% or more of the shares of a specified company or institution that has a financial or business relationship with Aurora (except for a specific company or institution holding more than 20% but less than 50% of the total issued shares of Aurora and concurrently serving as an independent director, as appointed in accordance with the Act or the laws and regulations of the local country, at Aurora and its parent or subsidiary or a subsidiary of the same parent).

(9) Not a professional individual, sole proprietorship, partnership, owner of a company or institution, partner, director, supervisor, managerial officer or spouse thereof that provides auditing service for Aurora or any of its affiliates, or provides commercial, legal, financial, or accounting service with cumulative remuneration less than NT$500,000 in the past two years. However, members of the Remuneration Committee, Public Acquisition Review Committee, or Merger and Acquisition Special Committee who perform their functions and powers in accordance with the provisions of the Securities and Exchange Act or Business Mergers and Acquisitions Act and other relevant regulations shall not be subject to this provision.

(10) Not a spouse or a relative within the second degree of kinship with any Director.

(11) No condition defined in Article 30 of the Company Law has appeared.

(12) Where the person is not elected in the capacity of the government, a juristic person, or a representative thereof as provided in Article 27 of the Company Act.

(V) General Manager, Deputy General Manager, Assistant Managers, and Managers of Departments and Branches

April 26, 2021 (book closure day); Unit: Share

Title (Note 1)	Name	Nationality	Gender	Date first elected or assumed office	Number of shares held		Shares held by spouse and minor children		Shares held in others' names		Work and academic experiences (Note 2)	Positions concurrently held in other companies	Managers who have spouse or second-degree family relationships within the Company			Remarks (Note 3)
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relations	
General Manager	Ming-Lung Cheng	Republic of China	Male	2014.01.01	1,356,767	2.51	-	-	-	-	1. Bachelor's Degree Shih Chien University 2. Manager in Sinyi Realty Corp. 3. General Manager of Great Tree Pharmacy Co., Ltd.	1. Director, Treetop Molecular Biotechnology Co., Ltd. 2. Chairman, Da Yu Property Management Co., Ltd. 3. Director and President of Zhen Han Investment Co., Ltd.	-	-	-	-
Deputy General Manager	Shan-Feng Lu	Republic of China	Male	2019.10.30	455,853	0.84	58,601	0.11	-	-	1. Bachelor in pharmacy, Chia Nan University of Pharmacy and Science 2. Qualified for Senior Pharmacist Examination for Professional and Technical Personnel	Chairman, Great Tree Pet Co., Ltd.	-	-	-	-
Assistant Manager at Finance Department	Shu-Yi Wu	Republic of China	Female	2013.11.01	188,634	0.35	-	-	-	-	1. Bachelor's Degree, Accounting Department, Fu Jen Catholic University 2. Senior Manager, Ernst & Young 3. Finance Manager at Great Tree Pharmacy Co., Ltd.	Supervisor, Da Yu Property Management Co., Ltd.	-	-	-	-
Assistant Manager of the Administration Department	Da-Hong Cheng	Republic of China	Male	2019.10.24	329,984	0.61	-	-	-	-	1. Scholar of the Department of Pharmacy of Tajen University 2. Qualified for Senior Pharmacist Examination for Professional and Technical Personnel	-	-	-	-	-
Assistant Manager of the Operation	Feng-Sheng Huang	Republic of China	Male	2019.10.30	77,076	0.14	2,448	0.00	-	-	1. Scholar of the Department of Pharmacy of Tajen University	Chairman of Ivy Biotechnology Co., Ltd.	-	-	-	-

Department											2. Qualified for Senior Pharmacist Examination for Professional and Technical Personnel					
Assistant Manager of the Product Purchase and Marketing Department	Shi-Wei Ye	Republic of China	Male	2019.10.30	153,562	0.28	85,344	0.16	-	-	1. Scholar, College of Pharmacy, China Medical University 2. Qualified for Senior Pharmacist Examination for Professional and Technical Personnel	Chairman, Bai-Lin Logistics Co., Ltd.	-	-	-	-
Chief Auditor	Shu-Yi Huang	Republic of China	Female	2014.08.11	24,651	0.05	-	-	-	-	1. Bachelor's Degree in Accounting, Tunghai University 2. Manager in Ernst & Young	-	-	-	-	-

Note 1: Disclosure of information on General Manager, Vice Presidents, Assistant Managers, and Managers from all departments and branches and ranks equivalent to General Manager, Vice Presidents, and Assistant Managers, regardless of titles, shall be required.

Note 2: For the current positions in the CPA firm or affiliates in the first term mentioned above, the titles and duties of such positions should be clearly stated.

Note 3: When the general manager or person holding the equivalent post (top manager) and the chairman of the board are the same person, spouse or relative of first degree, the reasons, rationality, necessity and corresponding measures (such as increasing the number of independent directors, and the way that more than half of the directors are not employees or managers) shall be disclosed：Based on the characteristics of the industry, the chairman and general manager are the same person is beneficial to the development and efficiency of the company, and more than half of the directors are not concurrently employees or managers.

III. Remuneration paid to Directors, Supervisors, General Manager and Deputy General Manager in the Most Recent Year

(I) Remuneration for directors (including independent directors) (some names and remuneration modes are disclosed according to the range)

March 31, 2020; Unit: NT$1,000

Title	Name	Remuneration of Directors								Ratio of total remunerations including A, B, C, and D to net income after tax (%) (Note 10)		Compensations paid to concurrent employees								Ratio of total remunerations including A, B, C, D, E, F, and G to net income after tax (%) (Note 10)		Whether or not the person receives remuneration from other non-subsidiary companies that this company has invested in or parent company (Note 11)
		Remuneration (A) (Note 2)		Severance Pay (B)		Director's Remuneration (C)(Note 3)		Allowances (D) (Note 4)				Salary, Bonus and Allowances (E) (Note 5)		Retirement Allowance (F)		Employee Remuneration (G) (Note 6)						
		The Company	All companies listed in this Financial Report (Note 7)	The Company	All companies listed in this Financial Report (Note 7)	The Company	All companies listed in this Financial Report (Note 7)	The Company	All companies in the Consolidated Financial Statements (Note 7)	The Company	All companies in the Consolidated Financial Statements (Note 7)	The Company	All companies in the Consolidated Financial Statements (Note 7)	The Company	All companies in the Consolidated Financial Statements (Note 7)	The Company		All companies listed in this Financial Report (Note 7)		The Company	All companies in the Consolidated Financial Statements (Note 7)	
																Cash amount	Stock amount	Cash amount	Stock amount			
Chairman	Jun Wei Investment Co., Ltd. Representative: Yu-Teng Liu (Note 12)	2,759	2,759	-	-	212	212	-	-	1.53	1.53	-	-	-	-	-	-	-	-	1.53	1.53	None
Director and General Manager	Zhen Han Investment Co., Ltd. Representative: Ming-Lung Cheng (Note 13)	207	207	-	-	212	212	-	-	0.22	0.22	4,021	4,021	-	-	-	-	-	-	2.28	2.28	None
Director	Top Taiwan Venture Capital Co., Ltd. Representative: Li-Ping Shen (Note 14)	-	-	-	-	212	212	40	40	0.13	0.13	-	-	-	-	-	-	-	-	0.13	0.13	None
Director	Hung-Yi Chen (Note 14)	-	-	-	-	212	212	24	24	0.12	0.12	-	-	-	-	-	-	-	-	0.12	0.12	None
Independent Director	Tian-Dao Liu	-	-	-	-	212	212	60	60	0.14	0.14	-	-	-	-	-	-	-	-	0.14	0.14	None
Independent Director	Tsung-Te Wei (Note 15)	-	-	-	-	212	212	18	18	0.12	0.12	-	-	-	-	-	-	-	-	0.12	0.12	None
Independent Director	Dai-Huang Kuo (Note 15)	-	-	-	-	212	212	-	-	0.11	0.11	-	-	-	-	-	-	-	-	0.11	0.11	None
Independent Director	Hsing-Wen Wang (Note 15)	-	-	-	-	212	212	-	-	0.11	0.11	-	-	-	-	-	-	-	-	0.11	0.11	None

1. Please state the policy, system, standards and structure of remuneration paid to independent directors, and describe the relevance to the amount of remuneration according to the responsibilities, risks, time invested and other factors: according to the Company's articles of association, if the Company makes a profit in the year, it should allocate 3% to 10% for employee bonus, and no more than 3% for directors' and supervisors' remuneration. The amount of remuneration for directors and supervisors will vary with the pretax profit, which should be reasonable.
2. Unless disclosed above, the Directors of the most recent year received remuneration for providing services (e.g. serving as a non-employee consultant) to the companies listed in this financial report: None.

Note: The net profit after tax under the Company's individual financial report was NT$194,311 thousand in 2020.

Table of Remuneration Ranges

<table>
<tr><td rowspan="3">Table of Remuneration Ranges for Directors</td><td colspan="4">Name of Director</td></tr>
<tr><td colspan="2">Total remunerations from A to D (A+B+C+D)</td><td colspan="2">Total remunerations from A to G (A+B+C+D+E+F+G)</td></tr>
<tr><td>The Company (Note 8)</td><td>All companies included in the financial statements (Note 9) H</td><td>The Company (Note 8)</td><td>All companies listed in the financial report (Note 9) I</td></tr>
<tr><td>Less than NT$1,000,000</td><td>Ming-Lung Cheng (Representative of Zhen Han Investment Co., Ltd)(Note13)
Li-Ping Shen (Representative of Top Taiwan Venture Capital Co., Ltd.)
Hung-Yi Chen
Tian-Dao Liu,
Tsung-Te Wei,
Dai-Huang Kuo,
Hsing-Wen Wang</td><td>Ming-Lung Cheng (Representative of Zhen Han Investment Co., Ltd)(Note13)
Li-Ping Shen (Representative of Top Taiwan Venture Capital Co., Ltd.)
Hung-Yi Chen
Tian-Dao Liu,
Tsung-Te Wei,
Dai-Huang Kuo,
Hsing-Wen Wang</td><td>Li-Ping Shen (Representative of Top Taiwan Venture Capital Co., Ltd.)
Hung-Yi Chen
Tian-Dao Liu,
Tsung-Te Wei,
Dai-Huang Kuo,
Hsing-Wen Wang</td><td>Li-Ping Shen (Representative of Top Taiwan Venture Capital Co., Ltd.)
Hung-Yi Chen
Tian-Dao Liu,
Tsung-Te Wei,
Dai-Huang Kuo,
Hsing-Wen Wang</td></tr>
<tr><td>NT$1,000,000 (inclusive) to NT$2,000,000 (exclusive)</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>NT$2,000,000 (inclusive) to NT$3,500,000 (exclusive)</td><td>Yu-Teng Liu (Representative of Chun-Wei Investment Co., Ltd)(Note12)</td><td>Yu-Teng Liu (Representative of Chun-Wei Investment Co., Ltd)(Note12)</td><td>Yu-Teng Liu (Representative of Chun-Wei Investment Co., Ltd)(Note12)</td><td>Yu-Teng Liu (Representative of Chun-Wei Investment Co., Ltd)(Note12)</td></tr>
<tr><td>NT$3,500,000 (inclusive) to NT$5,000,000 (exclusive)</td><td>-</td><td>-</td><td>Ming-Lung Cheng (Representative of Zhen Han Investment Co., Ltd)(Note13)</td><td>Ming-Lung Cheng (Representative of Zhen Han Investment Co., Ltd)(Note13)</td></tr>
<tr><td>Total</td><td>8 persons</td><td>8 persons</td><td>8 persons</td><td>8 persons</td></tr>
</table>

Note 1: The names of Directors shall be listed separately (names of corporate shareholders and representatives shall be listed separately), general directors and independent directors shall be listed respectively, and the payment amounts shall be disclosed collectively. This table and the following table 2 and 3 shall be filled if a Director concurrently serves as the General Manager or Vice President.

Note 2: Refers to the remuneration of directors in 2020 (including directors' salary, post allowance, severance pay, various bonuses, rewards, etc.).

Note 3: Fill in the amount of remuneration for directors approved by the board of directors in 2020.

Note 4: Refers to the execution expenses of relevant businesses of directors in 2020 (including travel expenses, special expenses, allowances, dormitories, car supplies and other material supplies, etc.). In case housing, vehicle, or other forms of transportation or dedicated personal expense is paid for, the nature of the asset provided and its costs, actual or fair value measurements of rents, gas, and other forms of benefits shall be disclosed. In case driver is provided, please disclose salaries paid to said driver in a note, but such salaries will not be included toward benefits.

Note 5: Refers to the salary, post allowance, severance pay, various bonuses, rewards, car expenses, special expenses, allowances, dormitories, car supplies and other material supplies received by directors who are concurrently employees (including concurrently serving as the President, Vice President, other managers and employees) in 2020. In case housing, vehicle, or other forms of transportation or dedicated personal expense is paid for, the nature of the asset provided and its costs, actual or fair value measurements of rents, gas, and other forms of benefits shall be disclosed. In case driver is provided, please disclose salaries paid to said driver in a note, but such salaries will not be included toward benefits. Any salary listed under

IFRS 2 Share-Based Payment, including issuance of employee stock options, new restricted employee shares and cash capital increase by stock subscription shall also be included in compensations.

Note 6: In the case of employee remunerations received by directors who are concurrently employees (including concurrently serving as the President, Vice President, other managers and employees) in 2020, the amount of remuneration approved by the board of directors for the most recent year shall be disclosed. If it is impossible to estimate, the proposed amount of remuneration for the current year shall be calculated in proportion to the actual amount allocated last year and shall be separately filled in Schedule I-3.

Note 7: Total remunerations in various items paid out to the Company's Directors by all companies (including the Company) listed in the consolidated financial statement shall be disclosed.

Note 8: The name of each Director shall be disclosed in the range of remuneration corresponding to the amount of all the remuneration paid to each Director by the Company.

Note 9: Total remunerations in various items paid out to the Company's Directors by all companies (including the Company) listed in the consolidated financial statement shall be disclosed in the range of remunerations corresponding to the amount of all remunerations paid to each Director.

Note 10: The earnings after tax shall refer to the earnings after tax of an individual or separate financial statement in 2020.

Note 11: a. This column should clearly indicate the amount of remuneration received by the directors of the Company from invested companies other than the subsidiaries or parent company (if none, please fill in "None").

b. If the Directors of the Company receive remunerations from invested companies other than subsidiaries and parent company, the amount of remunerations received by the Directors from invested companies other than subsidiaries and parent company shall be combined into Column I of the table for ranges of remunerations, and this column shall be renamed as "parent company and all invested companies."

c. Remuneration refers to rewards, compensations (including compensation to company employees, Directors or Supervisors) and allowances from professional practice received by the Director from other non-subsidiary companies invested by this Company or parent company for their services as Directors, supervisors, or managers.

Note 12: Representative of the Chairman Jun Wei Investment Co., Ltd: Yu-Teng Liu resigned on 11/09/2020.

Note 13: Representative of the Director Zhen Han Investment Co., Ltd: Ming-Lung Cheng was elected as the Chairman by the Board of Directors on 11/10/2020.

Note 14: The third term of directors and supervisors expired and were completely re-elected at the shareholders' Meeting on 06/17/2020, at which the Director TOP TAIWAN VIII VENTURE CAPITAL CO., LTD. resigned and the new directors Top Taiwan Venture Capital Co., Ltd. and Mr. Hung-Yi Chen were elected

Note 15: On 06/17/2020, the directors and supervisors expired and were completely re-elected, the independent director Mr. Tsung-Te Wei retired and the new independent directors Mr. Dai-Huang Kuo and Ms. Hsing-Wen Wang were elected.

＊The disclosed contents and amounts in this table are calculated from a concept different from the calculations of income tax. Hence the purpose of this table is solely for the purpose of information disclosure and not for tax purposes.

(II) Remunerations for Supervisors (Disclosed in table for ranges of remunerations and names of Supervisors)

March 31, 2020; Unit: NT$1,000

Title	Name	Remunerations for Supervisors						Ratio of total remunerations including A, B, and C to net income after tax (%) (Note 8)		Remuneration from Invested Companies Other than Subsidiaries or the Parent Company (Note 9)
		Remuneration (A) (Note 2)		Compensation (B) (Note 3)		Business execution from professional practice (C) (Note 4)				
		The Company	All companies in the Consolidated Financial Statements (Note 5)	The Company	All companies listed in this Financial Report (Note 5)	The Company	All companies listed in this Financial Report (Note 5)	The Company	All companies listed in this Financial Report (Note 5)	
Supervisors	Hsieh-Po Chuan (Note 10)	-	-	141	141	14	14	0.08	0.08	None
Supervisors	Shu-Liang Liu (Note 10)	-	-	141	141	-	-	0.07	0.07	None
Supervisors	Hung-Yi Chen (Note 10)	-	-	142	142	18	18	0.08	0.08	None

Note: The net profit after tax under the Company's individual financial report was NT$194,311 thousand in 2020.

Table of Remuneration Ranges

Table of Remuneration Ranges for Supervisors	Name of Supervisor	
	Sum of A to C (A+B+C)	
	The Company (Note 6)	All companies in the Consolidated Financial Statements (Note 7) D
Less than NT$1,000,000	Hsieh-Po Chuan Shu-Liang Liu Hung-Yi Chen	Hsieh-Po Chuan Shu-Liang Liu Hung-Yi Chen
Total	3 persons	3 persons

Note 1: The names of Supervisors shall be listed separately (names of corporate shareholders and representatives shall be listed separately), and the payment amounts shall be disclosed collectively.

Note 2: Refers to the remuneration of supervisors in 2020 (including supervisors' salary, post allowance, severance pay, various bonuses, rewards, etc.).

Note 3: Fill in the amount of remuneration for supervisors approved by the board of directors in 2020.

Note 4: Refers to the execution expenses of relevant businesses of supervisors in 2020 (including travel expenses, special expenses, allowances, dormitories, car supplies and other material supplies, etc.). In case housing, vehicle, or other forms of transportation or dedicated personal expense is paid for, the nature of the asset provided and its costs, actual or fair value measurements of rents, gas, and other forms of benefits shall be disclosed. In case driver is provided, please disclose salaries paid to said driver in a note, but such salaries will not be included toward benefits.

Note 5: Total remunerations in various items paid out to the Company's Supervisors by all companies (including the Company) listed in the consolidated financial statement shall be disclosed.

Note 6: The name of each Supervisor shall be disclosed in the range of remunerations corresponding to the amount of all the remuneration paid to each Supervisor by the Company.

Note 7: Total remunerations of various items paid to every Supervisor of this Company by all companies (including this Company) listed in the consolidated statement shall be disclosed. The name of the Supervisor shall also be disclosed in the proper remuneration range.

Note 8: The earnings after tax shall refer to the earnings after tax of an individual or separate financial statement in 2020.

Note 9: a. This column shall clearly indicate the amount of remuneration received by the Company's supervisor from the invested companies other than subsidiaries or parent company (if none, please fill in "None").

b. If a Supervisor of the Company receives remunerations from invested companies other than subsidiaries and parent company, the amount of remuneration received by the Supervisor from invested companies other than subsidiaries and parent company shall be combined into Column D of the table for ranges of compensations, and this column shall be renamed as "parent company and all invested companies."

c. Remunerations refer to rewards, compensations (including compensations for company employees, Directors or Supervisors) and allowances from professional practice received by the Supervisor from other non-subsidiary companies invested by the Company and parent company for their services as Directors, Supervisors, or managers.

Note 10: The third term of directors and supervisors expired on 06/17/2020. The Company has cooperated to establish an Audit Committee to replace the duties of supervisors.

＊The disclosed contents and amounts in this table are calculated from a concept different from the calculations of income tax. Hence the purpose of this table is solely for the purpose of information disclosure and not for tax purposes.

(III) Remuneration for the General Manager and Deputy General Manager (reveal the name in a summarized manner according to the range)

March 31, 2020; Unit: NT$1,000

Title	Name	Salary (A) (Note 2)		Severance Pay (B)		Bonus and Allowance (C) (Note 3)		Employee Compensation (D) (Note 4)				Ratio of the total of 4 items A, B, C and D to net income after tax (Note 8)		Whether or not the person receives remuneration from other non-subsidiary companies that this company has invested in or parent company (Note 9)
		The Company	All companies listed in this Financial Report (Note 5)	The Company	All companies listed in this Financial Report (Note 5)	The Company	All companies listed in this Financial Report (Note 5)	The Company		All companies listed in this Financial Report (Note 5)		The Company	All companies listed in this Financial Report (Note 5)	
								Cash amount	Stock amount	Cash amount	Stock amount			
General Manager	Ming-Lung Cheng	8,752	8,752	0	0	0	0	605	0	605	0	4.82	4.82	None
Deputy General Manager	Shan-Feng Lu													
Assistant Manager	Shu-Yi Wu													

＊ Disclosure is required for ranks equivalent to General Manager, Vice Presidents, and Assistant Managers, regardless of titles in the Company.

Note: The net profit after tax under the Company's individual financial report was NT$194,311 thousand in 2020.

Table of Remuneration Ranges

Ranges of remunerations paid to General Manager and Vice Presidents of the Company	Name of General Manager and Vice Presidents	
	The Company (Note 6)	From All Consolidated Entities (Note 7) E
Less than NT$1,000,000	-	-
NT$1,000,000 (inclusive) to NT$2,000,000 (exclusive)	Shu-Yi Wu	Shu-Yi Wu
NT$2,000,000 (inclusive) to NT$3,500,000 (exclusive)	Shan-Feng Lu	Shan-Feng Lu
NT$3,500,000 (inclusive) to NT$5,000,000 (exclusive)	Ming-Lung Cheng	Ming-Lung Cheng
Total	3 persons	3 persons

Note 1: Names of General Manager and Vice President shall be separately listed while remunerations may be disclosed collectively. This table and the table above (1) shall be filled if a Director concurrently serves as the General Manager or Vice President.

Note 2: Fill in the salary, post allowance and severance pay of the General Manager and Deputy General Managers for the year 2020.

Note 3: Fill in various bonuses, rewards, car expenses, special expenses, allowances, dormitories, car supplies and other material supplies for General Manager and Deputy General Manager for the year 2020. In case housing, vehicle, or other forms of transportation or dedicated personal expense is paid for, the nature of the asset provided and its costs, actual or fair value measurements of rents, gas, and other forms of benefits shall be disclosed. In case driver is provided, please disclose salaries paid to said driver in a note, but such salaries will not be included toward benefits. Any salary listed under IFRS 2 Share-Based Payment, including issuance of employee stock options, new restricted employee shares and cash capital increase by stock subscription shall also be included in compensations.

Note 4: Fill in the amount of employee remunerations (including stocks and cash) paid to the General Manager and Deputy General Managers as approved by the board of directors in 2020. If it is impossible to estimate, the proposed amount of remuneration for the current year shall be calculated in proportion to the actual amount allocated last year and shall be separately filled in Schedule I-3.

Note 5: The total amount of the remuneration of all the companies (including the Company) in the combined report to the General Manager and Deputy General Manager of the company should be disclosed.

Note 6: The name of each General Manager and Vice President shall be disclosed in the range of remunerations corresponding to the amount of all the remunerations paid to each General Manager and Vice President by the Company.

Note 7: Total remunerations of various items paid to every General Manager and Vice President of this Company by all companies (including this Company) listed in the consolidated statement shall be disclosed. The name of the General Manager and Vice President shall also be disclosed in the proper remuneration range.

Note 8: The earnings after tax shall refer to the earnings after tax of an individual or separate financial statement in 2020.

Note 9: a. This column shall clearly indicate the amount of remuneration received by the General Manager and Deputy General Manager of the Company from the invested companies other than subsidiaries or parent company (if none, please fill in "None").

b. If the president and vice presidents of the Company receive remuneration from invested companies other than subsidiaries or parent company, the remuneration received by the president and vice presidents of the Company from invested companies other than subsidiaries or parent company shall be included in Column E in the Remuneration Range Table, and the column heading shall be changed to Parent Company and All Invested Companies."

c. Remuneration in this case refers to remuneration, bonuses (including employee, director, or supervisor bonuses), and allowances received by the president and vice presidents of the Company as the directors, supervisors, or managerial officers of invested companies other than subsidiaries or parent company.

＊The disclosed contents and amounts in this table are calculated from a concept different from the calculations of income tax. Hence the purpose of this table is solely for the purpose of information disclosure and not for tax purposes.

(IV) Names of Managers and the Distribution of Employee's Profit-sharing Bonus

December 31, 2020 Unit: NT$1,000

	Title	Name	Stock amount	Cash amount	Total	Percentage of total compensations on the net income after tax (%)
Manager	General Manager	Ming-Lung Cheng	0	967	967	0.50
	Deputy General Manager	Shan-Feng Lu				
	Assistant Manager at Finance Department	Shu-Yi Wu				
	Assistant Manager of the Administration Department	Da-Hong Cheng				
	Assistant Manager of the Operation Department	Feng-Sheng Huang				
	Assistant Manager of the Product Purchase and Marketing Department	Shi-Wei Ye				

Note 1: It is required to disclose individual names and positions but disclose the profit distribution in a consolidated manner.

Note 2: Refers to compensations paid to the Managers (including stock and cash) approved by the Board of Directors in the most recent year; If such compensations cannot be estimated, an estimation for this year shall be calculated in proportion of the compensations paid last year. Net income after tax refers to the net income after tax from the most recent year. In case IFRS has been adopted, net income after tax refers to the net income after tax in the Individual Financial Statements of the most recent year.

Note 3: Pursuant to Directive Letter No. 0920001301 from the Securities and Futures Bureau on March 27, 2003, the applicable scope for managers includes the following:
(1) General Manager and its equivalent;
(2) Vice President and its equivalent;
(3) Assistant Manager and its equivalent
(4) Finance Manager
(5) Accounting Manager
(6) Other persons with the rights to manage Company tasks and signage rights

Note 4: In case Directors, General Manager or Vice President have received employee bonus (including stock and cash dividends), this table shall also be filled on top of Table 1-2.

(V) Analysis of the ratio of remunerations paid by the Company and all companies in the Consolidated Financial Statements to Company Directors, Supervisors, General Manager, and Vice President in the most recent two years on the net income after tax and explanation of policy, standards and mix of remunerations, procedures in setting remunerations and correlations to management performance and future risks:

Title	2019				2020			
	Total compensations (in NT$1,000)		Percentage on the net income after tax (%)		Total compensations (in NT$1,000)		Percentage on the net income after tax (%)	
	The Company	All companies in the Consolidated Financial Statements	The Company	All companies in the Consolidated Financial Statements	The Company	All companies in the Consolidated Financial Statements	The Company	All companies in the Consolidated Financial Statements
Director	7,276	7,276	5.34	5.34	8,825	8,825	4.54	4.54
Supervisors	621	621	0.45	0.45	456	456	0.23	0.23
General Manager and Vice President	6,489	6,489	4.77	4.77	9,357	9,357	4.82	4.82

Note: The earnings after tax shall refer to the earnings after tax in financial statements of 2020 and 2019

The Company's remunerations for Directors and Supervisors are handled in accordance with the Company's Articles of Incorporation. Since managers have the obligations to carry out both Company management and operations, compensations for managers include pay, bonus, and employee bonus, and are carried out in accordance with the Company's remuneration system and in consideration of individual manager's seniority, experiences, management performance, and levels of contribution. Future risk is evaluated and remunerations are paid out in reference to industry standards.

IV. Status of Corporate Governance

(I) Operation of the Board of Directors: In the most recent year (2020) and 2021 up to the date of publication of this annual report, the Board of Directors held 7 meetings and 2 meetings, respectively. Therefore, the Board of Directors held 9 meetings in the most recent year (A). The attendance and appearance of directors and supervisors were as follows:

Title	Name (Note 1)	Actual attendance (B)	Times of proxy attendance	Actual attendance rate (%) (B/A) (Note 2)	Remark
Chairman	Jun Wei Investment Co., Ltd. Representative: Yu-Teng Liu	6	0	100.00%	Should attend: 6 times, re-elected, re-elected on: 06/17/2020, but resigned on 11/09/2020
Director	Zhen Han Investment Co., Ltd. Representative: Ming-Lung Cheng	9	0	100.00%	Should attend: 9 times, re-elected, re-elected on: 06/17/2020, but elected by the Board of Directors as Chairman of the third term on 11/10/2020
Director	Yuang Ding Investment Co., Ltd. Representative: Li-Ping Shen	3	0	100.00%	Should attend: 3 times (Resigned on 06/17/2020)
Director	Top Taiwan Venture Capital Co., Ltd. Representative: Li-Ping Shen	6	0	100.00%	Should attend: 6 times, newly elected, elected on: 06/17/2020
Director	Hung-Yi Chen	5	0	83.33%	Should attend: 6 times, newly elected, elected on: 06/17/2020
Independent Director	Tian-Dao Liu	9	0	100.00%	Should attend: 9 times, re-elected, re-elected on: 06/17/2020
Independent Director	Tsung-Te Wei	2	0	66.67%	Should attend: 3 times (resigned on 06/17/2020)
Independent Director	Dai-Huang Kuo	6	0	100.00%	Should attend: 6 times, newly elected, elected on: 06/17/2020
Independent Director	Hsing-Wen Wang	5	0	83.33%	Should attend: 6 times, newly elected, elected on: 06/17/2020
Supervisors	Shu-Liang Liu	2	0	66.67%	Should attend: 3 times (Resigned on 06/17/2020)
Supervisors	Hsieh-Po Chuan	2	0	66.67%	Should attend: 3 times (Resigned on 06/17/2020)
Supervisors	Hung-Yi Chen	3	0	100.00%	Should attend: 3 times (Resigned on 06/17/2020)

Other required disclosure:

I. The date of the board meeting, the term, content of the proposals, opinion of all Independent

Directors, and the Company's handling of the opinion of Independent Directors shall be recorded under the following circumstances in the operations of the Board of Directors meeting:

(I) Items listed in Article 14-3 of Securities and Exchange Act.

Date	Number of meeting	Content of proposal	All Independent Directors' opinion and the reaction toward Independent Directors' opinions by the Company shall be specified
2020.01.16	17th meeting of the 2nd Board of Directors	Proposal on formulating the Best Practices for Ethical Corporate Management of the Company.	Passed by all Independent Directors without dissent.
		Proposal on amending some provisions of the Company's Procedures for Ethical Management and Guidelines for Conduct	Passed by all Independent Directors without dissent.
2020.03.09	18th meeting of the 2nd Board of Directors	To amend some of the articles in Company's "Articles of Incorporation"	Passed by all Independent Directors without dissent.
		The Company's proposal to reinvest surplus and issuance of new shares	Passed by all Independent Directors without dissent.
		Proposal on amending some provisions of the Company's "Procedures for the Acquisition or Disposal of Assets", "Procedures for the Loan of Funds to Others" and "Procedures for the Handling of Endorsements and Guarantees	Passed by all Independent Directors without dissent.
		Proposal on amending the “Rules of Procedure of the Board of Shareholders” of the Company	Passed by all Independent Directors without dissent.
		Proposal on amending the “Organizational Procedures of the Salary and Remuneration Committee” of the Company.	Passed by all Independent Directors without dissent.
		Proposal on amending some provisions of the Company's "Rules of Procedure for Board of Directors Meetings."	Passed by all Independent Directors without dissent.
		Proposal on amending some provisions of the Company's "Procedures for the Election of Directors and Supervisors" and changing its name to "Procedures for the Election of Directors	Passed by all Independent Directors without dissent.
		General re-elections of the directors	Passed by all Independent Directors without dissent.
2020.05.07	19th meeting of the 2nd Board of Directors	Proposal on amending some provisions of the Company's “Corporate Governance Best Practice Principles”, the “Corporate Social Responsibility Best Practice Principles”, and the “Procedures for Ethical Management and Guidelines for Conduct”	Passed by all Independent Directors without dissent.
		Nominating director and independent director candidate list and independent director nominee qualification examination	Passed by all Independent Directors without dissent.
2020.10.22	3rd meeting of the 3rd Board of Directors	The Company's second actual issuing date and the list of stockholders under the "Employee	Passed by all Independent Directors without dissent.

		Stock Option Issuing and Subscription Measures for 2019"	
		Proposal on amending the “Organizational Procedures of the Salary and Remuneration Committee” of the Company.	Passed by all Independent Directors without dissent.
2020.11.10	4th meeting of the 3rd Board of Directors	Proposal on amending some provisions of the Company's "Rules of Procedure for Board of Directors Meetings”, "Procedures for the Election of Directors” and “Rules of Procedure of the Board of Shareholders”	Passed by all Independent Directors without dissent.
		Proposal on amending the “Organizational Procedures of the Audit Committee” of the Company.	Passed by all Independent Directors without dissent.
		Proposal on amending some provisions of the Company's "Board of Directors' Self-evaluation or Peer Evaluation Method"	Passed by all Independent Directors without dissent.
2021.02.04	5th meeting of the 3rd Board of Directors	Resolution on passing the subsidiary director appointment proposal	Passed by all Independent Directors without dissent.
		Review the year-end performance bonus allocation plan for the Company's managers	Passed by all Independent Directors without dissent.
		Monthly salary structure and payment amount of the new Chairman of the Company	Passed by all Independent Directors without dissent.
2021.03.18	6th meeting of the 3rd Board of Directors	To amend some of the articles in Company's "Articles of Incorporation"	Passed by all Independent Directors without dissent.
		The Company's proposal to reinvest surplus and issuance of new shares	Passed by all Independent Directors without dissent.
		Proposal on amending some provisions of the Company's "Procedures for the Acquisition or Disposal of Assets"	Passed by all Independent Directors without dissent.
		Proposal on amending the “Rules of Procedure of the Board of Shareholders” of the Company	Passed by all Independent Directors without dissent.
		Proposal on by-election of one director of the Company	Passed by all Independent Directors without dissent.

(II) Other than the matters mentioned above, other resolutions on which the Independent Directors have dissenting opinions or qualified opinions: None.

II. In regards to the recusal of Directors from voting due to conflict of interests, the name of the Directors, the proposal, reasons for recusal due to conflict of interests and voting outcomes should be stated:

(I) The 3rd Board of Directors on October 22, 2020

Proposal: The Company's second actual issuing date and the list of stockholders under the "Employee Stock Option Issuing and Subscription Measures for 2019"

Recusal: As Director Ming-Lung Cheng concurrently serves as a manager of the Company, to prevent conflicts of interest, he has sought for recusal before the resolution of the proposal. After the Chair asked all other attending Directors to express their opinion and to discuss the proposal, it was passed without dissent.

(I) The 5th meeting of the 3rd Board of Directors on February 04, 2021

Proposal: (a) The year-end performance bonus allocation plan for the Company's managers.
(b) Monthly salary structure and payment amount of the new Chairman of the Company.

Recusal: As Chairman Ming-Lung Cheng concurrently serves as a manager of the Company, to prevent conflicts of interest, he has sought for recusal before the resolution of the proposal. After the HR Supervisor consulted and discussed the opinions of all other attending directors on behalf of the Chair, the above proposal was passed without dissent.

III. The evaluation cycle, period, scope, method and content of the Board of Directors' self (or peer) evaluation:

Evaluation cycle	Period of Evaluation	Scope	Evaluation methods	Assessment Content
Executed every year	From January 1, 2020 to December 31, 2020	Performance evaluation of Board of Directors, individual directors and functional committee	Internal self-evaluation of Board of Directors, self-evaluation of board members and peer evaluation	(1) Performance evaluation of the Board of Directors: at least including the degree of participation in the operation of the Company, the quality of decision-making of the Board of Directors, the composition and structure of the Board of Directors, the selection and continuous learning of directors, internal control, etc. (2) Performance evaluation of individual directors: at least include the knowledge about the Company's objectives and tasks, the understanding of director liabilities, the participation in the

					Company's operations, the internal relationship management and communication, the specialty and further study of directors and internal control. (3) Performance evaluation of functional committee: the degree of participation in the company's operation, the cognition of the responsibilities of the functional committee, the quality of decision-making of the functional committee, the composition and selection of members of the functional committee, internal control, etc.

IV. Measures taken to strengthen the functions of the Board (for example, establishing an Audit Committee and enhancing information transparency) for the current year and the most recent year and the implementation:

(I) The Audit Committee of the Company was established on June 17, 2020

(II) In terms of strengthening functions of the Board: the Company has established the "Rules of Procedure for Board of Directors Meetings" and "Self-Evaluation or Peer Evaluation Methods of the Board of Directors," and subsequent operations, evaluation, and assessment of the Board will be handled in accordance with relevant rules.

(III) In terms of enhancing information transparency: the Company has set up a spokesperson and a deputy spokesperson to answer external inquiries. In addition, the Company has set up a corporate website (www.greattree.com.tw) which encompasses: corporate governance, company organization, financial information, shareholders' section, and stakeholders' section.

(IV) In compliance with the statutory requirements, the Company conducted two director training

	courses on August 12 and November 10, 2020, and arranged the new independent directors to attend other refresher courses in order to make directors meet the requirements for the number of training class hours per year.

Note 1: In case Directors or Supervisors are judicial persons, the name of the corporate shareholder and the name of its representative shall be disclosed.

Note 2:

(1) In case any Director or Supervisor has been released of his/her duty before year end, the date of turnover shall be recorded in the Remarks column. Actual attendance rate (%) shall be calculated based on the number of Board meetings convened and his/her actual attendance during his/her term of service.

(2) In case any seat of Director or Supervisor has been re-elected before year end, both the previous and current Director/Supervisor shall be filled, and Remarks should indicate whether a Director/Supervisor was from a previous term, newly appointed, re-appointed, and the date of re-election. Actual attendance rate (%) shall be calculated using the number of Directors' Meetings convened and actual attendance during the term of service.

(II) The Supervisor's participation in the meetings of the Board of Directors: As of June 17, 2020, the Board of Directors held 3 meetings in total (A). The appearance of supervisors was as follows:

Title	Name	Actual attendance (B)	Attendance Rate (%) (B)/(A) (Note)	Remark
Supervisors	Shu-Liang Liu	2	66.67%	Should attend: 3 times (Resigned on 06/17/2020)
Supervisors	Hsieh-Po Chuan	2	66.67%	Should attend: 3 times (Resigned on 06/17/2020)
Supervisors	Hung-Yi Chen	3	100.00%	Should attend: 3 times (Resigned on 06/17/2020)

Other required disclosure:

I. Formation and duties of Supervisors:

(I) Communications between the Supervisors and the Company staff and shareholders: channels of communication are established through the Company website, telephone, and fax.

(II) Communication between the Supervisor and the internal audit manager or CPAs (shall include material matters, methods, and results of communication on the finances and state of business of the Company):

1. Supervisors have no objection to the audit report submitted by the audit department of audit items to Supervisors in the next following month after the audit is completed.
2. Audit manager attends regular Board meetings, where he/she reports about audit tasks, and to which Supervisors have had no objections.
3. Summary of previous communication between Independent Directors, Supervisors, the Chief Audit Executive and CPAs:

Date	Location	Content of the communication	Results
2020.03.09	Meeting room of the Company	1. CPAs' communication with corporate governance units on the consolidated financial report of 2019 2. Update of Securities Regulatory Act 3. Update of Tax Act 4. General audit report	Independent Directors and Supervisors have no objection to the content of the report.

II. If Supervisors who attend the Board Meetings need to make statements, they shall specify the date of the Board Meeting, the number of the term, the content of the proposal, resolution of the meeting and the follow-up procedure of the Company toward the statements: None.

Note:

* In case any Supervisor has been released of his/her duty before year end, the date of turnover shall be recorded in the Remarks column. Actual attendance rate (%) shall be calculated based on the number of Board meetings convened and his/her actual attendance during his/her term of service.
* In case any seat of Supervisor has been re-elected before year end, both the previous and current Director/Supervisor shall be filled, and Remarks should indicate whether a Supervisor was from a previous term, newly appointed, re-appointed, and the date of re-election. Actual attendance rate (%) shall be calculated using the number of Directors' Meetings convened and actual attendance during the term of service.

(III) Operation of the Audit Committee: In the most recent year (2020) and 2021 up to the date of publication of this annual report, the Audit Committee held 2 meetings and 2 meetings, respectively. Therefore, the Audit Committee held 4 meetings in the most recent year (A). The attendance and appearance of directors and supervisors were as follows:

Title	Name	Actual attendance (B)	Attendance Rate (%) (B)/(A) (Note)	Remark
Convener	Tian-Dao Liu	4	100.00%	Should attend: 4 times, newly elected, elected on: 06/17/2020
Member	Dai-Huang Kuo	4	100.00%	Should attend: 4 times, newly elected, elected on: 06/17/2020
Member	Hsing-Wen Wang	3	75.00%	Should attend: 4 times, newly elected, elected on: 06/17/2020

Other required disclosure:

I. In case of one of the following circumstances on the operation of the Audit Committee, the date, session and proposal content of the Board of Directors, the resolution result of the Audit Committee, and the handling of the opinions of the Audit Committee by the Company shall be stated.

(I) Items listed in Article 14-5 of the Securities Exchange Act.

Meeting and date	Proposal	Matters that have not been approved by the Audit Committee but have been agreed by more than two-thirds of all directors	The Company's Response	Resolution
The 2nd meeting of the 1st term of Audit Committee (08/12/2020)	Proposal on the Company's consolidated financial statements for Q2 2020.	None	Not applicable	After the Chairman consulted all the directors present, the proposal was passed without objection.
The 3rd meeting of the 1st term of Audit Committee (11/10/2020)	Proposal on the Company's consolidated financial statements for Q3 2020.	None	Not applicable	After the Chairman consulted all the directors present, the proposal was passed without objection.
	Proposal on amending some provisions of the Company's "Rules of Procedure for Board of Directors Meetings", "Procedures for the Election of Directors" and "Rules of Procedure of the Board of Shareholders"	None	Not applicable	After the Chairman consulted all the directors present, the proposal was passed without objection.
	Proposal on amending the "Organizational Procedures of the Audit Committee" of the Company.	None	Not applicable	After the Chairman consulted all the directors present, the proposal was passed without objection.

	Proposal on amending some provisions of the Company's "Board of Directors' Self-evaluation or Peer Evaluation Method"	None	Not applicable	After the Chairman consulted all the directors present, the proposal was passed without objection.
The 4th meeting of the 1st term of Audit Committee (03/18/2021)	The Company's 2020 Business Report and Financial Statements	None	Not applicable	After the Chairman consulted all the directors present, the proposal was passed without objection.
	The Company's 2020 Statement of Internal Control	None	Not applicable	After the Chairman consulted all the directors present, the proposal was passed without objection.
	Proposal on amending some provisions of the Company's "Procedures for the Acquisition or Disposal of Assets"	None	Not applicable	After the Chairman consulted all the directors present, the proposal was passed without objection.

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

II. The implementation status of independent director's avoidance of interested proposals, which shall state the name of independent director, the content of the proposals, the reasons for the avoidance of interests, and the circumstances of participation in voting: none.

III. The communications between the independent director and the internal audit supervisor and accountant (including major issues, methods and results of communication regarding the company's financial and business status).

(I) The head of accounting and audit of the Company regularly provides the accounting and audit reports of the Company to the independent directors, and reports the latest accounting and audit information through the Audit Committee. If the independent directors have any questions about the internal control, accounting or audit operations of the Company, they can immediately communicate with the head of the relevant unit for a review and improvement.

(II) Summary of previous communication between Independent Directors and the Chief Audit Executive and CPAs:

Date	Location	Content of the communication	Results
2020.03.09	Meeting room of the Company	1. CPAs' communication with corporate governance units on the consolidated financial report of 2019 2. Update of Securities Regulatory Act 3. Update of Tax Act 4. General audit report	Independent Directors have no objection to the content of the report.
2021.03.18	Meeting room of the Company	1. CPAs' communication with corporate governance units on the consolidated financial report of 2020 2. Update of Securities Regulatory Act 3. Update of Tax Act 4. General audit report	Independent Directors have no objection to the content of the report.

(IV) Implementation of corporate governance and the deviations from the Practice Principles for TWSE/TPEx Listed Companies, and the Reasons

Items for evaluation	State of Operations			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
I. Does the company establish and disclose its corporate governance best practice principles in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"?	Yes		To establish a fair corporate governance system, the Company's Board of Directors has already approved of and implemented "Corporate Governance Best Practice Principles" on March 20, 2015.	No major deviations.
II. Shareholding structure and shareholders' rights (I) Does the company establish an internal procedure for handling shareholder proposals, inquiries, disputes, and litigations? Are such matters handled according to the internal procedure? (II) Does the company maintain a register of major shareholders with controlling power as well as a register of persons exercising ultimate control over those major shareholders? (III) Does the company establish and enforce risk control and firewall systems with its affiliated businesses? (IV) (IV) Does the company stipulate internal rules that prohibit company insiders from trading securities using information not disclosed to the market?	Yes Yes Yes Yes		(I) The Company has established a set of "Rules of Procedure for Shareholders' Meeting" and has also established a spokesperson and deputy spokesperson system in accordance with related laws. Designated personnel are set up to handle investor relations and problems related to shareholders. (II) The Company designates the share transfer agency to regularly update the list of substantial shareholders and register of substantial shareholders to fully understand the register of persons exercising ultimate control over the equity of the Company. (III) Various financial and business dealings between the Company and its related entities are based on the principle of being mutually independent, and management procedures of transactions with the parent company has been established on top of relevant management rules including "Transaction Procedures for Related Parties, Specific Companies, and Group Enterprises." (IV) The Company has established "Procedures for Ethical Management and Guidelines for Conduct" and "Management Procedures to Prevent Insider Trading." Internal personnel are required to abide by related laws and internal procedures, and shall not utilize information undisclosed to the public toward insider trading or to reveal such information to prevent others from utilizing such information toward insider trading.	No major deviations. No major deviations. No major deviations. No major deviations.
III. Composition and Responsibilities of the Board of Directors (I) Does the Board of Directors establish diversification for the composition of the Board of Directors and implement such rules accordingly? (II) In addition to setting up Remuneration Committee and Audit Committee pursuant to the law, does the company voluntarily set up other functional committees? (III) Does the Company establish the performance evaluation method and evaluation method for the Board of Directors, conduct performance evaluation annually and regularly, and submit the results of performance evaluation to the Board of	Yes Yes Yes	No	(I) The members of the Board are elected from fair, just, and open election procedures, and nominees are chosen from among nominees with suitable backgrounds, industries, or relevant professional knowledge and experience. The Company also actively considers nominees who can bring diversified backgrounds and perspectives. So that the members of the Board may maintain adequate boundaries and balance between skills, experiences, knowledge, and characters. (II) The Company will establish other functional committees based on actual operating needs in the future. (III) The Company has established "Self-Evaluation or Peer Evaluation Methods of	No major deviations. Explanation on the left (2) No major deviations.

Items for evaluation	State of Operations			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
Directors, and apply them to the reference of salary and remuneration of individual directors and nomination for renewal? (IV) Does the company regularly implement assessments on the independence of CPA?			the Board of Directors" on March 20, 2015 and carries out relevant evaluations based on these rules on an annual basis. Currently, Directors will conduct self-evaluation then receive anonymous evaluation from their peers at the end of the year, and results of which will be used toward performance review. (IV) Each year, the Company reports the independence of CPAs to the Board of Directors for assessment in accordance with Article 29 of the Practice Principles for TWSE/TPEx Listed Companies. The Financial Department of the business unit first determines the assessment contents in accordance with Article 47 of the CPA Act and Communique No. 10 of the Code of Professional Ethics for Accountants. CPAs Hsiao-Chin Lo and Ching-Piao Cheng from EY Taiwan appointed in 2019 and 2020 met the independence evaluation standards of the Comapny, and obtained the statement of independence issued by EY Taiwan, which had been submitted to the Board of Directors on March 9, 2020 and March 18, 2021, so they are eligible for serving as the CPAs of the Company.	No major deviations.
IV. Has the Company set up a full-time (part-time) unit or appointed designated personnel to handle governance related affairs (including but not limited to supplying information requested by the directors and supervisors, processing company registration and change of registration and preparing minutes of the board meetings and shareholders' meetings)?	Yes		Upon resolution from the Board meeting on March 28, 2019, the Company has designated Assistant Manager Shu-Yi Wu from Finance Department to serve as the Company's corporate governance personnel to protect the rights and interests of shareholders and to strengthen the functions of the Board. Assistant Manager Shu-Yi Wu has more than 5 years of work experience in management functions including accounting and finance in a publicly listed company, and her major functions include providing Directors (including Independent Directors) and Supervisors with information needed to fulfill their duties, assisting Directors (including Independent Directors) and Supervisors in legal compliance, and processing tasks related to Board meetings and Shareholders' Meetings in accordance with the laws.	No major deviations.
V. Whether the company has established channels of communication with stakeholders (including but not limited to shareholders, employees, customers and suppliers), and opened a stakeholders section on the company's website, and responded appropriately to stakeholders' interests/concerns regarding corporate social responsibility.	Yes		Founded on our respect for stakeholders' interests, the Company has identified relevant stakeholders and understood the reasonable expectations and needs from stakeholders through appropriate means of communications and stakeholder participation. We have established a corporate website in Chinese to fully disclose relevant information such as Company finances, as well as set up an Investors' section to disclose relevant information (www.greattree.com.tw/know.aspx?d=7). We have also appropriately responded to material CSR topics of concern to the stakeholders, and each department has been designated with communications with relevant stakeholders: (I) Shareholders and investors 1. A Shareholders' Meeting is convened in each year and resolutions for proposals are achieved through vote one by one. Shareholders can also exercise their voting rights through electronic voting to fully participate in the process of	No major deviations.

Items for evaluation	State of Operations			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
			proposal resolution. 2. Annual Report for the Shareholders' Meeting is prepared in each year, and Investor Conference is held from time to time in each year to report on Company operating status to facilitate in investors' decision-making. 3. Revenues from the previous month is announced on the MOPS and the Company website on a monthly basis. (II) Employees Employee relations conference is held regularly, and store manager meeting is convened along with educational training in each month. (III) Customers and consumers Consumers can join the Company's membership to receive members' privileges and to immediately provide relevant feedback and opinions for revisions to store personnel while shopping. They can also provide concerns and feedback to the Company via customer service hotline. (IV) Suppliers The Company ensures that suppliers are in full compliance with national laws regarding human rights, environmental protection and food safety through visits and organizing supplier evaluation and review, and that suppliers do not use child labor or abnormal materials during production processing, thus helping to supervise and assist suppliers to strengthen compliance to various laws.	
VI. Has the Company appointed a professional stock affair agency to manage shareholders' meetings and other relevant affairs?	Yes		The Company has appointed the Share Administration Agency of Taishin International Bank to manage its share transfer tasks and Shareholders' Meeting.	No major deviations.
VII. Information disclosure and announcement (I) Does the company establish a corporate website to disclose information regarding its financials, business, and corporate governance status? (II) Does the company use other information disclosure channels (e.g. maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)? (III) Does the Company announce and report the financial report within two months after the end of the fiscal year, and announce and report the financial report of the first, second and third quarters and the operation of each month in advance before the specified time limit?	Yes Yes		(I) The Company has established a corporate website, which contains an Investors section, where the shareholders and investors may inquire information on the Company's financial status and corporate governance. (http://www.greattree.com.tw/) (II) The Company is currently constructing an English-language website, and designated personnel are responsible for collecting and disclosing Company information and to timely update the information on Investors section on the website. To ensure information intended for the public can be immediately and accurately disclosed, the Company has appointed Vice General Manager Shan-Feng Lu as the spokesperson, and Assistant Manager Shu-Yi Wu as the deputy spokesperson who will both represent the Company externally. In case the Company organizes Investors Conference, any briefing or audio-visual information will be disclosed on the Investors section on the Company website.	No major deviations. No major deviations.

Items for evaluation	State of Operations			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
			(III) The Company is in the retail channel industry. Due to the distribution of franchised stores all over the country, there are still time differences in response to the financial information of each store, so it is unable to announce and report the financial report within two months after the end of the fiscal year or before the specified period.	We will integrate the group's financial and accounting work and discuss the audit schedule with the CPAs.
VIII. Has the company disclosed other information to facilitate a better understanding of its corporate governance practices (e.g. including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, Directors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing liability insurance for its Directors)?	Yes		(I) Employee rights: the Company's operations are in line with rules from the Labor Standards Act. Please see Chapter V. Operations Overview - Labor Management Relations for relevant employee benefit measures, studies and training, and pension system. (II) Employee wellness: the Company is committed to providing a safe and healthy work environment for employees, and regularly organizes company-wide employee health checkup in each year to protect the health and wellness of all employees. (III) Investors relations: in addition to disclosing Company operations or financial information on the MOPS in accordance with the law, the Company has also established a point of contact for investors relations to be responsible for information disclosure and maintenance of investor relations to enhance Company transparency. (IV) Suppliers relations: the Company continues to promote "traceability management" and requires suppliers to provide inspection reports to guarantee that their products are in compliance with relevant laws and regulations. (V) Rights of stakeholders: the Company has set up online announcement procedures for public information announcement, and has designated personnel to be responsible for collection and disclosure of Company information to ensure that information that may affect shareholders' and stakeholders' decision-making can be disclosed on a timely and appropriate basis. (VI) Directors and Supervisors' training records: the Company's Directors and Supervisors are all equipped with relevant professional knowledge and have taken continuing studies courses in accordance with relevant laws and regulations. Required hours of such studies have also been met. Please see "MOPS/Corporate Governance/Directors' and Supervisors' attendance of Board meetings and continuing studies" for more details. (VII) Implementation of risk management policies and risk measurement standards: each department of the Company will review each other from time to time and internal auditors will also conduct either scheduled audit or as needed. Finally, Directors' and Supervisors' review are also carried out. In other words, layers of	No major deviations.

Items for evaluation	State of Operations			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
			prevention and comprehensive risk control that involves everyone in the organization is adopted. (VIII) Implementation of consumer protection or customer policies: the Company actively collects customer feedback, analyzes customer needs, enhances service quality and proposes suitable solutions, and customer satisfaction is incorporated into ISO standards to strengthen management, enhance efficiency and quality control, and at the same time, an audit and follow-up mechanism has also been established. (IX) Purchasing liability insurance for Directors and Supervisors: the Company has purchased liability insurance for Directors and Supervisors to strengthen the protection of shareholders' interests.	

IX. Please indicate the improvement of the results of the corporate governance evaluation issued by the Company's Center for Corporate Governance in the last year of the TWSE and provide priority measures and measures for those who have not yet improved.

The items not scored in the 7th Corporate Governance Evaluation of the Company (2020) and the improvements are as follows:

Type of indicator	Item without positive score	Whether improvement has been made	Explanation for improvements yet to come
I. Maintaining shareholders' rights and treating shareholders equally	1.6 Is the annual shareholders' meeting convened before the end of May?	No	
III. Strengthening the structure and operations of the Board of Directors	2.3 Are the Chairman and the General Manager or any other person of equivalent title (top manager) of the Company not the same person or spouse or relative of each other?	No	
	2.7 Does the company voluntarily establish more seats of Independent Directors than the minimum required number by the law? (If seats for Independent Directors reaches the majority of all seats of Directors, 1 point will be added to the company's total score.)]	No	In 2020, the Company re-elected the Board of Directors and set up seven directors (including three independent directors), which complies with the provisions of the articles of association of the Company and laws.
	2.9 Does the company make succession plans for board members and important management, and disclose its operation in the company's website or annual report?	No	The Company has not formulated a clear succession plan.

Items for evaluation			State of Operations		Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
			Yes	No	Summary	
		2.14 Does the company establish functional committees other than the ones required by laws with no less than three members, and the majority of whom being Independent Directors as well as discloses its composition, function, and operations?	No	The Company has set up a Remuneration Committee in accordance with laws and set up an Audit Committee according to laws in 2020.	
		2.20 Were at least two independent directors present at each board meeting of the Company?	No		
		2.22 Does the company have risk management policies and procedures approved by the Board of Directors to disclose the scope of risk management, its organizational structure and its operations?	No	Procedures have not yet been established.	
		2.23 Have the rules adopted by the company for assessing the performance of the Board of Directors been passed by the Board, with the express requirement that an external assessment be carried out at least once every three years, and has it furthermore carried out the assessment within the time limit under its rules, and disclosed the implementation status and assessment results on its website or in its annual report?	No	The results of the evaluation have not been disclosed on the company website or in the annual report.	
		2.24 Has the Company established an Information Security and Risk Management framework and defined information security policies and concrete management proposals that are disclosed on the Company's website or annual reports?	No	There is no dedicated unit for information security and risk management.	
		2.27 Does the Company have an intellectual property management plan linked to its business objectives, disclose its implementation on its website or in its annual report, and report to the board at least once a year? If it has been certified by the Taiwan Intellectual Property Management System (TIPS) or a similar intellectual property management system, one extra point should be added to the total score.]	No	No plans have been made.	
		2.28 Does the Company have a method for the appointment, removal, evaluation, salary and remuneration of internal auditors to be reported to the Board of Directors or signed by the audit director and reported to the Chairman for approval, and disclosed on the Company's website?	No		
		2.30 Does at last one internal auditor of the company possess certificates such as Certified Internal Auditor (CIA), Certified Information Systems Auditor (CISA), or passed the CPA examination?	No	The Company's internal auditing personnel meet the requirements and qualifications for internal auditing personnel of a TWSE/TPEx company, but certification has not been obtained.	
	III. Enhancing information transparency	3.2 Does the company simultaneously announce and report material information in English?	Yes	Major news in English has been released simultaneously since 2021.	
		3.4 Does the company announce its annual financial reports within two	No		

Items for evaluation			State of Operations			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
			Yes	No	Summary	
		months after the ending of a fiscal year?				
		3.6 Does the Company disclose the interim financial report in English within two months after the deadline for filing the interim financial report in Chinese version?	Yes		It has actively contacted internal and external resources for the preparation of interim financial report in English.	
		3.8 Does the company voluntarily announce quarterly financial forecast report and relevant procedures have not had corrections from competent authority, and/or marked for deficiencies from the TWSE or TPEx?	No		The Company does not voluntarily provide financial forecast report.	
		3.10 Is the company's financial report approved or submitted to the Board of Directors 7 days before the deadline for announcement, and published within 1 day after the date of adoption or presentation?	No			
		3.13 Does the annual report of the Company disclose the individual remuneration of the directors and supervisors on a voluntary basis?	Yes		If the average annual salary of a full-time employee who is not in charge of a supervisory position in the most recent year reported in 2019 did not reach NT $500,000, the individual remuneration of the directors or supervisors should be disclosed, so the disclosure was not on a voluntary basis and did not meet the scoring criteria.	
		3.14 Does the company's Annual Report disclose correlations between performance evaluation of Directors and their remunerations?	No			
		3.18 Does the company establish a corporate website in the English language which includes finance, business, and governance related information?	No		The Company has not yet completed internal and external resources needed in producing an English version of its website.	
		3.21 Does the annual report of the company disclose the individual remuneration of the general manager and the deputy general manager?	No			
	IV. Fulfilling corporate social responsibility	4.1 Does the Company have a dedicated (part-time) unit to promote corporate social responsibility (CSR) that assessed the environmental, social, or corporate governance risks related to its operations based on the principle of materiality and established related risk management policies or strategies, and disclosed them on the Company’s website and in the annual report?	No		The Company has yet to set up a CSR unit.	
		4.2 Does the company set up a dedicated (part-time) unit to promote business integrity management, which is responsible for formulating and supervising the implementation of policies and preventive plans for business integrity, and explains the operation and implementation of the unit on the Company's website and annual report, and reports to the Board of Directors at least once a year?	No		The Company has yet to set up a CSR unit.	

Items for evaluation			State of Operations			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
			Yes	No	Summary	
		4.4 Does the company prepare and upload the CSR report to the Market Observation Post System and the Company's website before the end of September in accordance with the internationally recognized guidelines for the preparation of reports? [If the CSR report was prepared on a voluntary basis, one extra point should be added to the total score.]	Yes		The Company prepared the CSR report for 2019 on a voluntary basis. However, the report was not submitted by the end of September, so no point should be given, which will be improved when the report is prepared next year.	
		4.5 Has the CSR report prepared by the Company been verified by a third party?		No	The Company prepared the CSR report for 2019 on a voluntary basis. However, the report has not been verified by a third party yet.	
		4.6 Does the company refer to international human rights conventions, formulate human rights protection policies and specific management plans, and disclose them on the company's website or annual report?		No	Currently, the Company does not have sufficient internal or external resources to achieve this goal.	
		4.7 Does the company sign collective bargaining or agreement with its labor union pursuant to the Collective Agreement Act?		No	Currently, the Company does not have sufficient internal or external resources to achieve this goal.	
		4.11 Has the Company disclosed the annual greenhouse gas emissions, water consumption, and total weight of waste over the past two years? [If the annual greenhouse gas emissions, water consumption, and total weight of waste over the past two years have been verified by a third party, one extra point should be added.]		No	Currently, the Company does not have sufficient internal or external resources to disclose annual emissions of CO2 or other GHG.	
		4.12 Does the company establish energy conservation and carbon reduction, GHG reduction, water consumption reduction or other waste management policy? [If the Company has evaluated the current and future potential risks and opportunities for the Company arising from climate change and adopted corresponding measures according to aspects related to climate, one extra point should be added.]		No	Currently, the Company does not have sufficient internal or external resources to achieve this goal.	
		4.13 Has the company received ISO 14001, ISO 50001 or similar environmental or energy management system certification?		No	Currently, the Company does not have sufficient internal or external resources to achieve this goal.	
		4.15 Does the Company's website or annual report disclose the honest business policy approved by the Board of Directors, and specify specific practices and measures to prevent dishonest behavior?		No	Currently, the Company does not have sufficient internal or external resources to achieve this goal.	
		4.17 Does the Company's website or CSR report disclose the supplier management policy that requires suppliers to comply with the relevant regulations on environmental, occupational safety and health or labor human rights issues, and specify the implementation?		No	Currently, the Company does not have sufficient internal or external resources to achieve this goal.	

(V) Composition, responsibilities and operation of the Remuneration Committee

1. Composition of the Remuneration Committee: On the board meeting on September 25, 2014, the Company decided to set up a Remuneration Committee, and passed the organizational procedures and list of members of the first Remuneration Committee. Now the third term of Remuneration Committee consists of three members, who are three independent directors, and promote independent director Tian-Dao Liu was elected as the Convener and Chair of the Remuneration Committee. Information on committee members is as follows:

Title (Note 1)	Conditions / Name	Has more than 5 years of work experience and the following professional qualifications			Complies with terms for independence (Note 2)										Number of other public companies where the individual concurrently serves as a member of the Remuneration Committee	Remark End of this document
		Instructor or above in public/private university/college in one of the following departments: business administration, law, finance, accounting, or another discipline relevant to the Company's operations	A judge, prosecutor, lawyer, accountant, or other professional practice or technician that must undergo national examinations and specialized license	Has work experience in business administration, law, finance, accounting, or another discipline relevant to the Company's operations	1	2	3	4	5	6	7	8	9	10		
Independent Director	Tian-Dao Liu	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	-
Independent Director	Dai-Huang Kuo	✓	-	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	-
Independent Director	Hsing-Wen Wang	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	-

Note 1: Please write either Director, Independent Director or Other in this column.

Note 2 : For any committee member who fulfills the relevant condition(s) for two fiscal years before being elected to the office or during the term of office, please provide the [✓] sign in the field next to the corresponding conditions.

(1) Not an employee of the Company or any of its affiliates.

(2) Not a director or supervisor of the company or any of its affiliates. (Not applicable in cases where the person is an independent director of the company, its parent company, or any subsidiary, or a subsidiary of the same parent company as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary).

(3) Not a natural person shareholder who holds more than 1% of issued shares or is ranked top ten in terms of the total quantity of shares held, including the shares held in the name of the person's spouse, minor children, or in the name of others.

(4) Not a spouse, second degree relatives or third degree relatives of the managers listed in (1) or personnel listed in (2) or (3).

(5) Not a director, supervisor or employee of a corporate shareholder who directly holds more than 5% of the total issued shares of the company, holds the top five shares, or designates a representative as a director or supervisor of the company in accordance with Article 27, Paragraph 1 or Paragraph 2 of the Company Act (except that if the independent directors of the company and its parent company, subsidiary or subsidiary of the same parent company set up in accordance with this law or the laws and regulations of the country in which the company is located concurrently serve as a director, supervisor or employee of the company).

(6) Not a director, supervisor or employee of another company controlled by the same person for more than half of the directors or the shares with voting rights of the company (except for the independent directors of the company or its parent company, subsidiary or subsidiary of the same parent company set up in accordance with this law or the laws and regulations of the country in which the company is located concurrently serve as a director, supervisor or employee of the company).

(7) Not a director, supervisor or employee of another company or institution that is the same person or spouse as the chairman, general manager or equivalent position of the company (except for the independent directors of the company or its parent company, subsidiary or subsidiary of the same parent company set up in accordance with this law or the laws and regulations of the country in which the company is located concurrently serve as a director, supervisor or employee of the company).

(8) Not directors, supervisors, managers or shareholders holding more than 5% of the shares of a specific company or institution that has financial or business dealings with the company (but if a specific company or institution holds more than 20% of the total issued shares of the company, no more than 50% of the total issued shares of the company, and the person is an independent director set up by the company and its parent company, subsidiary or subsidiary of the same parent company in accordance with this law or the laws and regulations of the country in which the company is located, this restriction shall not apply to those who act concurrently for the post).

(9) Not professionals, sole proprietors, partnerships, business owners, partners, directors, supervisors, managers and spouses of companies or institutions that provide audit services for companies or affiliates or whose cumulative amount of remuneration in the past two years does not exceed NT$500,000 for business, legal affairs, finance, accounting and other related services. However, members of the Remuneration Committee, Public Acquisition Review Committee, or Merger and Acquisition Special Committee who perform their functions and powers in accordance with the provisions of the Securities and Exchange Act or Business Mergers and Acquisitions Act and other relevant regulations shall not be subject to this provision.

(10) Where none of the circumstances in the subparagraphs of Article 30 of the Company Act applies.

2. Duties of the Remuneration Committee: Pursuant to Article 7 of the Company's "Remuneration Committee Charter," the Committee shall exercise the care of a good administrator to faithfully perform the following duties and present its recommendations to the Board of Directors for discussion.

(1) Establishing and periodically reviewing the annual and long-term performance goals for the Directors, Supervisors, and managerial officers of the Company and the policies, systems, standards, and structure for their compensation.

(2) Establishing and periodically reviewing the compensations for Directors, Supervisors, and managerial officers.

3. Operations of the Remuneration Committee:

(1) The Company's Remuneration Committee consists of three (3) members.

(2) Term of office: June 17, 2020 to June 16, 2023. In the most recent year (2020) and 2021 as of the publication date of the financial report, the Remuneration Committee held 2 meetings and 2 meetings, respectively. Therefore, the Remuneration Committee held 4 meetings in the most recent year (A). The qualifications and attendance of the members are as follows:

Title	Name	Attendance in Person (B)	Times of proxy attendance	Attendance Rate (%) (B/A)	Remark
Convener	Tian-Dao Liu	4	0	100.00%	Re-elected, re-election date: June 17, 2020
Member	Dai-Huang Kuo	4	0	100.00%	Newly elected, election date: June 17, 2020
Member	Hsing-Wen Wang	4	0	100.00%	Newly elected, election date: June 17, 2020

Other required disclosure:

I. If the Board of Directors chooses not to adopt suggestions proposed by the Remuneration Committee, the date of the Board meeting, session, contents discussed, resolutions, and the Company's disposition of opinions provided by the Remuneration Committee shall be described in detail: None.

II. For the decisions made by the Remuneration Committee, if there are documented records of members who veto or withhold from expressing the comment, the date, term, agenda, all members' comments, and the measures for handling these comments shall be elaborated: None.

III. The Remuneration Committee shall exercise the due care of a good administrator and perform the following duties abide by its obligations and rights:

1. Regularly review the Organizational Procedures and propose amendments.
2. Establishing and regularly reviewing the annual and long-term performance targets and compensation policies, systems, standards and structures of the Directors, Supervisors, and managers of the Company.
3. Regularly evaluating the performance targets of the Company's Directors, Supervisors and managers, and establishing the content and amount of their remuneration.

IV. The important resolutions of the Remuneration Committee are as follows:

1. The 2nd meeting of the 3rd term of Remuneration Committee on October 22, 2020

Proposal: (a) Proposal on the Company’s 2019 remuneration distribution for directors and supervisors.

(b) Proposal on the Company's second actual issuing date and the list of stockholders under the "Employee Stock Option Issuing and Subscription Measures for 2019"

(c) Proposal on amending the “Organizational Procedures of the Salary and Remuneration Committee” of the Company.

Resolution result: all the members of the Remuneration Committee passed the resolution without objection.

2. The 3rd meeting of the 3rd term of Remuneration Committee on February 04, 2021

Proposal: (a) Reviewed the year-end performance bonus allocation plan for the Company's managers.

(b) Monthly salary structure and payment amount of the new Chairman of the Company.

Resolution result: all the members of the Remuneration Committee passed the resolution without objection.

3. The 4th meeting of the 3rd term of Remuneration Committee on March 18, 2021

Proposal: (a) Proposal on the Company's 2020 Distribution Plan of Remunerations for Employees, Directors and Supervisors.

Resolution result: all the members of the Remuneration Committee passed the resolution without objection.

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

Items for evaluation	State of Operations			Deviations from the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx-Listed Companies" and Reasons
	Yes	No	Summary	
I. Has the company assessed the environmental, social, and corporate governance risks related to its operations based on the principle of materiality and established related risk management policies or strategies?	Yes		The Company has formulated the "Corporate Social Responsibility Best Practice Principles," which emphasize the fulfillment of Corporate Social Responsibility, economic, environmental, and social advancement, and sustainable development through ethical management. When pursuing the sustainable development and profitability, the Company takes into account environmental, social, and corporate governance factors and incorporates them into the management and operation. The management department is responsible to arrange every department to implement corporate governance, employee rights, environmental protection, and social engagement.	No major deviations.
II. Does the Company establish an exclusively (or part-time) dedicated unit for promoting Corporate Social Responsibility? Is the unit authorized by the Board of Directors to implement CSR activities at the executive level? Does the unit report the progress of such activities to the Board of Directors?	Yes		In terms of functions by department, the Company's Administrative Department is involved in CSR tasks, and is responsible for coordinating and planning promotions of CSR such as donations and environmental protection tasks. Subsequently, relevant departments and units will carry out the relevant actions and report their implementation results to the Board of Directors from time to time.	No major deviations.
III. Environmental Issues				
(I) Has the company set an environmental management system designed to fit the characteristics of its industry?	Yes		I. The Company operates in the drugstore retail channel and does not have production processes which produce pollutants such as wastewater or gases. Hence, the Company's actions toward environmental protection are decent.	No major deviations.
(II) Is the company committed to improving resource efficiency and to the use of renewable materials with low environmental impact?	Yes		II. In response to paperless procedures, the Company has enhanced operational efficiency and continued to promote online-based platform for its purchases. Systematic implementation has been adopted to replace paper-based documents between front and backend, and e-invoice has been promoted in various stores.	No major deviations.
(III) Has the company assessed the potential risks and opportunities arising from climate change at present and in the future and taken related countermeasures?	Yes		III. The Company pays attention to and evaluates the risks and threats of climate change to present and future supply, and expects suppliers to provide substitutes or other new technologies in response.	No major deviations.
(IV) Has the company the calculated the greenhouse gas emissions, water consumption, and total weight of waste over the past two years and established the policies with regard to energy conservation and carbon reduction, greenhouse gas reductions, water consumption, and waste management?	Yes		IV. The main greenhouse gases produced in the Company's operation site are due to the use of lighting and air conditioning. The Company's policy is to require the store colleagues to adjust the opening and temperature of air conditioning in time, install variable frequency air conditioning devices and make good use of fans for energy conservation. In terms of lighting, T5 lamps are replaced in succession to reduce carbon emission. The purchase of relevant PP&E will be based on the purchase of environmental protection and energy conservation standards and other	No major deviations.

Items for evaluation	State of Operations			Deviations from the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx-Listed Companies" and Reasons
	Yes	No	Summary	
			products, so as to reduce the impact of climate change on business activities.	
IV. Social Issues (I) Has the company set up management policy and procedures according to related laws and regulation and the International Human Rights Treaty?	Yes		(I) The Company has established the "Employee Work Rules" and relevant HR Management Regulations pursuant to the Labor Standards Act. To protect employees' rights and to respect internationally-recognized basic labor and human rights, the Company has established appropriate management methods and procedures to avoid any occurrence of hazards which may infringe the basic rights of workers. In addition, the Company's recruitment policy is based on the Act of Gender Equality in Employment and provides a work environment that is fair, equal, and free from discrimination or harassment to its workers.	No major deviations.
(II) Has the company established and offered proper employee benefits (including compensation, leave, and other benefits) and reflected the business performance or results in employee compensation appropriately?	Yes		(II) The Company has established a performance appraisal method in the salary system, which evaluates the work performance of colleagues according to the Company's operation performance and management status, and adjusts the basic salary regularly according to the department's performance. In addition to adjusting the basic salary and individual performance bonus, the Company recruits and retains the professional talents needed by the Company, and improves the employees' coherence and sense of belonging to the Company. The Company also takes share bonus as a way to share business results with colleagues.	No major deviations.
(III) Does the company provide a safe and health work environment for its employees and regularly implement safety and health education for employees?	Yes		(III) The Company regularly conducts employee health checkup to ensure employee health and well-being. According to the law and regulations of the labor safety, in order to prevent occupational injury, the Company has an overall planning for all safety items such as the inspection required by the occupational safety, and underwrite group insurance for employees, or strengthen the safety and health protection of employees.	No major deviations.
(IV) Has the company established an effective competency development career training program for employees?	Yes		(IV) In addition to the induction training for new employees, the Company implements various on-the-job training according to the department and job requirements. The Company has a complete set of education and training plan, and has complete training courses from new employees to store managers and franchised pharmacists, so as to improve the professional medical knowledge and quality of salespersons in the market.	No major deviations.
(V) Has the company followed relevant laws, regulations and international guidelines for the customer health and safety, customer privacy, and marketing and labeling of its products and services and established related consumer protection policies and grievance procedures?	Yes		(V) The Company's marketing and labeling for products and services are in compliance with relevant laws and standards of the industry. The Company adopts membership system, and relevant consumer rights policies have been clearly stated on the membership application pamphlet, and contents of which are in compliance with legal regulations.	No major deviations.
(VI) Has the company established the supplier management policies requesting suppliers to comply with laws and regulations related to environmental protection, occupational safety and health or labor rights and supervised their compliance?	Yes			

Items for evaluation	State of Operations			Deviations from the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx-Listed Companies" and Reasons
	Yes	No	Summary	
			In addition, promotional activities are also announced on the Company website and flyers. In case of consumer dispute, consumers can submit grievances to our toll-free hotline at 0800-678-222 and customer mailbox. (VI) The Company's contracts with its major suppliers do not specifically include clauses to terminate the contract at any time should the supplier violate its CSR policy, and poses material influences on the environment and the society. Nevertheless, if such circumstances occur, the Company will choose never to carry out business transactions with suppliers who do not value CSR.	No major deviations.
V. Did the company, following internationally recognized guidelines, prepare and publish reports such as its Corporate Social Responsibility report to disclose non-financial information of the company? Has the company received assurance or certification of the aforesaid reports from a third party accreditation institution?	Yes		The Company has prepared its own corporate social responsibility report and disclosed information related to corporate social responsibility on the Company's website, but the report has not been verified by a third party unit.	No major deviations.

VI. If the company has established its Corporate Social Responsibility Best Practice Principles according to "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies," please describe the operational status and any deviations: the Company has established a set of "Corporate Social Responsibility Best Practice Principles," and no material deviation is found between current practices and the Principles.

VII. Other information to facilitate better understanding of the company's implementation of Corporate Social Responsibility:

1. Environmental protection: The Company operates as a medical/pharmaceutical products retail channel and does not have production processes; hence, the Company does not lead to environmental pollution.
2. Social participation, social contribution, community service and social welfare: The Company participates in various educational, social, and cultural activities through donating to social welfare groups, fulfilling our corporate social responsibility.
    - Donated the Taishin Charity Foundation to help care for the disadvantaged in 2020.
    - Donated funds to Luzhu District of Taoyuan City to replace old equipment in 2020.
    - In 2020, the pharmacists and their partners in Zhudongmen kept caring for the needs of local heads and went to Wufeng Township and Emei Township from time to time to hold various health testing and drug safety publicity activities.
    - During Baishatun Matsu's inspection tour in 2020, the shop partners spontaneously provided the devotees with drinking water and soreness relief supplies, as well as timely professional medical consultation and services.
    - During each summer and winter break, internship program for Pharmacy majors from various colleges and universities is organized, building a seamless transition for students from internship, employment to entrepreneurship.
    - Health seminars and mothers' workshops are organized in collaboration with suppliers in each year so that employees and consumers can both receive professional health care information.
3. Consumer rights: The Company has a designated toll-free 0800 customer hotline in charge of receiving customer complaints.
4. Human rights: The Company's employees receive equal treatments in all aspects including gender, religion, and political inclination. In addition, the Company also provides a fair work environment, ensuring employees are free from discrimination and harassment.
5. Safety and health: The Company complies with labor safety and health laws from the government and carries out various health and safety tasks. Relevant details are established in the "Worker Safety and Health Work Rules."

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

Item	State of Operations			Implementation of Ethical Corporate Management and the Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies," and Reasons
	Yes	No	Summary	
I. Establishment of Corporate Conduct and Ethics Policy and implementation measures				
(I) Has the company established the ethical corporate management policies approved by the Board of Directors and specified in its rules and external documents the ethical corporate management policies and practices and the commitment of the board of directors and senior management to rigorous and thorough implementation of such policies?	Yes		(I) The Company's highest level of management sees ethical management as a guiding principle, and corporate management is carried out to maximize the greatest interest for shareholders and employees. The Company has established a set of "Procedures for Ethical Management and Guidelines for Conduct," which was approved by the Board of Directors and clearly states the ethical corporate management policy. The Human Resource Department is in charge of establishing and supervising the implementation of the ethical corporate management policy and preventive measures, and regularly reports to the Board of Directors.	No major deviations.
(II) Has the company established a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within its business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include the preventive measures specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?	Yes		(II) The Company's work rules regulate that all employees shall conform to the company's good faith business policies and relevant regulations in the process of engaging in business activities, and expressly refuse to directly or indirectly provide, promise, require or accept any improper interests in any form or name.	No major deviations.
(III) Has the company specified in its prevention programs the operating procedures, guidelines, punishments for violations, and a grievance system and implemented them and review the prevention programs on a regular basis?	Yes		(III) This is carried out in accordance with the Company's "Procedures for Ethical Management and Guidelines for Conduct." The Procedures also clearly states that the Company and its Directors, Supervisors, managerial officers and employees are banned from bribery and accepting bribes as well as prohibited from provision of illegal political contributions. The Company's work rules specifies that all employees are not allowed to have unethical conduct. In addition to regular audits conducted by internal auditors, employees may express their opinions or complaints with the HR or management directly.	No major deviations.

Item	State of Operations			Implementation of Ethical Corporate Management and the Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies," and Reasons
	Yes	No	Summary	
II. Implementing integrity operation (I) Has the company assessed the integrity records of its transaction counterparties, and specified ethical business policy in contracts with them?	Yes		(I) Before transacting with dealers, suppliers, or customers and other counterparties, the Company will take their legality and whether records of unethical conduct exist into consideration, and also includes ethical conduct as a contractual clause.	No major deviations.
(II) Has the company set up a dedicated (concurrent serving) unit under the Board of Directors to promote ethical corporate management and regularly (at least once every year) report to the Board of Directors the implementation of the ethical corporate management policies and prevention programs against unethical conduct?	Yes		(II) The Company has set up "Procedures for Ethical Management and Guidelines for Conduct" and designates the HR Department to be in charge in relevant procedures to ethical management including amendments, implementations, consultation and educational training. Implementation results are regularly compiled and reported to the Board of Directors.	No major deviations.
(III) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement such policy properly?	Yes		(III) The Company has established Employee Work Rules and bans employees from using their work-related rights and opportunities to request for monetary bribery or other inappropriate interests to prevent unethical conduct. While transacting with stakeholders, terms and conditions of the transaction may not be better than transactions with other similar counterparties. The Company also provides fluent channels of communication, and employees can provide feedback to each level of the management and the HR department through various channels.	No major deviations.
(IV) Has the company established effective accounting systems and internal control systems to implement ethical corporate management and had its internal audit unit, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans and audit the compliance with the prevention programs accordingly or entrusted a CPA to conduct the audit?	Yes		(IV) The Company has established rigorous accounting system and designated accounting department. All financial statements are audited or reviewed by CPA to ensure the fairness of financial statements. The amount of each transaction is submitted to a delegated level of authority for approval, complying with relevant laws and internal processing procedures.	No major deviations.
(V) Does the company regularly organize internal and external training geared towards ethical business conduct?	Yes		(V) To promote and advocate for ethical conduct, the Company conducts educational training for "Ethical Corporate Management Principles" during monthly meetings, announcements, and departmental meetings, and relevant regulations have been uploaded to the Company website, allowing employees to access at any time.	No major deviations.
III. Operations of the whistleblowing channel (I) Does the company establish a specific whistleblowing and reward system, set up convenient whistleblowing channels and designated appropriate personnel?	Yes		(I) Based on the materiality of the whistleblowing incident, the Company will give incentives to the whistleblower, and an independent whistleblowing mailbox and hotline have been set up within the Company. Employees may	No major deviations.

<table>
<tr><td rowspan="2">Item</td><td colspan="3">State of Operations</td><td rowspan="2">Implementation of Ethical Corporate Management and the Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies," and Reasons</td></tr>
<tr><td>Yes</td><td>No</td><td>Summary</td></tr>
<tr><td>(II) Has the company established the standard operating procedures for investigating reported misconduct, follow-up measures to be adopted after the investigation, and related confidentiality mechanisms?
(III) Does the company adopt proper measures to prevent a whistleblower from retaliation for his/her filing a complaint?</td><td>Yes

Yes</td><td></td><td>access designated departments to handle relevant tasks through multiple channels or to reflect or provide feedback to various levels of the management and HR department.
(II) Pursuant to the Company's "Procedures for Ethical Management and Guidelines for Conduct," the Company will keep the whistleblowers' identity and contents of information confidential. A whistleblower shall at least furnish the following information:
I. The whistleblower's name and I.D. number, and an address, telephone number and e-mail address where it can be reached.
II. The informed party's name or other information sufficient to distinguish its identifying features.
III. Specific facts available for investigation.
(III) The Company personnel handling whistle-blowing matters shall represent in writing they will keep the whistleblowers' identity and contents of information confidential. The Company also undertakes to protect the whistleblowers from improper treatment due to their whistle-blowing.</td><td>No major deviations.

No major deviations.</td></tr>
<tr><td>IV. Strengthening information disclosure
(I) Does the company disclose its guidelines on business ethics as well as information about implementation of such guidelines on its website and the MOPS?</td><td>Yes</td><td></td><td>(I) To build a corporate culture of ethical corporate management and to promote sound development, the "Procedures for Ethical Management and Guidelines for Conduct" has been approved by the Board of Directors and implemented. In addition, the Company discloses its information on the MOPS on a timely, open, and transparent basis.</td><td>No major deviations.</td></tr>
<tr><td colspan="5">V. If the company has established corporate governance policies based on "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies", please describe any discrepancy between the policies and their implementation: The Company has established "Procedures for Ethical Management and Guidelines for Conduct," and no material deviation is found between actual implementations and the Procedures.</td></tr>
<tr><td colspan="5">VI. Other important information that facilitate the understanding of the implementation of ethical corporate management (such as review and amendment of the Company's Ethical Corporate Management Best Practice Principles):
1. Compliance to public and legal departments: The Company shall comply with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Statute, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, TWSE/TPEx listing rules, or other laws or regulations regarding commercial activities, as the underlying basic premise to facilitate ethical corporate management.
2. Fulfillment of ethical transaction responsibility to customers and suppliers: the Company has always been grateful to customers and respects suppliers. All business transactions are carried out in a fair and transparent manner, providing customers or suppliers with fair and reasonable benefits and results, thus creating synergistic growth.</td></tr>
</table>

Item	State of Operations			Implementation of Ethical Corporate Management and the Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies," and Reasons
	Yes	No	Summary	
3. Fulfillment of ethical management responsibility to shareholders: the Company treats shareholders with care and loyalty, and fully discloses accurate information on a timely basis and creates the greatest value for all shareholders through robust and sound management practices. 4. Prevention of unethical conduct from Directors, Supervisors, managerial officers or employees: The Company has established "Management Procedures to Prevent Insider Trading," "Rules of Procedure for Board of Directors Meetings," "Procedures for Ethical Management and Guidelines for Conduct," and "Codes of Ethical Conduct" on top of internal control system. In addition, the Company also regularly conducts educational training and character and ethical evaluation for employees so that Directors, Supervisors, managers, or staff may faithfully carry out their obligations and to prevent any direct or indirect of provision, commitment, request or acceptance of any form of inappropriate interests including rebates, commissions, facilitation fees, or provision or acceptance of undue benefits through other means from/to customers, dealers, contractors, suppliers, public officials or other stakeholders.				

(VIII) If the Company has formulated the Corporate Governance Best Practice Principles and relevant regulations, it shall disclose its inquiry method:
Please refer to the Market Observation Post System (http://newmops.tse.com.tw/公司治理).

(IX) Other material information that can enhance the understanding of the state of Corporate Governance at the Company:

1. Procedures for Handling Material Inside Information: The Company has established "Management Procedures to Prevent Insider Trading," "Procedures for Ethical Management and Guidelines for Conduct," and "Codes of Ethical Conduct" as the principles that all the Company's Directors, Supervisors, managers, and employees shall comply with. These rules clearly state the laws, articles, and regulations that the Company's Directors, Supervisors, managers, and staff shall comply with, including laws on insider trading.

2. For inquiries, please refer to: the investor zone of our website: https://www.greattree.com.tw/article-page/investor

(X) Implementation of internal control system

1. Statement on Internal Control

Great Tree Pharmacy Co., Ltd.
Statement on Internal Control

Date: March 18, 2021

Regarding the internal control system of the Company from January 1, 2020 to December 31, 2020, based on the results of our self-evaluation, we hereby make the following statement:

I. Great Tree has clearly stipulated that the establishment, implementation, and maintenance of the internal control system are the responsibilities of the Company's Board of Directors and managers, and the Company has established the internal control system (ICS). Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency of our reporting, and compliance with applicable rulings, laws and regulations.

II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.

III. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (herein below, the Regulations). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities. Each constituent element includes a number of categories. Please see rules from the "Regulations" for details on the aforementioned categories.

IV. The Company has already adopted the aforementioned ICS assessment items to evaluate the effectiveness of ICS design and implementation.

V. Based on the results of the foregoing evaluation, the Company considers that its internal control system (including the supervision and management of its subsidiaries) as of December 31, 2020, including understanding that the design and implementation of the internal control systems related to the effectiveness of operations, the extent of efficiency objective achievement, the report reliability, timeliness, transparency and compliance, and the compliance with relevant regulations and relevant laws and regulations, are effective and can reasonably ensure the achievement of the above objectives.

VI. This Statement is an integral part of the Company's Annual Report for this year and Prospectus, and is publicly disclosed. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. This statement has been approved by the Board of Directors of the Company on March 23, 2021. Among the six directors present, 0 of them disagreed. They all agree to the contents of this statement.

Great Tree Pharmacy Co., Ltd.

Chairman: (signed or sealed)

General Manager: (signed or sealed)

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

(XI) Punishments against the Company and its internal personnel in accordance with the law in the most recent year and up to the date of the publication of the annual report, punishments imposed by the Company against its internal personnel for violating the provisions of the internal control system, major deficiency and improvement: none.

(XII) Major Resolutions of Shareholders' Meeting and Board Meetings During the Most Recent Fiscal Year Up to the Date of Publication of the Annual Report:

1. Material resolutions from the Shareholders' Meeting and implementations:

Year	Name	Content of proposal	Resolution and status of implementation
2020.06.17	2020 General Shareholders' Meeting	I. Management Presentation (I) The Company's 2019 Business Report. (II) The Company's 2019 Supervisors' Audit Report. (III) The Company's 2019 Distribution of Employee Compensation and Remunerations of the Directors and Supervisors. (IV) Proposal on formulating the Best Practices for Ethical Corporate Management of the Company. (V) Amendments to the Company's Corporate Governance Best Practice Principles. (VI) Amendments to the Company's Corporate Social Responsibility Best Practice Principles. (VII) Amendments to the Company's "Procedures for Ethical Management and Guidelines for Conduct". (VIII) Status of the Company's Issuance of Domestic Unsecured Convertible Bonds.	
		II. Proposals (I) The Company's 2019 Business Report and Financial Statements.	Proposal passed without dissent. Announced to the competent authority and disclosed to the public.
		(II) The Company's 2019 Appropriation of Profit.	Proposal passed without dissent. On June 17, 2020, the shareholders' meeting authorized the Chairman of the Board of Directors to set the ex-dividend base date as July 22, 2020, and August 12, 2020 as the cash dividend payment date, both of which have been implemented.
		III. Discussions (I) Proposal for a new share issue through capitalization of earnings.	The stock dividend of NT$78,271,670 (about 176 shares allotted per one thousand shares) for the year of 2019 was approved without objection. After being approved by the competent authority, it was directly transferred to the accounts of all shareholders by TDCC on October 27, 2020 and traded on the stock exchange on the same day.

		(II) Amendments to the Company's Articles of Incorporation. (III) Amendments to the Company's Rules of Procedure for Shareholders' Meetings. (IV) Proposal on amending some provisions of the Company's "Procedures for the Election of Directors and Supervisors" and changing its name to "Procedures for the Election of Directors (V) Amendments to the Company's Regulations Governing the Acquisition and Disposal of Assets, Regulations Governing Loaning of Funds, and Regulations Governing Making of Endorsements/Guarantees. IV. Elections General Re-elections of the Board of Directors. V. Other Matters To release the newly elected Director and their representative(s) from non-competition restriction.	Proposal passed without dissent. Proposal passed without dissent. Proposal passed without dissent. Proposal passed without dissent. Result of election: Yu-Teng Liu, representative of Jun Wei Investment Co., Ltd., Ming-Lung Cheng, representative of Zhen Han Investment Co., Ltd., Top Taiwan Venture Capital Co., Ltd. and Hung-Yi Chen were elected as directors of the Company; Tian-Dao Liu, Dai-Huang Kuo and Hsing-Wen Wang were elected as independent directors of the Company. Proposal passed without dissent.

2. Important resolutions of the Board of Directors in 2020 and as of the publication date of the annual report: The Board of Directors of the Company held a total of nine meetings in 2020 and as of the publication date of the annual report. The important resolutions of the meetings are summarized as follows:

Year	Name	Material resolution	Resolution and status of implementation
2020.01.16	17th meeting of the 2nd Board of Directors	1. Approved the Company's 2020 annual budget. 2. Approved the benchmark date for the issuance of new shares for the first unsecured convertible corporate bonds into common shares. 3. Approved Best Practices for Ethical Corporate Management stipulated for this Company. 4. Approved partial amendment of the Standard Operating Procedure for Ethical Management and Guidelines for Conduct 5. Approved to apply for credit line from Citibank by the Company.	1. Proposal passed without dissent. 2. Proposal passed without dissent. 3. Proposal passed without dissent. 4. Proposal passed without dissent. 5. Proposal passed without dissent.
2020.03.09	18th meeting of the 2nd Board of Directors	1. Approved the amendments to some of the articles in the Company's "Articles of Incorporation." 2. Approved the independence of the Company's CPA. 3. Approved the Company's 2019 Distribution of Employee Compensation and Remunerations of the Directors and Supervisors. 4. Approved the Company's 2019 Business Report and Financial Statements. 5. Approved the Company's 2019 Appropriation of Net Income.	1. Proposal passed without dissent. 2. Proposal passed without dissent. 3. Proposal passed without dissent. 4. Proposal passed without dissent. 5. Proposal passed without dissent.

		6. Approved the Company's proposal for a new share issue through capitalization of earnings. 7. Approved the Company's 2019 Statement of Internal Control. 8. Approved the organizational procedures of the Audit Committee. 9. Approved to amend some articles of the Company's "Procedures for the Acquisition or Disposal of Assets", "Procedures for the Loan of Funds to Others" and "Procedures for the Handling of Endorsements and Guarantees". 10. Approved the amendments to some of the articles in the Company's "Rules of Procedure for Shareholders' Meetings." 11. Approved the amendments to certain articles of the "Remuneration Committee Charter". 12. Approved the amendments to some of the articles in the Company's "Rules of Procedure for Board of Directors Meetings." 13. Approved to amend some provisions of the Company's "Procedures for the Election of Directors and Supervisors" and change its name to "Procedures for the Election of Directors". 14. Approved a comprehensive re-election of directors. 15. Approve the lifting of non-competition restriction for newly appointed directors and their representatives. 16. Approved to increase the credit line of CTBC Bank. 17. Approved the appointment and salary classification of the Company's senior executives. . 18. Approved tasks related to calling the Annual Shareholders' Meeting 2020.	6. Proposal passed without dissent. 7. Proposal passed without dissent. 8. Proposal passed without dissent. 9. Proposal passed without dissent. 10.Proposal passed without dissent. 11.Proposal passed without dissent. 12.Proposal passed without dissent. 13.Proposal passed without dissent. 14.Proposal passed without dissent. 15.Proposal passed without dissent. 16.Proposal passed without dissent. 17.Proposal passed without dissent. 18.Proposal passed without dissent.
2020.05.07	19th meeting of the 2nd Board of Directors	1. Passed the proposal on amending some provisions of the Company's “Corporate Governance Best Practice Principles”, the “Corporate Social Responsibility Best Practice Principles”, and the “Procedures for Ethical Management and Guidelines for Conduct”. 2. Passed the proposal on nominating director and independent director candidate list and independent director nominee qualification examination. 3. Passed the proposal on lifting the non-competition restriction for newly elected directors and their representatives. 4. Approved the benchmark date for the issuance of new shares for the first unsecured convertible corporate bonds into common shares.	1. Proposal passed without dissent. 2. Proposal passed without dissent. 3. Proposal passed without dissent. 4. Proposal passed without dissent.
2020.06.17	1st meeting of the 3rd Board of Directors	Passed the election of new Chairman.	All the directors present unanimously elected Mr. Yu-Teng Liu, representative of Jun Wei Investment Co., Ltd. as the Chairman.
2020.08.12	2nd meeting of the 3rd Board of Directors	1. Passed the proposal on the Company's consolidated financial statements for Q2 2020. 2. Passed the proposal on the establishment of base date for capital increase by reinvestment of surplus, issuance of new shares and distribution of stock dividends, ex-rights and allotments. 3. Approved the benchmark date for the issuance of new shares for the first unsecured convertible corporate bonds into common shares.	1.Proposal passed without dissent. 2.Proposal passed without dissent. 3.Proposal passed without dissent.
2020.10.22	3rd meeting of the 3rd Board of	1. Passed the proposal on the Company’s 2019 remuneration distribution for directors and supervisors. 2. Passed the proposal on the Company's second actual	1.Proposal passed without dissent. 2.When voting on this

	Directors	issuing date and the list of stockholders under the "Employee Stock Option Issuing and Subscription Measures for 2019" 3. Passed the amendments to certain articles of the "Remuneration Committee Charter".	proposal, the interested parties (General Manager Ming-Lung Cheng, Assistant Manager Shu-Yi Wu of Financial Department) shall leave the meeting first, and the rest of the directors present shall adopt it. 3. Proposal passed without dissent.
2020.11.10	4th meeting of the 3rd Board of Directors	1. Passed the proposal on amending some provisions of the Company's "Rules of Procedure for Board of Directors Meetings", "Procedures for the Election of Directors" and "Rules of Procedure of the Board of Shareholders". 2. Passed the proposal on amending the "Organizational Procedures of the Audit Committee" of the Company. 3. Passed the proposal on amending some provisions of the Company's "Board of Directors' Self-evaluation or Peer Evaluation Method" 4. Passed the proposal on preparing the "Annual Audit Plan" for 2021. 5. Approved the benchmark date for the issuance of new shares for the first unsecured convertible corporate bonds into common shares. 6. Passed the proposal for the Company to apply for credit line of NT$100 million to Shanghai Commercial & Savings Bank. 7. Passed the election of Chairman of the Company.	1. Proposal passed without dissent. 2. Proposal passed without dissent. 3. Proposal passed without dissent. 4. Proposal passed without dissent. 5. Proposal passed without dissent. 6. Proposal passed without dissent. 7. All the attended directors agreed to elect Ming-Lung Cheng, representative of Zhen Han Investment Co., Ltd., as the Chairman.
2021.02.04	5th meeting of the 3rd Board of Directors	1. Passed the proposal on the Company's 2021 annual budget. 2. Passed the proposal on establishing a 100% owned subsidiary in Taiwan to meet the needs of future business development. 3. Passed the proposal on designating the directors of the subsidiary. 4. Approved the benchmark date for the issuance of new shares for the first unsecured convertible corporate bonds into common shares. 5. Passed the proposal on applying for credit line of US$10 million to CitiBank. 6. Passed the proposal on year-end performance bonus allocation plan for the Company's managers 7. Passed the monthly salary structure and payment amount of the new Chairman of the Company	1. Proposal passed without dissent. 2. Proposal passed without dissent. 3. Proposal passed without dissent. 4. Proposal passed without dissent. 5. Proposal passed without dissent. 6. When voting on this proposal, the interested parties (General Manager Ming-Lung Cheng, Assistant Manager Shu-Yi Wu of Financial Department) shall leave the meeting first, and the rest of the directors present shall adopt it. 7. When voting on this proposal, the interested parties (General Manager Ming-Lung Cheng, Assistant Manager Shu-Yi Wu of Financial Department) shall leave the meeting first, and the rest of the directors present shall adopt it.
2021.03.18	6th meeting of the 3rd	1. Approved the amendments to some of the articles in the Company's "Articles of Incorporation."	1. Proposal passed without dissent.

	Board of Directors	2. Approved the independence of the Company's CPA. 3. Approved the Company's 2020 Distribution of Employee Compensation and Remunerations of the Directors and Supervisors. 4. Approved the Company's 2020 Business Report and Financial Statements. 5. Approved the Company's 2020 Appropriation of Net Income. 6. Approved the Company's proposal for a new share issue through capitalization of earnings. 7. Approved the Company's 2020 Statement of Internal Control. 8. Passed the proposal on amending some provisions of the Company's "Procedures for the Acquisition or Disposal of Assets". 9. Approved the amendments to some of the articles in the Company's "Rules of Procedure for Shareholders' Meetings." 10. Passed the proposal on by-election of one director of the Company. 11. Passed the proposal on long-term investment for the full use of funds of the Company. 12. Approved tasks related to calling the Annual Shareholders' Meeting 2021.	2. Proposal passed without dissent. 3. Proposal passed without dissent. 4. Proposal passed without dissent. 5. Proposal passed without dissent. 6. Proposal passed without dissent. 7. Proposal passed without dissent. 8. Proposal passed without dissent. 9. Proposal passed without dissent. 10. Proposal passed without dissent. 11. Proposal passed without dissent. 12. Proposal passed without dissent.

(XIII) In the most recent year and as of the publication date of this report whether there are Directors or Supervisors having different opinions on the important resolutions passed by the Board of Directors with records or written announcements: None.

(XIV) Summary of the resignation and dismissal of the Company's Chairman, President, Accounting Officer, Financial Officer, Head of Internal Audit and Head of Research and Development:

Title	Name	Date of serving	Date of Termination	Reasons for Resignation or Termination
Chairman	Legal representative of Jun Wei Investment Co., Ltd.: Yu-Teng Liu	January 1, 2001	November 9, 2020	Planned resignation

V. Information on professional fees for CPA

Range of compensations for CPA professional fees

Name of accounting firm	Name of CPA		Auditing period	Remark
Ernst & Young	Lo Hsiao Chin	Cheng Ching Piao	2020	

Range of the amount \ Category of fees		Audit fees	Non-audit fees	Total
1	Less than NT$2,000 thousand	—	V	—
2	Between NT$2,000 thousand (inclusive) to NT$4,000 thousand	V	—	V

(I) In case non-auditing fees paid to CPA, accounting firm of CPA and its affiliates reaches one-fourth (1/4) of the auditing fees:

Unit: NT$ '000

Name of accounting firm	Name of CPA	Audit fees	Non-audit fees					Auditing period	Remark
			System design	Business registration	Human resources	Others (Note 2)	Sum		
Ernst & Young	Lo Hsiao Chin Cheng Ching Piao	2,816	0	243	0	0	243	January 1, 2020 to December 31, 2020	

Note 1. Where the Company replaces the CPA or accounting firm, the audit periods of the former and successor CPA or firm shall be annotated separately with the reason for replacement. The audit and non-audit fees paid to the former and succeeding CPA or firm shall also be disclosed.

Note 2. Non-auditing fees should be separately indicated by type of service. If the "others" category in non-auditing fees reaches 25% of the non-auditing fees, the service shall be indicated in the Remarks column.

(II) Where the Company replaces the CPA and the auditing fees paid in the year of the replacement is less than that of the previous year: None.

(III) Auditing fee is 15% or more less than the previous year: None.

VI. Information on Replacement of CPA:

Not applicable.

VII. Where the Company's Chairman, General Manager, or managers from finance or accounting departments who have worked in the CPA's audit firm or its affiliate companies in the last fiscal year: None.

VIII. Conditions of share transfer and changes in equity pledge from the Directors, Supervisors, managers, and shareholders who hold more than 10% of shares, from the past year up to the date of publication of the Annual Report

(I) Share transfer and changes in equity pledge from Directors, Supervisors, managers, and substantial shareholders

Unit: shares

Title	Name	2020		2021 as at April 26	
		Changes in shares held	Changes in shares pledged	Changes in shares held	Changes in shares pledged
Corporate Director	Jun Wei Investment Co., Ltd (Note 1)	1,106,531	0	0	0
Representative of the Corporate Director	Yu-Teng Liu (Note 1)	26,747	0	0	0
Corporate Director	Zhen Han Investment Co., Ltd (Note 2)	908,648	380,000	0	0
Representative of the Corporate Director and General Manager	Ming-Lung Cheng (Note 2)	203,332	0	0	0
Corporate Director	Yuang Ding Investment Co., Ltd (Note 3)	(50,000)	0	0	0
Corporate Director	Top Taiwan Venture Capital Co., Ltd. (Note 4)	49,949	0	0	0
Representative of the Corporate Director	Li-Ping Shen (Note 4)	8,447	0	0	0
Director	Hung-Yi Chen (Note 5)	0	0	0	0
Deputy General Manager	Shan-Feng Lu	68,316	0	0	0
Assistant Manager at Finance Department	Shu-Yi Wu	28,269	0	0	0
Supervisors	Hsieh-Po Chuan (Note 6)	0	0	0	0
Supervisors	Shu-Liang Liu (Note 7)	0	0	0	0
Supervisors	Hung-Yi Chen (Note 8)	0	0	0	0
Independent Director	Tian-Dao Liu (Note 9)	0	0	0	0
Independent Director	Tsung-Te Wei (Note 10)	0	0	0	0
Independent Director	Dai-Huang Kuo (Note 11)	5,398	0	0	0
Independent Director	Hsing-Wen Wang (Note 12)	0	0	0	0

Note 1: On June 17, 2020, Jun Wei Investment Co., Ltd. appointed its representative, Yu-Teng Liu, to be elected

director, and Jun Wei Investment Co., Ltd. was the major shareholder of the Company holding more than 10% shares, but resigned as Director and Chairman on November 09, 2020.

Note 2: On June 17, 2020, Zhen Han Investment Co., Ltd. appointed its representative, Ming-Lung Cheng, to be elected director, and Zhen Han Investment Co., Ltd. was the major shareholder of the Company holding more than 10% shares, and was elected as the Chairman by the Board of Directors on November 10, 2020.

Note 3: Top Taiwan VIII Venture Capital Co., Ltd. was elected as a corporate director on June 23, 2017, and retired after general election at the shareholders' meeting on June 17, 2020.

Note 4: Top Taiwan Venture Capital Co., Ltd. was elected as a corporate director on June 17, 2020, and designated natural person representative Li-Ping Shen to exercise the duties.

Note 5: Hung-Yi Chen was elected to be a director as a natural person at the regular meeting of shareholders on June 17, 2020.

Note 6: Po-Chuan Hsieh was elected to be a supervisor as a natural person at the general meeting of shareholders on June 23, 2017 and retired from office following general election at the general meeting of shareholders on June 17, 2020.

Note 7: Shu-Liang Liu was elected to be a supervisor as a natural person at the general meeting of shareholders on June 23, 2017 and retired from office following general election at the general meeting of shareholders on June 17, 2020.

Note 8: Hung-Yi Chen was elected to be a supervisor as a natural person at the general meeting of shareholders on June 23, 2017 and retired from office following general election at the general meeting of shareholders on June 17, 2020.

Note 9: Tian-Dao Liu was elected to be an independent director as a natural person at the regular meeting of shareholders on June 17, 2020.

Note 10: Tsung-Te Wei was elected to be an independent director as a natural person at the general meeting of shareholders on June 23, 2017 and retired from office following general election at the general meeting of shareholders on June 17, 2020.

Note 11: Dai-Huang Kuo was elected to be an independent director as a natural person at the regular meeting of shareholders on June 17, 2020.

Note 12: Hsing-Wen Wang was elected to be an independent director as a natural person at the regular meeting of shareholders on June 17, 2020.

(II) Information on equity transfer and related parties: None.

(III) Information on equity pledge and related parties: None.

IX. Information on top ten substantial shareholders who are related parties, or having spousal relationship, or familial relationship within the second degree of kinship, with each other

April 26, 2021 (book closure day)

Name (Note 1)	Shares held in person		Shares held by spouse and minor children		Shares held in others' names		Names and relationships of top ten substantial shareholders who have spousal relationship, or familial relationship within the second degree of kinship, with each other (Note 3)		Remark
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Title (or name)	Relations	
Jun Wei Investment Co., Ltd.	7,383,517	13.67%	-	-	-	-	Zhen Han Investment Co., Ltd Hao Cheng Investments Co., Ltd. Shu-Liang Liu	Person in charge of Zhen Han Investment Co., Ltd. is a brother of the person in charge of Hao Cheng Investments Co., Ltd. Person in charge of Hao Cheng is a brother of the person in charge of Jun Wei Second degree of kinship with the person in charge of Jun Wei	-
Representative of Jun Wei Investment Co., Ltd: Yu-Teng Liu	178,479	0.33%	-	-	-	-	Zhen Han Investment Co., Ltd Hao Cheng Investments Co., Ltd. Shu-Liang Liu	Person in charge of Zhen Han Investment Co., Ltd. is a brother of the person in charge of Hao Cheng Investments Co., Ltd. Person in charge of Hao Cheng is a brother of the person in charge of Jun Wei Second degree of kinship with the person in charge of Jun Wei	-
Zhen Han	6,063,106	11.23%	-	-	-	-	Jun Wei	Person in	-

Name (Note 1)	Shares held in person		Shares held by spouse and minor children		Shares held in others' names		Names and relationships of top ten substantial shareholders who have spousal relationship, or familial relationship within the second degree of kinship, with each other (Note 3)		Remark
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Title (or name)	Relations	
Investment Co., Ltd.							Investment Co., Ltd. Hao Cheng Investments Co., Ltd. Shu-Liang Liu	charge of Jun Wei is a brother of the person in charge of Zhen Han Second degree of kinship with the person in charge of Zhen Han Investment Co., Ltd.	
Representative of Zhen Han Investment Co., Ltd: Ming-Lung Cheng	1,356,767	2.51%	-	-	-	-	Jun Wei Investment Co., Ltd. Hao Cheng Investments Co., Ltd. Shu-Liang Liu	Person in charge of Jun Wei Investment Co., Ltd. is a brother of the person in charge of Zhen Han Investment Co., Ltd. Person in charge is the same Second degree of kinship with the person in charge of Zhen Han Investment Co., Ltd.	-
Hao Cheng Investments Co., Ltd.	4,230,700	7.83%	-	-	-	-	Jun Wei Investment Co., Ltd. Zhen Han Investment Co., Ltd Shu-Liang Liu	Person in charge of Jun Wei is a brother of the person in charge of Hao Cheng Second degree of kinship with the person in charge of Hao Cheng Investments Co., Ltd.	-
Hao Cheng Investments	1,356,767	2.51%	-	-	-	-	Jun Wei Investment	Person in charge of Jun	-

Name (Note 1)	Shares held in person		Shares held by spouse and minor children		Shares held in others' names		Names and relationships of top ten substantial shareholders who have spousal relationship, or familial relationship within the second degree of kinship, with each other (Note 3)		Remark
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Title (or name)	Relations	
Co., Ltd. Representative: Ming-Lung Cheng							Co., Ltd. Zhen Han Investment Co., Ltd Shu-Liang Liu	Wei is a brother of the person in charge of Hao Cheng Person in charge is the same Second degree of kinship with the person in charge of Hao Cheng Investments Co., Ltd.	
Ri-Long Investment Co, Ltd	1,597,579	2.96%	-	-	-	-	Zhen Han Investment Co., Ltd Hao Cheng Investments Co., Ltd.	Person in charge of Zhen Han and Hao Cheng is the spouse of the person in charge of Ri-Long	-
Ri-Long Investment Co, Ltd Representative: Chia-Ling Chan	-	-	1,356,767	2.51%	-	-	Zhen Han Investment Co., Ltd Hao Cheng Investments Co., Ltd.	Person in charge of Zhen Han and Hao Cheng is the spouse of the person in charge of Ri-Long	
Ming-Lung Cheng	1,356,767	2.51%	-	-	-	-	Jun Wei Investment Co., Ltd. Zhen Han Investment Co., Ltd Hao Cheng Investments Co., Ltd.	Person in charge of Jun Wei Investment Co., Ltd. is a brother of the person in charge of Zhen Han Investment Co., Ltd. Person in charge of the company Person in charge of the company Spouse of the person in	-

Name (Note 1)	Shares held in person		Shares held by spouse and minor children		Shares held in others' names		Names and relationships of top ten substantial shareholders who have spousal relationship, or familial relationship within the second degree of kinship, with each other (Note 3)		Remark
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Title (or name)	Relations	
							Ri-Long Investment Co, Ltd	charge of Ri-Long	
Fubon Insurance Co., Ltd.	1,324,610	2.45%	-	-	-	-	-	-	-
Representative of Fubon Life Insurance Co., Ltd.: Chen Po-Yao	-	-	-	-	-	-	-	-	
Shu-Liang Liu	1,268,344	2.35%	-	-	-	-	Jun Wei Investment Co., Ltd. Zhen Han Investment Co., Ltd Hao Cheng Investments Co., Ltd. Ri-Long Investment Co, Ltd	Second degree of kinship with the person in charge of the company	-
Feastogether Group	1,129,674	2.09%	-	-	-	-	-	-	-
Representative of Feastogether Group: Chi-Chang Chen	-	-	-	-	-	-	-	-	-
Chen-Yu Wang	778,063	1.44%	-	-	-	-	-	-	-
Special account for investment of Fu Yang Co., Ltd. under the custody of Bank Sinopac Company Limited	620,000	1.15%	-	-	-	-	-	-	-

Note 1: All the top 10 substantial shareholders shall be listed. For juristic person shareholders, their names and the name of their representatives shall be listed separately.
Note 2: Calculation of shareholding ratio is calculated by shares held by the person, by spouse, by minor children, or under others' names.
Note 3: Relationships between the aforementioned shareholders, including juristic person shareholders and natural person shareholders shall be disclosed based on the financial reporting standards used by the issuer.

X. Shares held by the Company, its Directors, Supervisors, managers, and businesses either directly or indirectly controlled by the Company as a result of investment, and the ratio of consolidated shares held

April 30, 2021, Unit: Share; %

Reinvestment business (Note)	Investments of the Company		Investments of Directors, Supervisors, Managers and directly or indirectly controlled businesses		Total Ownership	
	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)
Ivy Biotechnology Co., Ltd.	5,900,000	100.00	0	0.00	5,900,000	100.00
Bai-Lin Logistics Co., Ltd.	200,000	100.00	0	0.00	200,000	100.00
Da Yu Property Management Co., Ltd.	360,000	60.00	0	0.00	360,000	60.00

Note: Invested by the Company using the equity method

Chapter 4 Fundraising Situation

I. Capital and Shares

(I) Source of Capital

(1) Sources of Share Capital

April 26, 2021 (Unit: Share; NT$)

Month, Year	Issued price	Authorized capital		Paid-in capital		Remark		
		Number of shares	Amount	Number of shares	Amount	Sources of Share Capital	Capital increased by assets other than cash	Others
2001.05	10	300,000	3,000,000	300,000	3,000,000	Capital shares at establishment NT$3,000,000	None	Approved by Letter No. 09032174140 on May 15, 2001
2008.02	10	2,300,000	23,000,000	2,300,000	23,000,000	Cash capital increase NT$20,000,000	None	Approved by Letter No. 09731695960 on February 4, 2008
2009.01	10	5,000,000	50,000,000	5,000,000	50,000,000	Cash capital increase NT$27,000,000	None	Approved by Letter No. 09831529450 on January 8, 2009
2010.06	10	7,000,000	70,000,000	7,000,000	70,000,000	Cash capital increase NT$20,000,000	None	Approved by Letter No. 09932191050 on June 18, 2010
2012.07	10	30,000,000	300,000,000	12,600,000	126,000,000	Cash capital increase NT$56,000,000	None	Approved by Letter No. 10132319370 on July 30, 2012
2012.11	10	30,000,000	300,000,000	15,000,000	150,000,000	Cash capital increase NT$24,000,000	None	Approved by Letter No. 10132667050 on November 1, 2012
2013.12	15	30,000,000	300,000,000	18,200,000	182,000,000	Cash capital increase NT$32,000,000	None	Approved by Letter No. 10234173460 on December 31, 2013
2014.02	52	30,000,000	300,000,000	21,000,000	210,000,000	Cash capital increase NT$28,000,000	None	Approved by Letter No. 10333130600 on February 26, 2014
2015.09	10	60,000,000	600,000,000	23,100,000	231,000,000	Capital increase by reinvestment of surplus NT$21,000,000	None	Approved by Letter No.10433751990 on September 21, 2015
2016.04	70	60,000,000	600,000,000	25,260,000	252,600,000	Cash capital increase NT$21,600,000	None	Approved by Letter No. 10533399230 on April 13, 2016
2016.09	10	60,000,000	600,000,000	26,523,000	265,230,000	Capital increase by reinvestment of surplus NT$12,630,000	None	Approved by Letter No. 10590810030 on September 29, 2016
2017.09	10	60,000,000	600,000,000	30,501,450	305,014,500	Capital increase by reinvestment of surplus NT$39,784,500	None	Approved by Letter No. 10690989610 on September 12, 2017
2018.07	62	60,000,000	600,000,000	33,501,450	335,014,500	Cash capital increase NT$30,000,000	None	Approved by Letter No. 10790931690 on July 25, 2018
2018.09	10	60,000,000	600,000,000	36,551,595	365,515,950	Capital increase by reinvestment of surplus NT$30,501,450	None	Approved by Letter No. 10790998180 on September 18, 2018
2019.09	10	60,000,000	600,000,000	41,303,302	413,033,020	Capital increase by	None	Approved by Letter No.

Month, Year	Issued price	Authorized capital		Paid-in capital		Remark		
		Number of shares	Amount	Number of shares	Amount	Sources of Share Capital	Capital increased by assets other than cash	Others
						reinvestment of surplus NT$47,517,070		10891021810 on September 10, 2019
2019.11	10	60,000,000	600,000,000	42,582,027	425,820,270	Conversion of warrants NT$3,560,000 Conversion of convertible corporate bonds: NT$9,227,250	None	Approved by Letter No. 10891110400 on November 27, 2019
2020.01	10	60,000,000	600,000,000	43,227,100	432,271,000	Conversion of convertible corporate bonds: NT$6,450,730	None	Approved by Letter No. 10990727500 on January 30, 2020
2020.05	10	60,000,000	600,000,000	43,544,606	435,446,060	Convertible corporate bond conversion NT$3,175,060	None	Approved by Letter No. 10990871460 on May 21, 2020
2020.10	10	60,000,000	600,000,000	52,080,091	520,800,910	Capital increase by reinvestment of surplus NT$78,271,670 Conversion of convertible corporate bonds: NT$7,083,180	None	Approved by Letter No. 10901185160 on October 13, 2020
2020.12	10	60,000,000	600,000,000	53,658,860	530,658,860	Convertible corporate bond conversion NT$9,857,950	None	Approved by Letter No. 10901222230 on December 10, 2020
2021.03	10	60,000,000	600,000,000	53,344,593	533,445,930	Convertible corporate bond conversion NT$2,787,070	None	Approved by Letter No. 11001031590 on March 10, 2021
Remarks: The month and year indicated in this table are based on the time when authorization is granted from the Ministry of Economic Affairs								

(2) Types of shares issued

April 26, 2021 Unit: Share

Shares / shares	Authorized capital			Remark
	Outstanding shares	Unissued shares	Total	
Ordinary shares	Total shares on the TPEx 54,001,676	5,998,324	60,000,000	-

Note: marketable securities issued by shelf registration system as authorized: None.

(II) Shareholder Structure

April 26, 2021 (book closure day)

Shareholder structure / Quantity	Government institution	Financial institution	Other legal persons	Individuals	Foreign institutions and foreigners	Total
Number of persons	-	3	41	4,777	22	4,843
Shares Held	-	2,149,122	22,269,574	27,774,846	1,808,134	54,001,676
Shareholding ratio (%)	-	3.98	41.24	51.43	3.35	100.00

Note: TWSE/TPEx listed companies should disclose its ratio of investments from Mainland China; investments from

Mainland China refer to people, judicial persons, groups, other institutions, or companies investing via another region from Mainland China who invests in Taiwan pursuant to the "Rules of Investment in Taiwan from Persons from Mainland China."

(III) Dispersion of Equity Ownership

April 26, 2021 (book closure day)

Class of shareholding	Number of shareholders	Shares Held	Shareholding ratio (%)
1 to 999	1,712	339,999	0.63%
1,000 to 5,000	2,345	4,372,754	8.10%
5,001 to 10,000	352	2,592,062	4.80%
10,001 to 15,000	127	1,561,360	2.89%
15,001 to 20,000	56	996,060	1.85%
20,001 to 30,000	70	1,757,329	3.25%
30,001 to 40,000	41	1,395,141	2.58%
40,001 to 50,000	23	1,033,574	1.91%
50,001 to 100,000	57	3,987,747	7.38%
100,001 to 200,000	33	4,778,261	8.85%
200,001 to 400,000	14	3,945,619	7.31%
400,001 to 600,000	3	1,489,410	2.76%
600,001 to 800,000	2	1,398,063	2.59%
800,001 to 1,000,000	0	0	0.00%
1,000,001 to 999,999,999	8	24,354,297	45.10%
Total	4,843	54,001,676	100.00%

(IV) List of Substantial Shareholders

April 26, 2021 (book closure day)

Shares / Name of substantial shareholder	Number of shares held (shares)	Shareholding ratio (%)
Jun Wei Investment Co., Ltd.	7,383,517	13.67
Zhen Han Investment Co., Ltd.	6,063,106	11.23
Hao Cheng Investments Co., Ltd.	4,230,700	7.83
Ri-Long Investment Co, Ltd	1,597,579	2.96
Ming-Lung Cheng	1,356,767	2.51
Fubon Insurance Co., Ltd.	1,324,610	2.45
Shu-Liang Liu	1,268,344	2.35
Feastogether Group	1,129,674	2.09
Chen-Yu Wang	778,063	1.44
Special account for investment of Fu Yang Co., Ltd. under the custody of Bank Sinopac Company Limited	620,000	1.15

(V) Market price per share, net value, net income, dividend, and other relevant information in the past two years up to the date of publication of the Annual Report

Item \ Year			2019	2020	As at April 30, 2021 (Note 8)
Market price per share (Note 1)	Highest		92.80	117.00	168.00
	Lowest		59.50	62.20	91.70
	Average		81.38	91.02	112.44
Net Worth per Share	Before distribution		27.77	28.11	29.58
	After distribution (Note 2)		-	(Note 9)	-
Market price per share	Weighted Average Shares (thousand shares)		41,803	52,064	53,447
	Market price per share	Before adjustment	3.25	3.73	1.34
		After adjustment (Note 3)	2.77	(Note 9)	-
Dividends Per Share	Cash dividends		0.98263055	1.0 (Note 9)	-
	Stock grant	Dividend from surplus	1.76283964	3.0 (Note 9)	-
		Dividend for paid-in capital	-	(Note 9)	-
	Accumulated dividend not paid out (note 4)		-	-	-
Return on Investments	Price-to-earnings ratio (Note 5)		25.04	24.40	-
	Price/dividend ratio (Note 6)		82.82	91.02	-
	Cash dividend yield (Note 7)		1.21%	1.10%	-

＊In case dividend is distributed from reinvestment of surplus or paid-in capital, the retroactive adjustment of shares based on the distributions and cash dividends should be disclosed.

Note 1: The annual maximum and minimum market value of common stock. The annual average market value is calculated based on each year's transaction value and quantity.

Note 2: Please fill this column based on the number of shares issued by the end of the year and distributions as approved by the Shareholders' Meeting in the following year.

Note 3: In case stock dividends or other conditions require retroactive adjustments, the EPS before and after adjustments should be included.

Note 4: If the conditions of equity securities issuance allow unpaid dividends to be accumulated to the subsequent years in which there is profit, the Company shall disclose the accumulated unpaid dividends respectively up to that year.

Note 5: P/E Ratio = Average closing price for each share in the year/earnings per share

Note 6: Price/Dividend ratio = Average closing price per share of the year/Cash dividends per share

Note 7: Cash dividend yield = cash dividend per share/current year average per share closing price.

Note 8: the per-share net value and earnings per share should be filled up to the quarter nearest to the date of the printing of the annual report to be audited by accountant; the remaining column should be filled with the annual data up to the date of publication of the annual report.

Note 9: The earnings allocation plan of the Company was passed by the Board of Directors on March 18, 2021, and it is to be passed by the resolution of the shareholders' meeting to be held on June 24, 2021.

(VI) Dividend policy of the company and its implementation

1. Dividend policy stipulated in the Articles of Incorporation

If the Company turns a profit for the fiscal year, an amount no less than 3% to 10% of the profit should be appropriated as employees' bonus and no more than 3% of the profit should be appropriated as Directors' compensation. However, if the Company still records a cumulative loss, its profit shall first be used to make up the loss. The counterparty to whom stocks or cash are distributed to as employee's compensation in the preceding paragraph includes the employees of its subordinate companies that meet certain criteria. The current year's earnings, if any, shall first be used to pay all taxes and offset prior years' accumulated losses and then set aside 10% as legal reserve. When such legal reserve amounts to the total paid-in capital, the Company shall not be subject to this requirement. The Company may then appropriate or reverse a certain amount as special reserve according to the relevant regulations. The remaining earnings, plus the accumulated undistributed earnings, may be appropriated to shareholders as dividends or bonuses according to the distribution plan proposed by the Board of Directors and approved by the Shareholders' Meeting.

To respond to economic changes and to strengthen the Company's financial structure, the Company has adopted a balanced dividend policy. The policy for future dividend distribution is as follows:

(1) The Company shall appropriate no less than 10% of the aforementioned distributable earnings as dividends for shareholders. However, when the distributable earnings are less than 10% of the paid-in capital, the Company may choose not to distribute dividends.

(2) In consideration of a balanced and stable dividend policy, the Company will adequately adopt either share dividends or cash dividends based on investment capital needs and the levels of dilution on the earnings per share (EPS), provided that the cash dividends shall be no less than 10% of the total dividends.

2. The proposed dividend distribution for the current year (2020)

The earning distribution of 2020 was approved by the Board of Directors on March 18, 2021, but not yet approved by the regular meeting of shareholders in 2021. The distribution of annual earnings of the Board of Directors is listed as follows:

Unit: NT$

Item	Amount
Beginning retained earnings	$38,393,479
Add: other comprehensive income (remeasurements of defined benefit plan in 2020)	1,186,247
Add: 2020 after-tax net income	194,310,941
Less: appropriation of legal capital reserve	(19,549,719)
Income available for distribution for this period	214,340,948
Allocations:	
Cash dividends (approximately NT$1.00 per share)	(53,471,282)
Share dividends (approximately NT$3.00 per share)	(160,413,830)
	(213,885,112)
Ending retained earnings	$455,836

3. Anticipated Changes in Dividend Policy: None.

(VII) Effect of free allotment of shares proposed in this year (2020) on the Company's business performance and earnings per share:

The Company has not disclosed its financial forecast for 2021, so the information on the effect of the proposed free allotments on the Company's business performance and earnings per share is not applicable.

(VIII) Compensation for employees, Directors, and Supervisors

1. Quantity or scope of compensation for employees, Directors, and Supervisors as prescribed under the Articles of Incorporation:
   If the Company turns a profit for the fiscal year, an amount no less than 3% to 10% of the profit should be appropriated as employees' bonus and no more than 3% of the profit should be appropriated as Directors' compensation. However, if the Company still records a cumulative loss, its profit shall first be used to make up the loss.
   The counterparty to whom stocks or cash are distributed to as employee's compensation in the preceding paragraph includes the employees of its subordinate companies that meet certain criteria.

2. Accounting treatment for the basis of estimating the amount of the employees', Director's and Supervisors' compensations for this fiscal period, the basis of calculating the number of shares to be distributed as employees' compensation, and for any discrepancy between the actual amount distributed and the estimated figures:
   If the Company turns a profit for the fiscal year, an amount no less than 3% to 10% of the profit should be appropriated as employees' bonus and no more than 3% of the profit should be appropriated as Directors' compensation. Discrepancy between the actual amount distributed and the estimated figures will be recognized as profit or loss for the following year.

3. Information on allocation of compensations approved by the Board of Directors:
   (1) Employee bonus and Directors' and Supervisors' bonus will be distributed in cash. If there is any discrepancy between the abovementioned amount and estimated amount of recognized expenses for the current fiscal year, the amount, causes and treatment of such discrepancy shall be disclosed:
   From the after-tax earnings of the year of 2020, the Company set aside 3% for the remunerations of employees and 0.89% for the remunerations of directors and supervisors according to the articles of association. The estimated remunerations of employees were NT$7,146 thousand and the remunerations of directors and supervisors were NT $2,120 thousand, which were not significantly different from the proposed allocation approved by the original Board of Directors.
   (2) Employee bonus distributed in shares and the ratio of the share bonus on the net income after tax and the total amount of employee bonus: Not applicable since the Company only distributed employee bonus in cash.

4. Actual distribution of compensations for employees, Directors, and Supervisors (including the number, sum, and price of shares distributed) in the last year, and where there were discrepancies with the recognized compensations for employees, Directors, and Supervisors, the difference, cause, and treatment of the discrepancy be described:

   In 2019, the allocated remunerations of employees were NT$5,007 thousand, the remunerations of directors and supervisors were NT$1,485 thousand, and the actual allocation was not significantly different from the distribution amount dissolved by the Board of Directors.

(IX) Company share repurchase status: None.

II. Issuance of Corporate Bonds

(I) Issuance of bonds

Type of bond (Note 2)		First domestic unsecured bond (Note 5)
Date of issuance		June 12, 2018
Nominal value		NT$100,000
Place of issuance and transaction (Note 3)		Domestic
Issued price		Issued at 100% nominal amount
Total		NT$300,000 thousand
Interest		0%
Duration		3 years, maturing on June 12, 2021
Guarantee agency		Not applicable
Trustee		Trust Department of Taipei Fubon Bank
Underwriter		Fubon Securities Co., Ltd.
Attorney		Attorney Ya-Wen Chiu of Han Chen Law Firm
CPA		Not applicable
Method of redemption		Unless converted or redeemed according to the conversion method, the bond shall be repaid in a lump sum in cash at maturity according to the face value of the bond
Principal outstanding		NT$300,000 thousand
Terms of redemption or early Settlement clause		Please see Articles 18-19 on the Company's "Convertible Bond Issuance and Conversion Method"
Restrictive covenants (Note 4)		None
Name of credit rating agency, date of rating, and result of corporate bond rating		Not applicable
Other rights	Amount of ordinary shares already converted (swapped or warranted) and global/overseas depositary receipts or other negotiable securities up to the date of publication of the Annual Report	As at April 30, 2021, a total of NT$298,000 had been converted into 4,515,207 ordinary shares with denomination of NT$10 each.
	method of issuance and conversion (swap or warrant)	Please refer to the bond issuance data of the bond credit zone of the Market Observation Post System
Possible dilution effects on the equity from issuance and conversion, swap or subscription method, and issuance terms and current shareholders' equity		Not applicable
Name of the commissioned custodian of exchangeable underlyings		Not applicable

Note 1: handling of corporate bonds include public and private offering of bonds. Public corporate bonds being processed refer to the ones that will be exercised (approved), and the private corporate bonds being processed refer to the ones that have been

approved by a company's Board of Directors.

Note 2: Number of columns can be adjusted based on actual number of processing.

Note 3: Please fill this column if it is an overseas corporate bond.

Note 4: if conditions such as distribution of cash dividends, foreign investments or requirement for maintaining a certain ratio of asset are required.

Note 5: Shares that were traded via private placement should be indicated in a clear manner.

Note 6: for convertible bonds, swappable bonds, bonds issued through shelf registration or bonds with subscription rights shall disclose the information on the convertible bonds, swappable bonds, status of shelf registration and subscription rights based on the nature of the bond.

(II) Processing of information on convertible bonds

Type of bond		First domestic unsecured bond		
Item / Year		2019	2020	Current year as at April 30, 2021
Market price of convertible corporate bond	Highest	125.00	173.00	237.00
	Lowest	101.00	101.50	155.00
	Average	113.97	129.02	165.46
Price of conversion		(Note 1)	(Note 2)	NT$59.20
Date of issuance and conversion price at issuance		Issuance date: June 12, 2018; conversion price at issuance: NT$90.80	Issuance date: June 12, 2018; conversion price at issuance: NT$90.80	Issuance date: June 12, 2018; conversion price at issuance: NT$90.80
Fulfillment of conversion obligation		Issuance of new shares	Issuance of new shares	Issuance of new shares

Note 1: The conversion price from January 1, 2019 to July 29, 2019 was NT$79.80; The conversion price from July 30, 2019 to August 31, 2019 was NT$78.60; The conversion price from September 1, 2019 to December 31, 2019 was NT$69.60.

Note 2: The conversion price from January 1, 2020 to July 21, 2020 was NT$69.60; The conversion price from July 22, 2020 to September 14, 2020 was NT$69.60; The conversion price as of September 15, 2020 was NT$59.20.

(III) Information on swappable bonds: None.

(IV) Information on bonds issued through shelf registration: None.

(V) Information regarding corporate bond with attached warrant: None.

III. Preferred Stocks: None.

IV. Handling of Overseas Depository Receipt: None.

V. Handling of Employee Stock Subscription Rights:

(I) Handling of Employee Stock Subscription Rights:

April 30, 2021

Type of employee stock option (Note 2)	Employee stock option of the second times (phase I) (Note 5)	Employee stock option of the second times (phase I) (Note 5)
Effective date	2019.10.29	2019.10.29
Issuance (processing) date (Note 4)	2019.12.01	2020.10.27
Units issued	1,879 (1,000 shares can be subscribed for every 1 unit)	2,017 (1,000 shares can be subscribed for every 1 unit)
Ratio of issued subscriptions on the total number of shares issued	3.48%	3.74%
Duration of the stock options	6 years	6 years
Fulfillment method (Note 3)	Issuance of new shares	Issuance of new shares
Restricted subscription duration and ratio (%)	The grant period of warrants varies according to the category. Please refer to the issuance and subscription methods for details.	The grant period of warrants varies according to the category. Please refer to the issuance and subscription methods for details.
Number of shares acquired	0 shares	0 shares
Monetary amount of stock subscription acquired	NT$0	NT$0
Stock subscriptions yet to be exercised	1,879,000 shares	2,017,000 shares
Subscription price per share for stock subscriptions yet to be exercised	NT$70.20	86.20
Units unexercised to total outstanding shares (%)	3.48%	3.74%
Effects on shareholders' equity	Impact of dilution on the existing shareholders of ordinary shares is limited	Impact of dilution on the existing shareholders of ordinary shares is limited

Note 1: Handling of employee stock options include public and private offering of employee stock options. Public employee stock options being processed refer to the ones that will be exercised (approved), and the private stock options being processed refer to the ones that have been approved by a company's Board of Directors.

Note 2: Number of columns can be adjusted based on actual number of processing.

Note 3: Indicate the number of shares acquired or the number of new shares to be issued.

Note 4: Those with different issuance dates should be separately filled.

Note 5: Shares that were traded via private placement should be indicated in a clear manner.

(II) Names, acquisition, and subscription of managerial officers who have obtained employee stock warrants as well as employees who rank among the top ten in terms of the number of shares obtained via employee stock options

1. Employee stock option of the second times (phase I):

April 30, 2021; Unit: NT$1,000/Share

	Title (Note 1)	Name	Number of employee stock options obtained	Percentage of employee stock options obtained to the total issuance of shares (Note 4)	Executed (Note 2)				Not yet executed (Note 2)			
					Number of shares subscribed	Subscription price (Note 5)	Subscription amount (NT$1,000)	Percentage of number of shares subscribed on the total issuance of shares (Note 4)	Number of shares subscribed	Subscription price (Note 6)	Subscription amount (in thousand NTD)	Percentage of number of shares subscribed on the total issuance of shares (Note 4)
Manager	General Manager	Ming-Lung Cheng	670,000	1.24%	0 shares	NT$0	NT$0	-%	670,000	NT$70.20	47,034	1.24%
	Deputy General Manager	Shan-Feng Lu										
	Assistant Manager at Finance Department	Shu-Yi Wu										
Employee (Note 3)	Assistant Manager of the Administration Department	Da-Hong Cheng	690,000	1.28%	0 shares	NT$0	NT$0	-%	690,000	NT$70.20	48,438	1.28%
	Assistant Manager of the Operation Department	Feng-Sheng Huang										
	Assistant Manager of the Product Purchase and Marketing Department	Shi-Wei Ye										
	Supervisor in Operations Department	Cheng-Wei Kao										
	Supervisor in Operations Department	Wei-Jen Lu										
	Manager in Store Development Department	Chao-Feng Sung										
	Manager of the E-commerce Division of the Branch	Chung-Che Chiang										
	Operations Manager in Subsidiary	Mei-Yun Liu										

	Title (Note 1)	Name	Number of employee stock options obtained	Percentage of employee stock options obtained to the total issuance of shares (Note 4)	Executed (Note 2)				Not yet executed (Note 2)			
					Number of shares subscribed	Subscription price (Note 5)	Subscription amount (NT$1,000)	Percentage of number of shares subscribed on the total issuance of shares (Note 4)	Number of shares subscribed	Subscription price (Note 6)	Subscription amount (in thousand NTD)	Percentage of number of shares subscribed on the total issuance of shares (Note 4)
	Supervisor in Operations Department	Li-Ming Hsu										
	Supervisor in Operations Department	I-Chih Chang										

Note 1: Individual names and positions of managers and employees (please indicate in case of turnover or diseased), but acquisition and subscription may be disclosed as aggregate sum.

Note 2: Number of columns can be adjusted based on actual numbers of issuance.

Note 3: Top 10 employees who have received subscription rights refer to employees other than managers.

Note 4: Number of shares issued refer to the number of shares listed in the registration files of the Ministry of Economic Affairs.

Note 5: Subscription price at the time of subscription shall be disclosed for the employee stock options that have been exercised.

Note 6: For price of employee subscription options yet to be exercised, the Company shall disclose the subscription price calculated based on issuance method after adjustments.

2. Employee stock option of the second times (phase II):

April 30, 2021; Unit: NT$1,000/Share

	Title (Note 1)	Name	Number of employee stock options obtained	Percentage of employee stock options obtained to the total issuance of shares (Note 4)	Executed (Note 2)				Not yet executed (Note 2)			
					Number of shares subscribed	Subscription price (Note 5)	Subscription amount (in thousand NTD)	Percentage of number of shares subscribed on the total issuance of shares (Note 4)	Number of shares subscribed	Subscription price (Note 6)	Subscription amount (in thousand NTD)	Percentage of number of shares subscribed on the total issuance of shares (Note 4)
Manager	Deputy General Manager	Shan-Feng Lu	90,000	0.17%	0 shares	NT$0	NT$0	-%	90,000	NT$86.20	7,758	0.17%
	Assistant Manager at Finance Department	Shu-Yi Wu										
Employee (Note 3)	Assistant Manager of the Administration Department	Da-Hong Cheng	270,000	0.50%	0 shares	NT$0	NT$0	-%	270,000	NT$86.20	23,274	0.50%
	Assistant Manager of the Operation Department	Feng-Sheng Huang										

	Title (Note 1)	Name	Number of employee stock options obtained	Percentage of employee stock options obtained to the total issuance of shares (Note 4)	Executed (Note 2)				Not yet executed (Note 2)			
					Number of shares subscribed	Subscription price (Note 5)	Subscription amount (in thousand NTD)	Percentage of number of shares subscribed on the total issuance of shares (Note 4)	Number of shares subscribed	Subscription price (Note 6)	Subscription amount (in thousand NTD)	Percentage of number of shares subscribed on the total issuance of shares (Note 4)
	Assistant Manager of the Product Purchase and Marketing Department	Shi-Wei Ye										
	Supervisor in Operations Department	Cheng-Wei Kao										
	Supervisor in Operations Department	Wei-Jen Lu										
	Manager in Store Development Department	Chao-Feng Sung										
	Manager of the E-commerce Division of the Branch	Chung-Che Chiang										
	Operations Manager in Subsidiary	Mei-Yun Liu										
	Supervisor in Operations Department	Li-Ming Hsu										
	Supervisor in Operations Department	I-Chih Chang										

Note 1: Individual names and positions of managers and employees (please indicate in case of turnover or diseased), but acquisition and subscription may be disclosed as aggregate sum.

Note 2: Number of columns can be adjusted based on actual numbers of issuance.

Note 3: Top 10 employees who have received subscription rights refer to employees other than managers.

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Note 5: Subscription price at the time of subscription shall be disclosed for the employee stock options that have been exercised.

Note 6: For price of employee subscription options yet to be exercised, the Company shall disclose the subscription price calculated based on issuance method after adjustments.

VI. New Restricted Employee Shares: None.

VII. Issuance of New Shares in Connection with the Merger or Acquisition of Other Companies: None.

VIII. Execution of Fund Application Plans:

The Company's capital increase plan for the last three years has been implemented in accordance with the scheduled plan.

Chapter 5 Operating Overview

I. Company Business

(I) Scope of Business:

1. The Company's business operations encompass the following:

The Company is the first drugstore chain enterprise to have received ISO 9001 certification for the quality management system processes in the head office and in stores throughout Taiwan. The Company has also received the "Good Store Practice (GSP)" certification from the Ministry of Economic Affairs.

In line with the government's policy of separating treatment from medication, the Company has developed a "drugstore cloud-based medical history integration service management system." After many years of actual practice, we have successfully integrated the prescription drug purchasing, supply, and management in drugstores, community clinics, joint clinical centers, and medical communities.

After many years of continuous actual operational growth and performance, our "Great Tree Pharmacy" brand has established the first drugstore management system "GT-POMS" throughout Taiwan. Drugstores that utilize the aforesaid system are found throughout the country by 2014, and the Company has also received the subvention of "Service Industry Innovation Research (SIIR)" from the Ministry of Economic Affairs and established a "cross-platform health management cloud-based app" to provide free professional health and drug-use service to our many members found throughout Taiwan. While strategically planning the online shopping service for healthcare industry in the future and conducting virtual-physical channel integration plan, we also continue to provide broad medical care in our drugstores to enhance competitiveness and to build a comprehensive health care system, securing our leadership position. We aim to satisfy the supply and demand for various types of medical and health care products in drugstores and pharmacies to seize the growing business opportunities in the ageing market.

2. Percentage of revenue

Unit: thousand NTD; %

Year / Item	2019		2020	
	Amount	Percentage of revenue	Amount	Percentage of revenue
Maternity and infant products	3,223,494	48.83	3,743,480	43.32
Health foods and supplements	1,384,911	20.98	1,934,824	22.39
National Health Insurance (NHI) prescription drugs	987,035	14.95	1,366,832	15.82
Health care products	742,854	11.25	1,242,529	14.38
Others	263,318	3.99	353,729	4.09
Total	6,601,612	100.00	8,641,394	100.00

Data source: financial statements audited and certified by CPA.

3. Current products (services) offered by the Company

The Company's operating model is the sales of maternity and baby products, health foods and supplements, NHI prescription drugs and medical equipment to the public. Currently, the Company's major products include:

By type of product	Lineup
Maternity and infant products	Baby formula, diapers, maternity and baby products
National Health Insurance (NHI) prescription drugs	Prescription medicine
Health foods and supplements	Health foods and supplements
Health care products	Adult supplements and diapers, medical equipment and cosmetic/beauty products
Others	Home products and foods

4. Planning and development of new products (services):

①Innovative services

A. Having received the "Service Industry Innovation Research (SIIR)" from the Ministry of Economic Affairs and established a "cross-platform health management cloud-based app," the Company will enhance interactive health management with consumers and expand the types of health care products needed by consumers and brand reliance, paving the way to e-commerce services in Taiwan.

B. After the Company successfully collaborated with Family Mart to open the "Family Mart x Great Tree Pharmacy," we will expand the number of collaboration stores in the future to build comprehensive new store models which integrate health retail, drug management, and living goods. This will also help us to pave the way to e-commerce and helping to provide a complete online and offline (O2O) integrated support.

C. Since September 2015, the Company has been collaborating with Tmall, a business group of Alibaba Group, on trans-border e-commerce. We mostly sell health supplements and maternity and infant products, and the platform will help us to expand to the Chinese e-commerce market and reach to the widespread Chinese netizen, thus enhancing our brand awareness overseas.

②Maternity and infant products

A. In response to low birth rates, we will add more mid- to high-end products to enhance the average unit price of products.

B. Expand the scope of product needs such as environmental, detergents, and mothers' needs during breast feeding to increase the average number of products bought per customer.

③Health foods and supplements

A. In addition to gradually introducing well-established domestic and international brands, we will also compete for exclusive retail rights in Taiwan.

B. In terms of own products, we will expand from the current health supplements to medical equipment to increase the ratio of own products on the overall sales.

④Health care products

A. Health care products for outpatients and senior citizens and planning of management for large-scale medical equipment.

B. Introducing more professional care products for specific diseases.

⑤Others

A. Organic, natural, chemical-free concept of personal hygiene and skincare, environmental cleaning products.

B. Organic foods, safe food additives and health beverages.

(II) Industry Overview

1. Current state and development of the industry

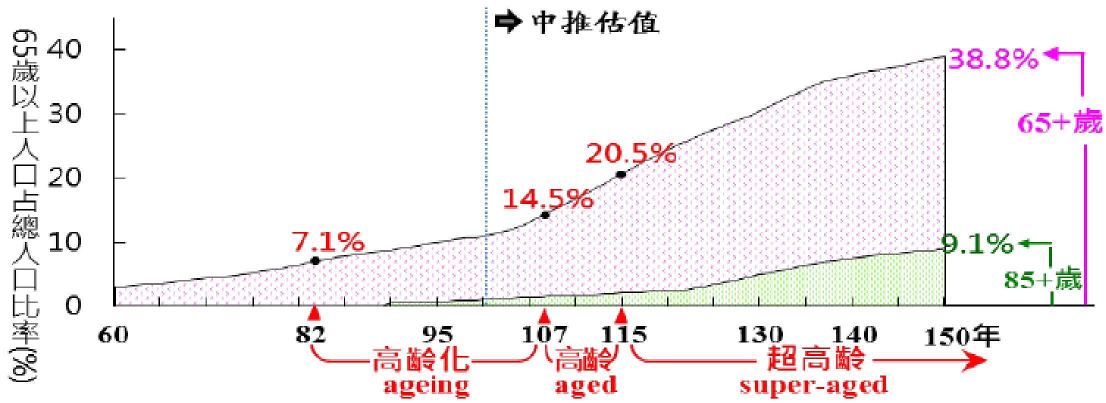
The main macro environmental factors that have higher impact to the industry that our Company belongs to are: the change of demographic structure, the change of policies and legislations, and the overall economic situation described by indexes like gross domestic product (GDP) and national health expenditure (NHE). Therefore, these impacts are described below according to factors including the demographic trends of our country, policies and legislation changes, trend of NHE per capita in our country, and the ratio of NHE to GDP.

①Age Demographic Trend in Taiwan

According to the "Republic of China Population Estimation (2016 to 2061)" published by the National Development Council, by 1993, the ratio of older population to the general population of our country had surpassed 7%, making our society an aging society. As shown in figure 3, this ratio is expected to surpass 14% in 2018, making our country an aged society, and by year 2026, this ratio will be over 20%, which means our country will be part of the super aged society.

Moreover, as shown in figure 4, the growth of the working population consisting of people between age 15 to 64 is continuing to slow down, and will start to decrease in the year 2016, while the growth of the older population of people over the age of 65 is higher than the growth of working population. As the post-war baby boomers began to be older than the age of 65, the growth of the older population in our country had started to speed up since 2011, and surpassed the young-age population in 2017. After that, as the older population increase, death count will increase as well, the population growth will slow down and becomes negative growth in 2051. It is estimated that the older population will grow from 3.108 million in 2016 to 7.152 million in 2061, which is a growth of 130%.

Figure 3: Timeline of the aging population of the country

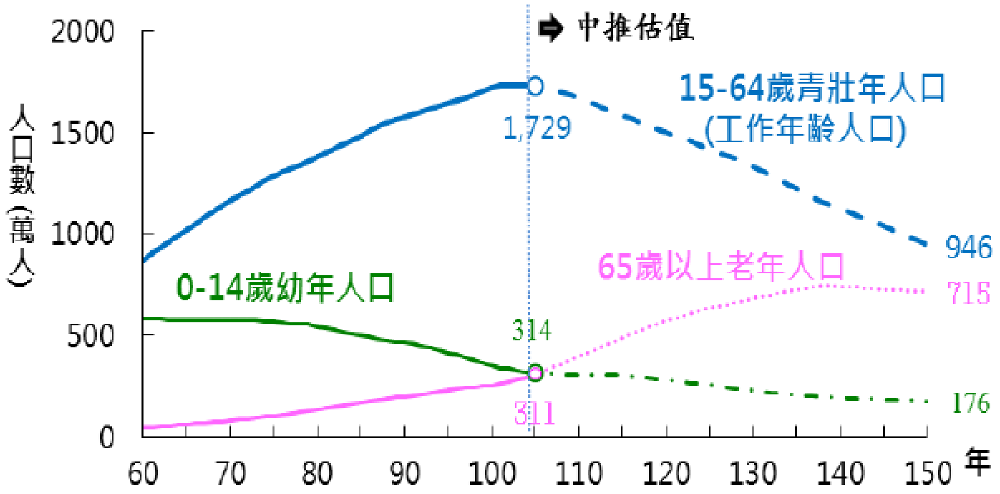


Percentage of persons aged 65 and more on the overall population (%)		Estimated median	Ages 65+	
Aging	Aged	Super aged	Ages 85+	150 years

Data source: 1. 1971 to 2015 are from the "Republic of China Population Statistics Annual Report" published by the Ministry of the Interior

2. 2016 to 2061 are from "Republic of China Population Estimations (2016 to 2061)" report

Figure 4 : Demographic trend of our country



Population (in 10 thousands)	Estimated median	Youth to middle-aged population 15-64 years old	
Children 0-14 years old	Aged population 65+		150 years

Data source: 1. 1971 to 2015 are from the "Republic of China Population Statistics Annual Report" published by the Ministry of the Interior
2. 2016 to 2061 are from "Republic of China Population Estimations (2016 to 2061)" report

As the older population ratio increases to grow in our country, the need of medical care, disease and sickness monitoring and prevention will increase. In that situation, the expenditure on various drugs, health supplements, and health care products are expected to increase as well.

②Policy changes

Our country implemented the separation of dispensing practice from medical practice in 1997. The principle of separation of dispensing practice from medical practice is to have doctors responsible for diagnosis, treatment, and issue prescriptions, and have pharmacists responsible for preparing medication according to the prescription and provide instructions and consultations on drug use. The goal was to protect people's right to knowledge and choice, to provide medical efficiency by making doctors and pharmacists cooperate, and to protect drug use safety for people. In light of the fact that some hospitals used the differences in drug prices to earn high profits from drug administration, the National Health Insurance Administration (NHIA) has been conducting surveys on drug prices and adjusting their prices on a bi-annual basis since 2000. The hospital's margin for drug price difference continues to shrink, and under the total payment system stipulated by the NHI, hospital management needs to adjust its profit structure, prioritize businesses with higher profits and to reduce the drug sales business with declining profits.

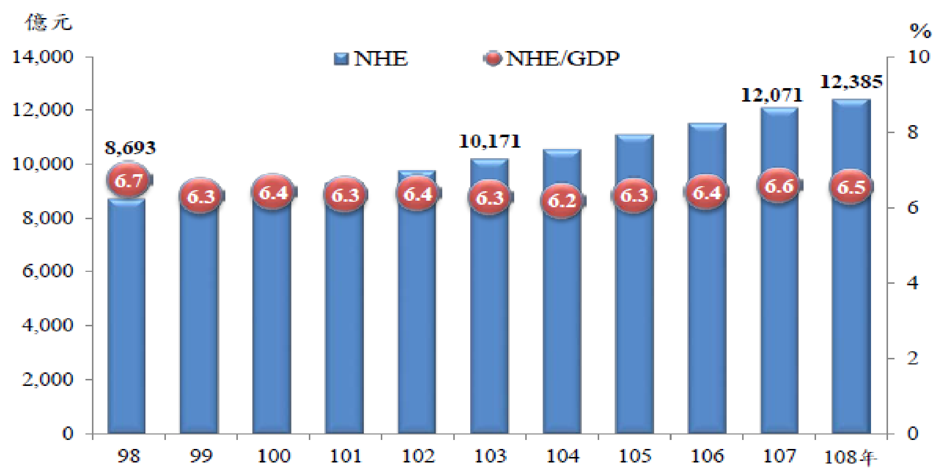
③Average NHE changes per person and ratio on the GDP

As shown in the figure below, according to the "national health care expenditure in 2019" prepared by the Ministry of Health and Welfare of the Executive Yuan, the national health care expenditure (NHE) in 2019 was NT$1,238 billion, an increase of 2.60% compared with 2018, with an increase of 3.0% higher than the annual increase of gross domestic product (GDP), resulting in an amount accounting for GDP (NT$18,932.5 billion), i.e. NHE / GDP down to 6.5%, 0.1 percentage points lower than that of the previous year; the average NHE per capita was NT$52,486, 2.5% higher than that of the previous year. This indicates that the public's health and medical expenditure is showing a steady increase in each year.

Currently, NHE accounts for between 6% and 7% of GDP. However, in recent years, due to the rapid advancement of international medical and biomedical technology, Taiwan's national income continues to increase and the population structure is also accelerating. According to the development experience of OECD countries, Taiwan's national health care needs will continue to grow due to international development trends and its ageing population.

Diagram 5. Overview of National Health Care Expenditure

圖 1 NHE 金額及占 GDP 比重



In NT$100 million	Figure 1 Amount of NHE and proportion to GDP

表 1 NHE 及平均每人 NHE

	國民醫療保健支出（NHE）		平均每人 NHE		平均每人 GDP		NHE/GDP	GDP 年增率
	億元	年增率(%)	元	年增率(%)	元	年增率(%)	(%)	(%)
98 年	8,693	4.5	37,665	4.2	559,807	-1.8	6.7	-1.5
99 年	8,846	1.8	38,228	1.5	607,596	8.5	6.3	8.8
100 年	9,134	3.3	39,382	3.0	614,922	1.2	6.4	1.4
101 年	9,293	1.7	39,935	1.4	630,749	2.6	6.3	2.9
102 年	9,742	4.8	41,733	4.5	654,142	3.7	6.4	4.0
103 年	10,171	4.4	43,459	4.1	694,680	6.2	6.3	6.5
104 年	10,528	3.5	44,870	3.2	726,895	4.6	6.2	4.9
105 年	11,081	5.3	47,122	5.0	746,526	2.7	6.3	2.9
106 年	11,492	3.7	48,787	3.5	763,445	2.3	6.4	2.4
107 年	12,071	5.0	51,189	4.9	779,260	2.1	6.6	2.2
108 年	12,385	2.6	52,486	2.5	802,361	3.0	6.5	3.0

附註：依最新國民所得統計進行編算修正。

Table 1 NHE and Average NHE per person

	National health expenditure (NHE)		Average NHE per person		Average NHE per person		NHE/GDP (%)	Annual GDP growth rate (%)
	In NT$100 million	Annual growth rate (%)	NT$	Annual growth rate (%)	NT$	Annual growth rate (%)		
2009	8,693	4.5	37.665	4.2	559,807	-1.8	6.7	-1.5
2010	8,846	1.8	38.228	1.5	607,596	8.5	6.3	8.8
2011	9,134	3.3	39.382	3.0	614,922	1.2	6.4	1.4
2012	9,293	1.7	39.935	1.4	630,749	2.6	6.3	2.9

2013	9,742	4.8	41.733	4.5	645,142	3.7	6.4	4.0
2014	10,171	4.4	43.459	4.1	694,680	6.2	6.3	6.5
2015	10,528	3.5	44.870	3.2	726,895	4.6	6.2	4.9
2016	11,081	5.3	47.122	5.0	746,526	2.7	6.3	2.9
2017	11,492	3.7	48.787	3.5	763,445	2.3	6.4	2.4
2018	12,071	5.0	51,189	4.9	779,260	2.1	6.6	2.2
2019	12,385	2.6	52,486	2.5	802,361	3.0	6.5	3.0
Note: The table was compiled and revised according to the latest data on GDP.								

Source: "2019 Domestic Medical and Health care Expenditure" from Ministry of Health and Welfare, Executive Yuan

④Domestic drug and skincare and beauty retail market

In terms of domestic drug and cosmetics retail market, according to the Department of Statistics of the Ministry of Economic Affairs' "turnover of wholesale, retail and catering industry", its market size has grown from NT$158.5 billion in 2010 to NT$199.0 billion in 2020, with a compound annual growth rate of 1.9%. In 2012, the domestic economy was affected by the European debt crisis, which slowed down the overall market growth, compared with NT$191.8 billion in 2018, an increase of 4.3% compared with the same period of the previous year; on the whole, the domestic retail market of drugs and cosmetics shows a moderate growth trend.

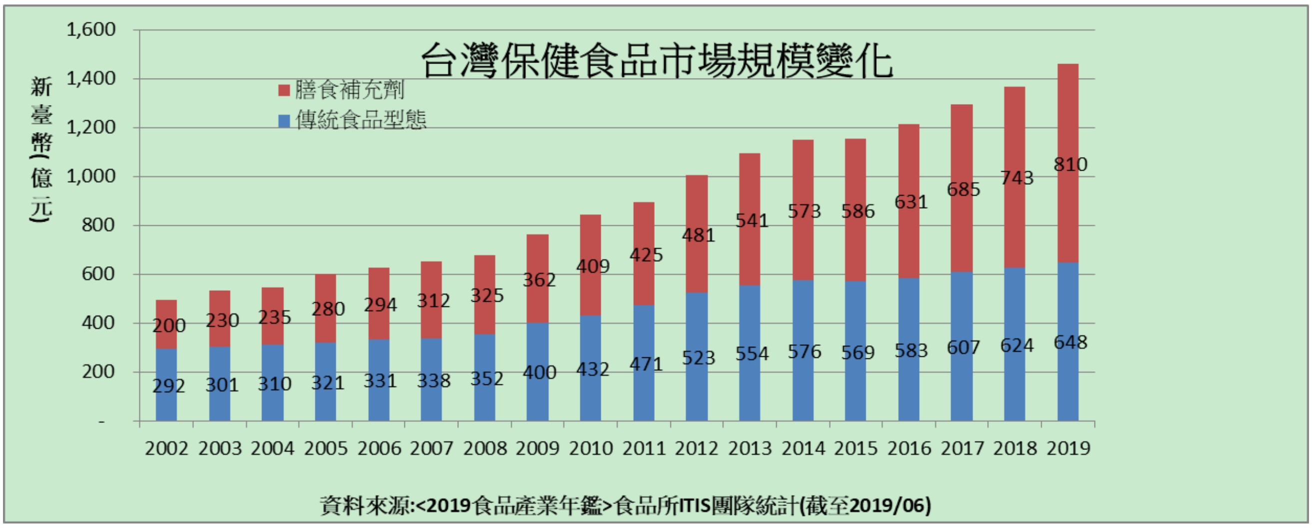
In addition, from 2011 to 2020, the expenditure on health insurance drugs was NT$142.3 billion, NT$141.8 billion, NT$153.9 billion, NT$160.5 billion, NT$162.2 billion, NT$170.2 billion, NT$183.5 billion, NT$195.7 billion, NT$208.3 billion and NT$217.5 billion respectively. Due to the growth of population aging and the number of medical visits, major injuries/illness and outpatient chronic diseases, the annual average growth rate of drug expenditure was about 4.30%.

According to the "long-term follow-up survey on the physical and mental social life of the elderly in Taiwan" conducted by the Health Promotion Administration, nearly 90% of the elderly (88.7%) reported that they had at least one chronic disease diagnosed by doctors, and the proportion of the elderly with more than three chronic diseases was as high as 50%; hypertension (46.67%), cataract (42.53%) and heart disease (23.90%) were the most common chronic diseases of the elderly, while in mental health, 13.00% of the male elderly in Taiwan reported depression, while 17.20% of the female elderly in Taiwan reported depression. To evaluate the occurrence of chronic diseases in physiological and psychological aspects, the market demand for prescription drugs for chronic diseases will rise rapidly with the acceleration of population aging.

⑤Domestic health foods industry

The origin of health foods market in Taiwan can be traced back to the Yeast Candy and yeast powder launched by Taiwan Sugar Corp. in the 70s. Over 40 years have elapsed, and we have gone from fixed state supplements that only included capsules and pills to diverse types such as syrups and drinks. In addition, beverage type supplements have also developed from vitamins in the early days to functional beverages, beauty and skin care collagen and Chinese and herbal medicinal drinks. We are seeing more and more diversification in products.

With the improvement of health awareness in domestic consumers in recent years and the increase of chronic illnesses and the aging structure of the population, the demand for health foods and supplements has also increased accordingly. Health foods have gradually become supplements needed by the general public, and have driven for ample market opportunities for biotech foods such as functional foods, nutrition and dietary supplements. Currently, the health foods in Taiwan are mostly products designed to regulate blood lipids, gastrointestinal improvements, immune regulation, and for liver protection. According to the survey and estimation of the IT IS team of the Food Institute, the market size of health food in Taiwan in 2018 was NT $136.7 billion, with a growth rate of 5.79%. Among them, the market size of dietary supplements was about NT$74.3 billion, with an estimated overall growth rate of 6.63% in 2019 to NT$81 billion.



Changes of market size of health food in Taiwan	Dietary supplement
NT$ (NT$100 million)	Traditional food-type

International market research company Euromonitor predicts that by 2021, the Asian health food market is estimated to reach US$89.63 billion (about NT$2,649.9 billion), indicating that the market size of the Asia-Pacific region will expand year by year. In addition to Taiwan, most of the products sold by Taiwan's food biotechnology industry are sold in the Asia-Pacific region.

With the gradual saturation of the nutrition and health products based on probiotics and Angora camphorata in Taiwan's domestic market, and the saturation of appeal to supplement vitamin nutrition health food, companies are keen to use plant-based raw materials, and most are also looking to develop overseas markets, and it is worth noting that, as the health food of capsule lozenges is more convenient for consumers to take and the unit price is higher than that of traditional health food, more and more manufacturers are planning to produce capsule ingot-based health food and expand overseas market, so it is estimated that the production value of food biotechnology will show growth in 2021.

⑥Domestic maternity and baby products market

The early pharmacies in Taiwan mostly used closed-off prescriptions. The pharmacy channels mainly sold non-prescription medicine, dispensing drugs, and some household cleaning products. However, with the implementation of National Health Insurance (NHI), nearly all pharmacy dosage was taken over by NHI clinics. Therefore, the drugstore market began to transition, turning from closed off to open-shelf, and at the same time, they have also shifted their focus to infant and children's products. The drugstore market boomed rapidly, first replacing supermarkets, then surpassing hypermarkets to become the largest retail channel for infants' and babies' formula in Taiwan. The rapid emergence of drugstore channels is due to the following reasons on top of policy changes from the government:

- Professional background of the drugstores helps to establish an image of being professional to the consumers.

- Pharmacists can easily acquire nutritional knowledge and can provide pregnant women and mothers with consultation and service related to nutrition.
- The model of drugstores make them highly interactive with consumers, helping to enhance consumer loyalty.
- Prices at drugstores are flexible and can provide long-term promotional prices to consumers.
- Drugstores are usually operated as community models, making them more accessible to consumers.

A. Overview of milk powder market

Milk powder for babies (also known as formula) is an alternative choice to breastfeeding. It is a food designed to support the adequate growth of babies, and can also serve as their only source of nutrition. Ingredients of most of the infant and baby formula in the market include pure milk and casein as a source of protein, mixed vegetable oil as a source of fat, lactose as a source of carbohydrates, and vitamins and mineral compounds and other ingredients. According to the World Health Organization (WHO), any infant formula prepared in accordance with international food regulations is treated as a safe food with sufficient nutrition and is suitable as a substitute of breast milk. In addition to breast milk, the medical community believes that infant formula is the only type of milk acceptable to infants less than the age of one in terms of nutrition.

According to the 2015 research data from Kantar Worldpanel, the scale of the market for infant formula in Taiwan is approximately NT$6.7 billion, while infant formula can be classified based on "age" and "product function." Four classifications can be made based on age: formula for newborns (stage 1 milk powder), relatively older infant formula (stage 2 milk powder), formula for growing infants (stage 3 milk powder), and children's nutritional formula (stage 4 milk powder) as indicated in the following table.

Age	0-6 months	6-12 months	1-3 years old	3-7 years old
Stage	Newborn baby formula	Relatively older infant formula	Formula for growing infants	Children's nutritional formula

According to the dairy production industry trend report from the Taiwan Industry Economics Service, MOEA in October 2017, the domestic dairy and milk powder businesses have begun to develop the domestic milk powder for adults market. Based on the fact that the population in Taiwan continues to age, businesses have developed special milk powder for the middle-aged population over 50 years old, such as milk powders containing high calcium content, high iron content, plant-based dietary fibers, glucosamine, Omega 3 and vitamin B, which meet the dietary needs for middle-aged population in Taiwan. Therefore, the import performance of milk powder for adults has been effectively increased. Moreover, as the Taiwanese population's awareness for health beverages such as calcium supplementation increases, so does their need for dairy products such as cheese.

B. Overview of diaper market

Adult diapers are the daily necessities of long-term bedridden patients and urinary incontinence patients. When entering the aging society, the proportion of the elderly population in the population structure is increasing year by year, and the demand for adult diapers is increasing relatively. From the table below, it can be seen that the elderly population over 65 years old in Taiwan has increased from 2,698,000 in 2013 to 3,607,000 in 2019, while the sales volume of adult diapers has grown from 486 million to 580 million, showing that Taiwan is gradually moving towards an aging society. With the improvement of national income, quality of life and the change of health habits, it is expected that the market size of adult diapers will expand steadily in the future.

Overview of diaper sales in Taiwan

我國紙尿褲銷售概況

項目 / 年別	102 年	103 年	104 年	105 年	106 年	107 年	108 年
65 歲以上人老年人口數（萬人）	269.8	280.8	293.8	310.6	326.8	343.4	360.7
成人紙尿褲銷售量（億片）	4.86	5.20	4.93	5.64	5.74	5.45	5.80

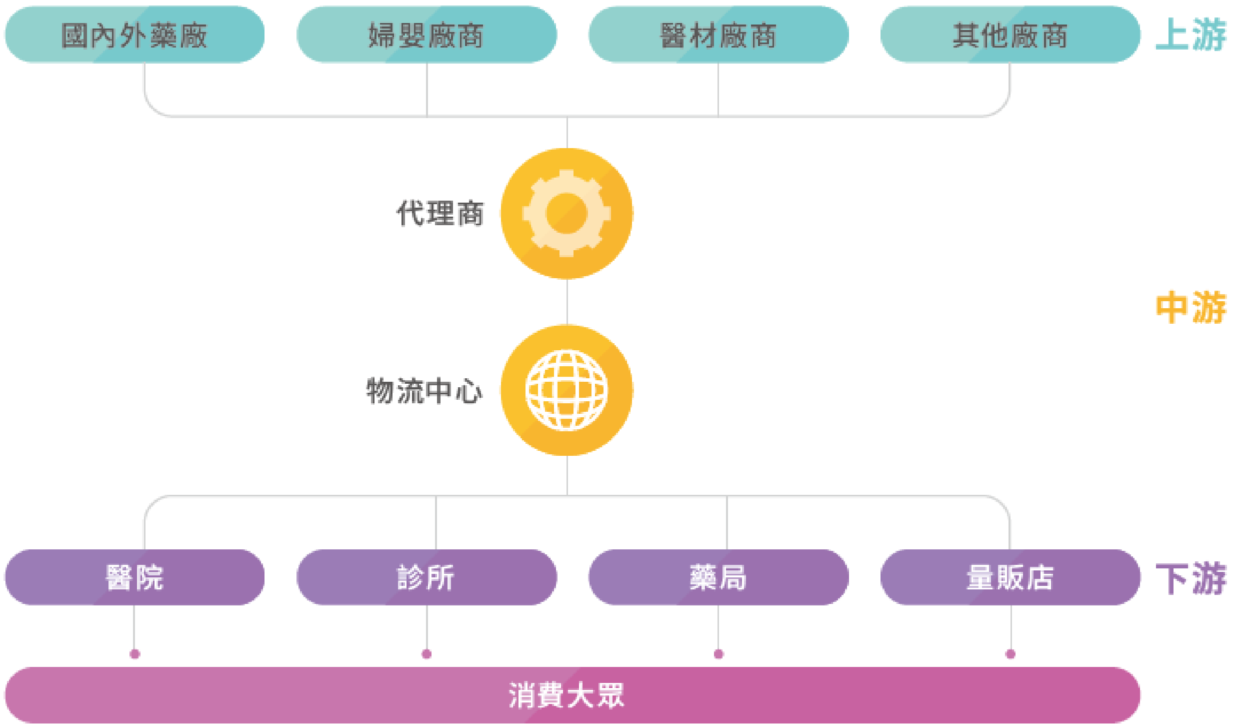
資料來源：1.「內政統計月報」，內政部統計處。
2.「造紙產銷量統計」，台灣區造紙工業同業公會。

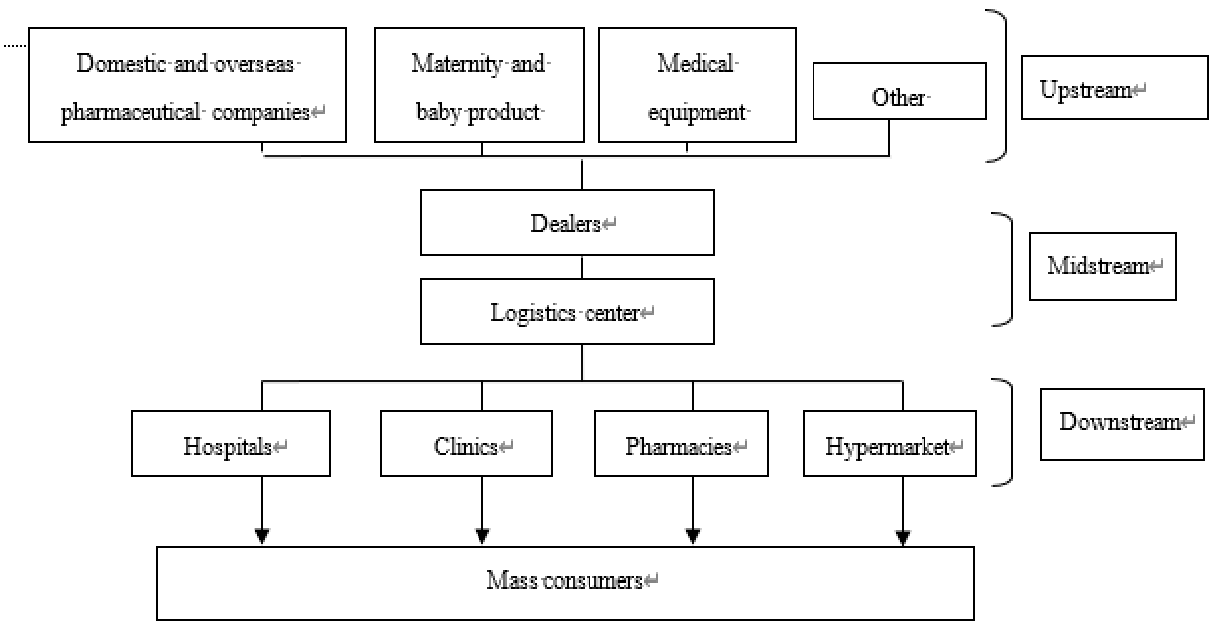
Item/Year	2013	2014	2015	2016	2017	2018	2019
Aged population 65+ (in 10 thousand persons)	269.8	280.8	293.8	310.6	326.8	343.4	360.7
Sales volume of adult diapers (in 100 million pieces)	4.86	5.20	4.93	5.64	5.74	5.45	5.80

In terms of baby diapers, though birth rate continues to decline, but as national income and the household employment rate continue to rise, the domestic baby diaper sales have largely maintained steady growth. Since many competitors have entered the baby diaper market in recent years, there are many similar products on the market, leading to intense competition. Based on the above, the adult diaper market has benefited from the rapidly ageing population, while the growth of baby diaper market is kept at a steady pace due to low birth rate. Therefore, the overall diaper market has kept a pace of continuous, steady growth.

2. Correlation among upstream, midstream, and downstream of the industry

The Company has professional pharmacy sales teams who serve as channels between domestic and overseas pharmaceutical vendors and the consumers. We assist suppliers to provide their products to target audience, while also support consumers to purchase the products they need through convenient, professional, and diversified services. The industry can be roughly divided into upstream, midstream, and downstream.





3. Development trends of various products

As the purchasing behavior of medical products require a higher and more professional barrier, consumers have less product information and higher needs for health care education. Therefore, enhancing the professionalism of storefront personnel is even more crucial in meeting consumer needs. The Company has a competitive product strategy:

①As the population in Taiwan ages and medical expense increases, everyone's medical and drug expenditure will also steadily increase.

②The market for chronic prescription medicine is rapidly increasing due to the aging population in Taiwan.

③Under the policy of separating clinics from medication, the reception rate of chronic continuous prescription has continued to increase.

④Pharmacy chains have replaced traditional single-store community drugstores, pharmacies within clinics, or drugstores near clinics.

4. Product competition

①Large enterprises have invested toward management of pharmacy channels

Large chain pharmacies in Taiwan, including Healthy Life and Yes Chain are gradually being acquired in recent years, and large drugstore chain like Cosmed has also invested toward health care community drugstores. Though as a Group, the Company's scale is still smaller than our competitors, but in terms of professional drugstore management, we have already rapidly opened new stores and bridged the competitive gap through the GT-POMS system, which is a blend of our 10 years of successful experience. We have also widened the competition in terms of professionalism through our pioneering personal cloud-based health management system.

(III) Technical and R&D Overview

The Company is in the chain pharmacy channel business and has not established an in-house R&D department. Nevertheless, to cater to the needs of the public consumers, our Product Marketing Department is committed to product development tasks and has planned the packaging of our own products, marketing strategies, and channel promotions. By developing various products and commissioning suppliers to produce them, the various development projects of own products have helped us to achieve talent cultivation, supplier partnership, and close-knit partnership during subsequent marketing and sales.

(IV) Short/long-term business development plans

(1) Short-term business development plans

We will continue to optimize the mode of successful development of stores, expand the business scope at home and abroad, and start the next five-year growth momentum.

We will continue to build on strategic cooperation opportunities, introduce exclusive overseas agency products, and actively seek diversified products, such as drugs, health supplements and supplies from well-known manufacturers in Europe, America and Japan in addition to branded powdered milk to create differentiation in our channels.

The Company provides consumers with free, professional online health care service through the pioneering Personal Cloud-based Health Management System. The Company plans to increase the use of the cloud-based health information platform, and for the platform to reach maturity within 5 years and to become the best virtual channel for health care services in Taiwan.

④Launch commercial activities on the cloud-based health information platform. Integrate physical and virtual customer service and sales system to overcome legal hurdles against drug sales online through integration of customer flow, information flow and logistics online and offline to create a direct, fast, and comprehensive bi-lateral health consultation channel for customers.

⑤Collaborate with professional medical material manufacturers to record the health data provided by consumers through programs and analyze professionally, provide professional consultation to members in the use of products, promote the development of health Internet, enhance the service experience of physical store members, and build an all-channel online merge offline (OMO) model.

(2) Long-term development plan

Expand the cloud-based integrated system to the Chinese market throughout the world to increase market share.

Horizontally expand the industry and collaborate and form partnerships with health-related industries and diverse industries to achieve well-rounded service. By promoting the use of the cloud-based medical history app, we can provide members with innovative services ranging from cloud-based medical history query, reminder for drugs, and reminder for hospital visits, thus maximizing our brand value.

II. Market and Sales and Marketing Overview

(I) Market analysis

1. Regions of major products (service) provisions

Unit: thousand NTD; %

Year / Item	2019		2020	
	Amount	Ratio	Amount	Ratio
Domestic sales	6,573,313	99.57%	8,611,700	99.66%
Exports	28,299	0.43%	29,694	0.34%
Total	6,601,612	100.00%	8,641,394	100.00%

Note: The financial information presented is consolidated information that has followed IFRS reporting standards.

2. Market share and future supply and demand in the market and growth rate

(1) Market share

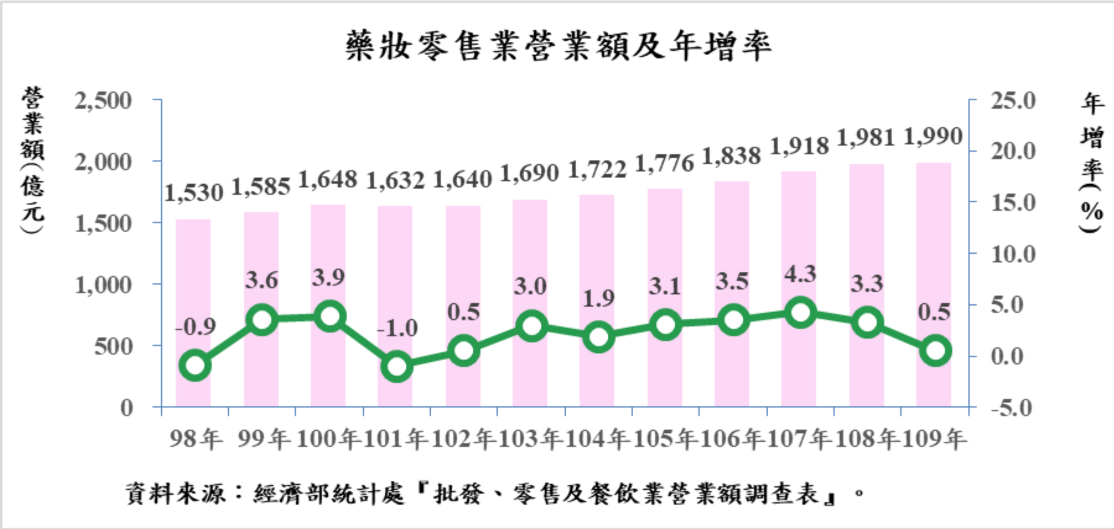
The Company is a downstream channel chain business of biotechnology and medical industry. According to the circulation express Vol. 961 in April 2021, as of March 31, 2021, the total number of domestic chain pharmaceutical channel operators is 1,573 stores, whilst the Company has 200 stores on March 31, 2021, accounting for 12.71% of the total number of domestic chain pharmaceutical channels. According to the Department of Statistics of the Ministry of Economic Affairs, the "turnover of wholesale, retail and catering industry" shows that the turnover of Taiwan's drug, medical supplies and cosmetics retail market in 2020 is estimated to be NT$199.0 billion, calculated by the Company's 2020 consolidated financial report turnover of NT$8.641 billion, its market share is about 4.34%.

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

①Demand side

A. Drug and beauty retail market in Taiwan

According to data from "operating revenue from wholesale, retail and catering industry" from the Department of Statistics, MOEA, the revenue from the retail market for medicine, medical products and beauty/skincare product in Taiwan in 2020 was estimated to be approximately NT$199.0 billion, with an annual growth rate of 0.5%, The average growth rate over the past decade had been 1.90%. It can be seen from the following diagram that the growth of the retail market for drugs and beauty products has low correlations with the domestic economy, and was not severely affected by the economic recession. As the population ageing index reached over 100 in February 2017, indicating that the number of senior citizens has surpassed the number of children for the first time and has continued to soar beyond 119.82 by the end of 2019 to arrive at 127.80, it is obvious that the ageing society will have an increasing demand for medicine and medical equipment. As a whole, the pharmacy market in Taiwan continues to show an upward trajectory in the future.



Revenue and Annual Growth Rate of the Skincare/Beauty/Medical Retail Industry
Turnover (In NT$100 million)
Annual growth rate (%)

B. Biotech health foods market

According to the survey and estimation of the IT IS team of the Food Institute, the market size of health food in Taiwan in 2018 was NT $136.7 billion, with a growth rate of 5.79%. Among them, the market size of dietary supplements was about NT$74.3 billion, with an estimated overall growth rate of 6.63% in 2019 to NT$81 billion. International market research company Euromonitor predicts that by 2021, the Asian health food market is estimated to reach US$89.63 billion (about NT$2,649.9 billion), indicating that the market size of the Asia-Pacific region will expand year by year. In addition to Taiwan, most of the products sold by Taiwan's food biotechnology industry are sold in the Asia-Pacific region. With the gradual saturation of the nutrition and health products based on probiotics and Angora camphorata in Taiwan's domestic market, and the saturation of appeal to supplement vitamin nutrition health food, companies are keen to use plant-based raw materials, and most are also looking to develop overseas markets, and it is worth noting that, as the health food of capsule lozenges is more convenient for consumers to take and the unit price is higher than that of traditional health food, more and more manufacturers are planning to produce capsule ingot-based health food and expand overseas market, so it is estimated that the production value of food biotechnology will show growth in 2021.

C. Maternity and infant products

Having begun with milk powder and diapers in the category of maternity and baby products, our pharmacy gradually expanded to include lineup of baby products, going from customer attraction to revenue consideration. Moreover, the mutual inclusiveness of professionalism over these products have prompted some pharmacies to actively increase these products. The sales of a mix of maternity and baby products are mostly designed to increase customer retention, and to expand into the baby dietary supplement market. According to Kantar Worldpanel's 2016 research, the scale of the market for infant formula in Taiwan was approximately NT$6.5 billion, while the market for baby diapers was approximately NT$6.4 billion. After adding a mix of maternity and baby products, pharmacies carved into the market shares of supermarkets and hypermarkets. Currently, pharmacies account for 90%, 70%, and 50% or more of the infant and baby powder milk, children's powder milk, and baby diapers market volume respectively.

②Supply side

Since the Company is a downstream channel chain industry in the biotechnology industry, supply side analysis will be based on the production values of upstream domestic and overseas pharmaceutical companies and health food companies. As the global biotechnology and medical industry continues to grow and domestic demand for biotech products increases, adding momentum and business opportunities for the operations of biotech and pharmaceutical industry in Taiwan, the operational scale of biotech medical industry also continues to grow. Statistics from the Ministry of Economic Affairs indicated that in 2019 the revenue forecast for the biotech medical industry had reached NT$559.7 billion, with an overall growth rate of 8.72%. Most of the aforementioned revenue comes from health care, medical equipment, applied biotechnology, and medicine. In 2019, revenue from medical equipmen was NT$169.2 billion, indicating an annual growth rate of 6.28%. In addition, the revenue from medicine in 2019 was approximately NT$85.5 billion, with an annual growth rate of 6.48%. Applied biotech had approximately NT$110.6 billion in revenue and 5.63% annual growth rate, while health care (including health promotions and well-being) had approximately NT$194.4 billion in revenue and 13.95% annual growth rate.

③Growth

As the standards of education increases, the work-related pressure on the public also increases accordingly. Busy lifestyle has led to unbalanced diets while the age of illnesses gradually decreases. The medical awareness of natural prevention has emerged, and consumers are paying increasing attention to the health care concept that prevention is more important than cure, and more and more of the public is willing to invest toward their health. Though financial slump around the world in 2009 had led to economic downturn, but the revenues from health foods providers in Taiwan had grown in spite of the slump. This shows that the pharmacy channel is mostly focused on delaying ageing and strengthening both physical and mental health while supplementing short- and long-term protection and care, and will continue to show steady growth and development.

Furthermore, Mainland China begun to push for new medical reform in 2009 and would invest over CNY 850 billion toward reforming the medical infrastructure. In addition, China plans to adjust its economic development structure through "expanding domestic need" and "seven strategic emerging industries" in the "12th Five-Year Plan," and bio medical industry is one of its core industries. The production value of the overall seven strategic emerging industries on the GDP will be increased from 1% to 15%, and the production value will reach CNY 10 trillion, indicating that there is ample market potential in the Chinese medical service market. After stabilizing our market share in the Taiwanese channel market for medical products, the Company plans to be dedicated to developing the Chinese market.

3. Competitive Niches

Stable customer relations and winning the trust from consumers

Provide consumers with free online professional health care service via our pioneering personal cloud-based health management system on top of providing physical and virtual channels of communication, building the professional brand of "Great Tree" and winning a high sense of reliability from customers.

②Great Tree Pharmacy management system

The Company boasts of the most experienced and comprehensive core management team throughout the industry. We understand changes in the industry development and our marketing team continuously innovate more diverse types of services. Collectively, we have built the Great tree Pharmacy management system and achieved the ISO9001 and Good Service Provider certifications.

Well-rounded teaching system

The medical industry is intricately connected with health and human safety. In addition, laws, educational training, marketing and sales, and services are both complex; thus, the Company has built a comprehensive educational training system and innovated remote teaching system and online evaluation. From new recruits to personnel of each ranks, each level of our employees will be subjected to appropriate courses, providing professional relevant knowledge to the in store service personnel.

4. Favorable and unfavorable factors in development prospects and countermeasures

Favorable factors

A. Increase in GDP, gradual increase of the percentage of senior population and the increased awareness for health

As GDP, the percentage of senior population, and the average lifespan of Taiwanese population continue to increase, the public's need for various medical and health such as health care, disease detection and prevention will definitely rise. This will continue to drive the sales of various medicine, health foods, and health care products.

B. Under the policy of separating clinics from medication and the NHI total payment system, the reception of chronic and continuous prescriptions has continued to increase

In light of the fact that some hospitals used the differences in drug prices to earn high profits from drug administration, the National Health Insurance Administration (NHIA) has been conducting surveys on drug prices and adjusting their prices on a bi-annual basis since 2000. The hospital's margin for drug price difference continues to shrink, and under the total payment system stipulated by the NHI, hospital management needs to adjust its profit structure, prioritize businesses with higher profits and to reduce the drug sales business with declining profits. Therefore, under the combination of the NHI regularly reviewing drug prices, total payment system, and the separation of clinics from medication, large hospitals have actively released the prescription business due to their own subpar profit structure, so that the Company's chronic prescription drug business will continue to grow in the future.

C. Received ISO 9001 certification and awarded with GSP certification, actively developing cloud-based medical history system

The Company boasts of the most experienced and comprehensive core management team throughout the industry. We understand changes in the industry development and our marketing team continuously innovate more diverse types of services. Collectively, we have built the Great tree Pharmacy management system and achieved the ISO9001 and Good Service Provider certifications, indicating our excellent management efficiency and fulfilling our brand philosophy of "a pharmacy you can trust" in practice.

In line with the government's policy of separating treatment from medication, the Company has developed a "drugstore cloud-based medical history integration service management system." After many years of actual practice, we have successfully integrated the prescription drug purchasing, supply, and management in drugstores, community clinics, joint clinical centers, and medical communities. Based on these advantages, the Company will launch the commercial functions on the cloud-based health information platform. We will integrate physical and virtual customer service and sales system to overcome the legal prohibition against drug sales online to establish a direct, fast, and comprehensive bi-lateral health consultation channel for customers.

D. Comprehensive educational training system

The products the Company sells is intricately connected with consumers and has to do with health and human safety. In addition, laws, educational training, marketing and sales, and services are both complex; thus, the Company has built a comprehensive educational training system and innovated remote teaching system and online evaluation. From new recruits to personnel of each ranks, each level of our employees will be subjected to appropriate courses, providing professional relevant knowledge to the in store service personnel.

E. Understand customer needs, develop own-brand products to expand the levels of service and enhance customer satisfaction

The Company operates chain pharmacy channel, and understands customer needs and preferences as the nature of our industry allows us to come face-to-face with consumers. Moreover, based on the service philosophy of introducing the most suitable products to customers, we have developed our own brand products to cater to customer needs. We wish to enhance customer loyalty, satisfaction, and willingness to make repurchase through selling the products that best meet their needs, thus enhancing contribution margin.

F. Member customers have high levels of loyalty to the Company's brand, and effectively inject contribution margin

The Company's in-store staff will drive customer flow by inviting members to make repurchases and by organizing promotional activities, thus also increasing brand loyalty and adhesion. The Company currently has nearly 1.8 million members, and since members can enjoy shopping discounts, accumulate bonus points and free online fliers and other benefits, the willingness to make repurchase is effectively stimulated in members. Moreover, the ratio of revenue from members to monthly revenue is gradually increasing, showing that members of the Company have high levels of adhesion to the Company's channel brand, and we hope to continuously drive their contribution margin and to drive the Company's sales.

Unfavorable factors

A. Increasingly intense competition with many substitute products

Due to the high homogeneity of the products provided by each chain drugstore channel, the degree of differentiation is rendered less obvious. As consumers tend to purchase products with lower prices, each channel operator is likely to fall into price wars, thereby weakening the Company's profitability.

<u>Response measures</u>

The Company fosters professional knowledge and characters as well as the passion for service in our storefront personnel through solid educational training, so that they can actively provide consultation for customers on maternity and baby products and health foods with a positive attitude; thereby helping pharmacists to focus on drug administration, chronic disease service management and consultation as well as NHI prescription drugs, non-prescription drugs, and over-the-counter drugs. By enhancing the professional knowledge of pharmacists and store personnel, we can provide consumers with well-rounded health management solutions, thus differentiating our stores from competitors and enhancing positive recognition, trust, and loyalty to our brand from customers.

B. Wide variety of products make quality control difficult

Since the Company has a wide variety of product lines and mixes as well as numerous upstream suppliers, the quality management over products is challenging. Our overall performance could be affected if consumers lose faith in products.

Response measures

Prior to introducing products to the shelves at stores, the Company would strengthen the quality control over products and evaluate suppliers. We adopt preventive measures to actively control product quality for consumers. In case product quality is found to be defective, the Company will actively find and recall the product in question and assist consumers to seek for indemnities from suppliers to prevent them from purchasing questionable products and not being able to return them. This will also help to generate consumers' faith in the Company.

(II) Major applications and production process of the primary products

(1) Applications of primary products

Product type	Applications
Maternity and infant products, NHI prescription drugs and health care supplements	Products are sold in the chain pharmacy channels, where we offer consumers choices for drugs, home-based health care and health prevention.

(2) Product review and launch

Research on new products and market needs → Review of supplier qualifications → Sample evaluation by Purchasing Department → Review by category → Launching of products in retail outlets

(III) Supply status of main materials

Suppliers of the Company's main materials are from Taiwan, and the supply of main materials is decent. No shortage of supply has occurred in the most recent two years. In addition, since the Company's output has reached economies of scale, making it easier for the Company to negotiate for better terms with major suppliers, the Company is in a better position to develop new suppliers and to maintain stable supply.

(IV) Suppliers/customers who accounted for at least 10% of purchases/sales and respective amount and percentage in the most recent 2 years

1. Information on major suppliers in the most recent 2 years

The Company is a chain pharmacy channel and our major purchases are pharmaceutical companies and agents in Taiwan. No suppliers have accounted for more than 10% of all purchases.

2. Information on the main customers in the most recent two years

The Company is a chain pharmacy channel and our major sales transactions are made to average consumers. No consumers have accounted for more than 10% of all sales.

(V) Table of production volume in the 2 most recent years

The Company is a chain pharmacy channel and our focus is on channel development, product sales and consultation for drug administration. We do not have production or manufacturing, hence this analysis for changes in production volume is not applicable.

(VI) Sales volume in the most recent two fiscal years

Unit: thousand NTD

	2019				2020			
	Domestic sales		Exports		Domestic sales		Exports	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Maternity and infant products	Note 1	3,214,018	Note 1	9,476	Note 1	3,736,632	Note 1	6,848
National Health Insurance (NHI) prescription drugs		987,035		-		1,366,832		-
Health foods and supplements		1,368,934		15,977		1,915,780		19,044
Health care products		740,496		2,358		1,239,008		3,521
Others (Note 2)		262,830		488		353,448		281
Total		6,573,313		28,299		8,611,700		29,694

Note 1: The Company is a chain pharmacy channel and sells many types of products with varying quantities. Therefore, a consistent count of quantities sold is not possible.
Note 2: Others include living goods and foods.

III. Employee Information in the Last Two Years up to the Date of Publication of This Annual Report

April 30, 2021 Unit: Person; year; year old

Year		2019	2020	2021 as at April 30
Number of employees (persons)	Manager	10	15	15
	Logistics personnel	259	324	325
	Storefront sales	924	1,188	1,180
	Total	1,193	1,527	1,520
Average age		29.71	29.97	30.30
Average year of services		2.56	2.55	2.70
Education distribution ratio (%)	Ph.D.	0.08	0.13	0.13
	Masters	2.10	2.10	2.24
	College or university	77.95	79.63	82.70
	High school	19.28	17.75	14.67
	Below high school	0.59	0.39	0.26

IV. Information on Environmental Protection Expenditures

(I) Application, payment, or establishment of a pollutant-producing permit or pollutant discharge permit or a person designated to set up an environmental protection unit in accordance with the law: the Company is a pharmacy channel and does not have production processes and does not cause pollution. Hence this is not applicable.

(II) Total amount of losses (including compensations) and punishments incurred by the Company due to environmental pollution in the most recent year up to the date of publication of the Annual Report: None.

V. Labor Management Relations

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

(1) Employee benefit measures, continuing studies and training

In addition to processing labor insurance and National Health Insurance for our employees in accordance with the law, the Company has also established an Employee Welfare Committee that promotes various employee benefit measures to award and to thank employees for their hard work. Employee benefits at the Company include the following types:

Type of benefit	Content
Bonus	Year-end bonus and performance-based bonus
Insurance	Labor insurance, National Health Insurance, and employee group insurance
Holidays	Special leaves, work-related injury leaves, personal leaves, sick leaves, marriage leaves, funeral leaves, maternity leaves, prenatal checkup leaves, paternity leaves, menstruation leaves, family care leaves, compensatory leaves, and pregnancy leaves
Grants and subsidies	Employee health checkup, flu vaccinations, weddings and funerals, maternity benefit, sick and emergency allowances
Recreation	Quarterly departmental luncheons, domestic and overseas trips, year-end lucky draw, coupons for answering questions during meetings
Holiday bonuses	Gift certificates on the three traditional holidays and birthday coupons
Facilities	Nursing room, employees lounge, smoking room, educational training center
Shopping	Employees can purchase products from Great Tree Pharmacy at a discounted price.

The Company gradually reformed the work environment for employees in 2017, renovated office areas and educational training classroom to provide comfortable work and learning environments. Various vending machines, coffee machine, and rice cookers are installed at the employee lounge. In addition, a nursing room has also been installed, allowing female workers to care for their families while working.

The Company set aside NT$8,566,995 in 2019. However, due to the COVID-19 epidemic in 2020, in order to avoid flock, we failed to hold staff travel and health check. We plan to hold relevant staff welfare activities depending on the epidemic. In recent years, the Company has achieved stable revenues, and the allocations of benefits have also increased accordingly. The Employee Welfare Committee will appropriately review and adjust each benefit system to boost the morale of our employees.

The Company attaches great importance to the career development and talent cultivation of employees in order to give consideration to the long-term development of the enterprise and improve the working skills of the employees, so as to improve the work performance and achieve the Company's business objectives. Educational training has been carried out in the following three categories:

①Prework training: all new recruits receive prework training to help them to be quickly accustomed to the work environment, understand the Company system and their rights and obligations.

②On-the-job training: internal training, selected training, and training from externally commissioned instructors.

③Talent training: viewed as a long-term investment of employees, on top of various on-the-job training, the Company also adopts overseas trips, visits to famous companies in Taiwan and attending various meetings, or job rotations in employee training.

Education and training courses in 2020:

Name of course	Total sessions (1)	Hours per session (2)	Total hours organized (1)*(2)	Total participants trained
Headquarters courses for new employees	6	6	36	455
(Online) courses for new employees	9	8	72	371
(Online) professional courses	9	36	68	416
Zonal courses	15	3	45	1,591
(Online) courses for all	19	3	57	1,292
Total	67	-	278	4,125

Professional continuing studies for personnel in functions related to financial information transparency are as follow:

①The Company's finance manager and representative of the accounting manager participated in the "Issuer Stock Exchange Accounting Manager Continuing Study Class" hosted by the Accounting Research and Development Foundation (ARDF) had have passed the relevant examination and continue to study toward more advanced courses.

②The head of audit of the Company and his/her agent participated in the "Policy Analysis and Practice Focus on Internal Accounting and Internal Control for Enterprises to Improve Their Ability to Prepare Financial Reports", the "Instance Drill of the Labor Incident Act", the “Practices of Personal Information Protection Act in Internal Audit and Internal Control" and the "Financial Analysis Index Interpretation and Operating Risk Prevention", and passed the test and continued to receive the train.

(2) Retirement system and implementation

Labor Pension Act was enacted as of July 1, 2005 and the Company adopts defined contribution plans. Employees may elect to apply for either the provisions regarding pensions in the former Labor Standards Law, or the pension system in the current Labor

Pension Act and reserve the seniority prior to application of such act. For employees who meet the criteria for the act, upon actuarial accounting from a commissioned actuary, the Company will contribute 2% of the salaries payable in each month toward the pension reserve. The reserve will be deposited to the dedicated pension fund account at the Bank of Taiwan under the name of the Worker Pension Reserve Supervisory Committee and has been approved by the Taoyuan County Government. The Pension Reserve Supervisory Committee meets every three months and is responsible for the supervision and review of appropriation of pension reserve, deposit, and expenditure. The Company set aside NT$40,102 for employees applicable to the Labor Standard Act in 2020. After July 2005, in line with the government's policy, personal pension reserve account is adopted, and the Company contributes 6% of the employee's monthly salary and deposits the amount into dedicated employee account at the Bureau of Labor Insurance. In the year of 2020, the amount allocated by the group according to the fixed allocation plan of the Labor Pension Ordinance was NT$33,677,902.

(3) Labor relations agreements and protection of various employee rights and interests

①The Company's measures and regulations regarding labor relations management are all based upon relevant laws. Moreover, the Company has always maintained a self-management and full participation management style, where each department manager and his/her subordinates would effectively communicate through regular business meetings and educational training. Therefore, the Company maintains positive labor relations and has had no relevant disputes.

②The Company has always been committed to caring for our employees. To prevent occupational disasters and to protect worker safety and health, the Store Development Department has established a set of "Occupational Health and Safety Work Rules," and is responsible for amendments, establishments, promotions and follow-up of occupational health and safety regulations, as well as coordinating and implementing the health inspection tasks at all stores and the head office. The Company has organized labor relations meetings and an Occupational Safety and Health Committee in accordance with relevant laws. Both employer and employees nominated 5 representatives each and regularly convene meetings to discuss worker rights, benefits, and occupational safety matters.

(II) Losses arising as a result of labor disputes in the most recent year up to the date of publishing of this annual report, and disclosure of potential losses in the current and future terms and countermeasures

Since our founding, the Company has always had a very harmonious labor relations and fluent channels of communication. The Company also organizes labor relations meetings and seminars to explain about Company policy. The management highly values opinions, needs, and questions from the workers, and strives to solve and to provide the best assistance possible. Therefore, no material labor dispute has broken out since the Company's inception. Looking to the future, under such a positive, interactive relation between the management and workers, we estimate that the chances of incurring losses due to labor disputes are very low.

VI. Material Contracts

Nature of contract	Person involved	Date and duration of the contract	Major content	Restrictive clauses
Lease contract for the head office	Hsiao Wan Chi, Hsiao Wan Chuan, Hsiao Wan Chun, Hsiao Sheng Hsiung, and Hsiao Jung-Hua	7/1/2014~12/31/2023	Office lease	None
Interdisciplinary strategic alliance agreement for pharmacy and convenience store	FamilyMart	5/1/2015~4/30/2022	The Company and Family Mart have formed an cross-industry strategic alliance of "Family Mart + Great Tree Pharmacy," a new type of business model that integrates pharmacy with convenience store	None
Short-term loan contract	CTBC Bank Co., Ltd. ESG	4/8/2021~7/8/2021	Short-term loans	None
Short-term loan contract	Citibank Taiwan Limited	3/19/2021~9/15/2021	Short-term loans	None

Chapter 6 Financial Information

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

1. Condensed Balance Sheet

Condensed Balance Sheet - Consolidated Information

Unit: NT$1,000

Item / Year		Financial information for the most recent five years (Note 1)					Financial information as at March 31, 2021 (Note 1)
		2016	2017	2018	2019	2020	
Current assets		1,020,314	1,194,396	1,836,087	1,983,207	2,746,418	2,826,353
Property, plant, and equipment (Note 2)		213,769	281,558	385,621	569,754	669,788	699,569
Right-of-use assets		-	-	-	2,033,808	2,487,538	2,492,727
Intangible assets		440	2,997	3,061	20,675	18,018	17,203
Other assets (Note 2)		45,384	58,164	81,019	70,636	87,660	94,451
Total assets		1,279,907	1,537,115	2,305,788	4,678,080	6,009,422	6,130,393
Current liabilities	Before distribution	537,361	723,089	926,252	1,548,137	2,163,859	2,191,127
	After distribution	571,841	777,991	973,769	1,591,621	Undistributed	Undistributed
Non-current liabilities		6,121	7,373	303,883	1,907,466	2,326,018	2,335,702
Total liabilities	Before distribution	543,482	730,462	1,230,135	3,455,603	4,489,877	4,526,829
	After distribution	577,962	785,364	1,277,652	3,499,087	Undistributed	Undistributed
Equity attributable to shareholders of parent company		736,425	804,713	1,051,736	1,200,550	1,499,262	1,583,159
Capital		265,230	305,015	365,516	432,271	533,446	535,237
Capital surplus		268,939	269,539	435,799	534,710	658,506	668,802
Retained earnings	Before distribution	202,256	230,159	250,421	233,569	307,310	379,120
	After distribution	127,991	175,257	202,904	190,085	Undistributed	Undistributed
Other equity		-	-	-	-	-	-
Treasury shares		-	-	-	-	-	-
Non-controlling interests		-	1,940	23,917	21,927	20,283	20,405
Total equity	Before distribution	736,425	806,653	1,075,653	1,222,477	1,519,545	1,603,564
	After distribution	701,945	751,751	1,028,136	1,178,993	Undistributed	Undistributed

＊Companies having compiled an individual financial report shall compile individual condensed balance sheet and consolidated income statement.

Note 1: The above financial information was reviewed by CPAs. The financial information for Q1 2021 was reviewed by CPAs.

Note 2: For those who have carried out asset revaluation, the date of the revaluation and amount of revaluation should be stated: Not applicable.

Note 3: Figures after distribution shall be filled based on the resolution from the Shareholders' Meeting in the following year.

Note 4: For those who were informed by the competent authority to correct or recompile financial information, statements should be prepared using corrected or recompiled figures and the status and reasons of which shall be noted: Not applicable.

Condensed Balance Sheet - Individual Information

Unit: NT$1,000

Item / Year		Financial information for the most recent five years (Note 1)					Financial information as at March 31, 2021 (Note 1)
		2016	2017	2018	2019	2020	
Current assets		976,244	1,160,513	1,731,732	1,933,428	2,766,354	Not applicable
Property, plant, and equipment (Note 2)		190,505	261,834	366,741	515,196	619,583	
Right-of-use assets		-	-	-	1,956,027	2,434,371	
Intangible assets		440	2,997	3,061	20,675	18,018	
Other assets (Note 2)		100,903	114,894	165,276	179,974	201,992	
Total assets		1,268,092	1,540,238	2,266,810	4,605,300	6,040,318	
Current liabilities	Before distribution	525,666	728,272	911,430	1,565,322	2,269,720	
	After distribution	560,146	783,174	958,947	1,608,806	Undistributed	
Non-current liabilities		6,001	7,253	303,644	1,839,428	2,271,336	
Total liabilities	Before distribution	531,667	735,525	1,215,074	3,404,750	4,541,056	
	After distribution	566,147	790,427	1,262,591	3,448,234	Undistributed	
Equity attributable to shareholders of parent company		736,425	804,713	1,051,736	1,200,550	1,499,262	
Capital		265,230	305,015	365,516	432,271	533,446	
Capital surplus		268,939	269,539	435,799	534,710	658,506	
Retained earnings	Before distribution	202,256	230,159	250,421	233,569	241,210	
	After distribution	127,991	175,257	202,904	190,085	Undistributed	
Other equity		-	-	-	-	-	
Treasury shares		-	-	-	-	-	
Non-controlling interests		-	-	-	-	-	
Total equity	Before distribution	736,425	804,713	1,051,736	1,200,550	1,499,262	
	After distribution	701,945	749,811	1,004,219	1,157,066	Undistributed	

＊Companies having compiled an individual financial report shall compile individual condensed balance sheet and consolidated income statement.

Note 1: The above financial information was reviewed by CPAs. In Q1 2021, there was no individual financial report certified by CPAs and prepared according to international reporting standards.

Note 2: For those who have carried out asset revaluation, the date of the revaluation and amount of revaluation should be stated: Not applicable.

Note 3: Figures after distribution shall be filled based on the resolution from the Shareholders' Meeting in the following year.

Note 4: For those who were informed by the competent authority to correct or recompile financial information, statements should be prepared using corrected or recompiled figures and the status and reasons of which shall be noted: Not applicable.

2. Condensed Comprehensive Income Statement

Condensed Comprehensive Income Statement - Consolidated Information

Unit: thousand NTD (except for EPS, which is NTD)

Year / Item	Financial information for the most recent five years (Note 1)					Financial information as at March 31, 2021 (Note 1)
	2016	2017	2018	2019	2020	
Net operating revenue	2,802,016	3,623,734	4,900,729	6,601,612	8,641,394	2,481,879
Gross profit	678,235	920,002	1,205,746	1,595,620	2,184,730	643,668
Operating profit	100,733	108,287	124,532	142,371	225,314	78,152
Non-operating income and expenses	12,886	15,556	10,328	28,724	18,096	12,061
Profit before tax	113,619	123,843	134,860	171,095	243,410	90,213
Continuing operations Net income	92,865	102,358	105,979	133,995	192,667	71,932
Net income	92,865	102,358	105,979	133,995	192,667	71,932
Other comprehensive income (loss) for the period (Net income after tax)	10	-250	-337	-1,319	1,186	0
Total comprehensive income (loss)	92,875	102,108	105,642	132,676	193,853	71,932
Net income attributable to owners of the parent company	92,875	102,418	105,642	132,676	194,311	71,810
Net income attributable to non-controlling interests	-	-60	-23	-1,990	-1,644	122
Total comprehensive income attributable to owners of the parent company	92,875	102,168	105,665	134,666	195,497	71,810
Total comprehensive income attributable to non-controlling interests	-	-60	-23	-1,990	-1,644	122
Earnings per share, EPS (NT$)	2.13	2.30	2.27	2.77	3.73	1.34

＊Companies having compiled an individual financial report shall compile individual condensed balance sheet and consolidated income statement.

Note 1: The above financial information was reviewed by CPAs. The financial information for Q1 2021 was reviewed by CPAs.

Note 2: For those who were informed by the competent authority to correct or recompile financial information, statements should be prepared using corrected or recompiled figures and the status and reasons of which shall be noted: Not applicable.

Note 3: Calculated based on the weighted average of shares outstanding in the current year, and retroactively adjusting the number of outstanding shares issued in the next year due to capital increase by reinvestment of surplus or paid-in capital.

Condensed Comprehensive Income Statement - Individual Information

Unit: thousand NTD (except for EPS, which is NTD)

Year / Item	Financial information for the most recent five years (Note 1)					Financial information as at March 31, 2021 (Note 1)
	2016	2017	2018	2019	2020	
Net operating revenue	2,881,999	3,606,685	4,914,093	6,701,943	8,619,074	Not applicable
Gross profit	622,508	870,767	1,161,196	1,514,880	2,113,122	
Operating profit	80,615	91,074	113,561	103,745	190,839	
Non-operating income and expenses	27,408	27,954	16,855	56,654	38,106	
Profit before tax	108,023	119,028	130,416	160,399	22,945	
Continuing operations Net income	92,865	102,418	106,002	135,985	194,311	
Net income	92,865	102,418	106,002	135,985	194,311	
Other comprehensive income (loss) for the period (Net income after tax)	10	-250	-337	-1,319	1,186	
Total comprehensive income (loss)	92,875	102,168	105,665	134,666	195,497	
Net income attributable to owners of the parent company	92,865	102,418	106,002	135,985	194,311	
Net income attributable to non-controlling interests	-	-	-	-	-	
Total comprehensive income attributable to owners of the parent company	92,875	102,168	105,665	134,666	195,497	
Total comprehensive income attributable to non-controlling interests	-	-	-	-	-	
Earnings per share, EPS (NT$)	2.13	2.30	2.27	2.77	3.73	

＊Companies having compiled an individual financial report shall compile individual condensed balance sheet and consolidated income statement.

Note 1: The above financial information was reviewed by CPAs. In Q1 2021, there was no individual financial report certified by CPAs and prepared according to international reporting standards.

Note 2: For those who were informed by the competent authority to correct or recompile financial information, statements should be prepared using corrected or recompiled figures and the status and reasons of which shall be noted: Not applicable.

Note 3: Calculated based on the weighted average of shares outstanding in the current year, and retroactively adjusting the number of outstanding shares issued in the next year due to capital increase by reinvestment of surplus or paid-in capital.

3. Names of CPA and audit opinion for the past five years

Year	Name of accounting firm (Note)	Name of CPA (Note)	Audit opinion
2016	ERNST&YOUNG	Ching-Piao Cheng, Mao-Yi Hung	Unreserved opinion
2017	ERNST&YOUNG	Hsiao-Chin Lo, Ching-Piao Cheng	Unreserved opinion
2018	ERNST&YOUNG	Hsiao-Chin Lo, Ching-Piao Cheng	Unreserved opinion
2019	ERNST&YOUNG	Hsiao-Chin Lo, Ching-Piao Cheng	Paragraph on unqualified opinions and emphasis matters or paragraph on other matters
2020	ERNST&YOUNG	Hsiao-Chin Lo, Ching-Piao Cheng	Unreserved opinion

Note: The change of CPAs in 2017 was caused by the internal rotation of accountants in EY Taiwan.

II. Financial Analysis for the 5 Most Recent Fiscal Years

Financial analysis for the 5 most recent years - Consolidated information

Analysis item (Note 2)/Year (Note 1)		Financial analysis for the 5 most recent years					Current year as at March 31, 2021
		2016	2017	2018	2019	2020	
Financial structure	Debt-asset Ratio (%)	42.46	47.52	53.35	73.87	74.71	73.84
	Proportion of long-term capital in PP&E (%)	347.36	289.11	357.74	120.22	121.80	123.40
Solvency	Current ratio	189.87	165.18	198.23	128.1	126.92	128.99
	Quick ratio	104.76	89.63	117.75	50.57	57.76	55.96
	Interest coverage ratio	Note 7	571.71	39.5	6.35	7.41	10.67
Operating performance	Receivables turnover rate (times)	13.26	13.15	15.64	18.99	26.14	28.54
	Average collection days	28	28	23	19	14	13
	Inventory turnover rate (times)	5.73	5.76	5.99	5.32	4.91	4.86
	Payables turnover rate (times)	8.45	5.39	5.51	5.69	6.03	6.20
	Average days for sale	64	64	61	68	74	59
	Property, plant, and equipment turnover rate (times)	15.08	14.63	14.69	4.42	3.00	3.13
	Total asset turnover rate (times)	2.61	2.57	2.55	1.89	1.62	1.64
Profitability	Return on assets (%)	8.64	7.28	5.66	4.45	4.1	5.19

	Return on equity (%)	14.54	13.27	11.26	11.66	14.05	18.43
	Ratio of profit before tax on paid-in capital (%)	42.84	40.60	36.90	39.58	45.63	67.65
	Net income ratio (%)	3.31	2.82	2.16	2.03	2.23	2.90
	Earnings per share, EPS (NT$)	2.13	2.30	2.27	2.77	3.73	1.34
Cash flow	Cash flow ratio (%)	24.03	21.69	14.18	14.53	33.65	4.23
	Cash flow adequacy ratio (%)	42.48	45.78	39.65	34.2	59.53	60.45
	Cash flow reinvestment ratio (%)	9.22	12.69	4.81	4.17	12.88	6.74
Leverage	Operating leverage	5.78	5.46	6.27	7.24	6.14	5.23
	Financial leverage	1	1	1	1.23	1.17	1.12

Please explain about the changes in various financial ratios in the most recent 2 years.
With respect to the changes in financial ratios of more than 20% in the years 2020 and 2019, the analysis is as follows:

1. The turnover rate of receivables increased compared with the previous period, mainly due to the significant increase in the revenue of our stores in about 46 stores in this year.
2. The decrease in turnover rate of real estate, plant and equipment is mainly due to an increase the 46 stores in the current period, the capital expenditures related to the right to use assets and engineering of the store increased.
3. The increase in cash flow, cash flow adequacy and cash reinvestment ratio compared with the previous period is mainly due to the increase of cash inflow from operating activities.

＊ In case a separate Individual Financial Statements is compiled, the company should also prepare a separate financial ratio analysis for the Individual Financial Statements.

Financial analysis for the 5 most recent years - Individual information

Analysis item (Note 2)/Year (Note 1)		Financial analysis for the 5 most recent years					Current year as at March 31, 2021
		2016	2017	2018	2019	2020	
Financial structure	Debt-asset Ratio (%)	41.93	47.75	53.6	73.93	75.18	Not applicable
	Proportion of long-term capital in PP&E (%)	389.71	310.11	369.57	123.02	123.47	
Solvency	Current ratio	185.72	159.35	190	123.52	121.88	
	Quick ratio	123.85	102.34	127.73	65.75	66.91	
	Interest coverage ratio	Note 7	549.52	38.2	6.2	7.15	
Operating performance	Receivables turnover rate (times)	11.17	9.32	10.92	11.83	14.41	
	Average collection days	33	40	33	31	25	
	Inventory turnover rate (times)	7.29	7.87	7.92	7.19	6.16	
	Payables turnover rate (times)	6.5	5.41	5.59	5.78	5.61	
	Average days for sale	51	47	46	51	59	

	Property, plant, and equipment turnover rate (times)	18.03	15.95	15.64	4.72	3.12
	Total asset turnover rate (times)	2.71	2.57	2.58	1.95	1.62
Profitability	Return on assets (%)	8.73	7.31	5.72	4.56	4.13
	Return on equity (%)	14.54	13.29	11.42	12.08	14.39
	Ratio of profit before tax on paid-in capital (%)	40.73	39.02	35.68	37.11	42.92
	Net income ratio (%)	3.22	2.84	2.16	2.03	2.25
	Earnings per share, EPS (NT$)	2.13	2.30	2.27	2.77	3.73
Cash flow	Cash flow ratio (%)	23.47	21.21	12.93	14.17	31.98
	Cash flow adequacy ratio (%)	36.32	42.67	41.71	39.65	66.41
	Cash flow reinvestment ratio (%)	8.71	12.78	4.1	4.29	13.15
Leverage	Operating leverage	5.78	6.31	6.81	9.75	7.07
	Financial leverage	1	1	1.03	1.33	1.2

Please explain about the changes in various financial ratios in the most recent 2 years.
With respect to the changes in financial ratios of more than 20% in the years 2020 and 2019, the analysis is as follows:

1. The turnover rate of receivables increased compared with the previous period, mainly due to the significant increase in the revenue of our stores in about 46 cities in this year.
2. The decrease in turnover rate of real estate, plant and equipment is mainly due to an increase the 46 stores in the current period, the capital expenditures related to the right to use assets and engineering of the store increased.
3. The increase in cash flow, cash flow adequacy and cash reinvestment ratio compared with the previous period is mainly due to the increase of cash inflow from operating activities.

Note 1: aforementioned financial information have all been audited by CPA.
Note 2: calculation formula shall be included at the end of this table on the Annual Report:

1. Financial structure
   (1) Debt-asset Ratio = Total Liabilities/Total Assets.
   (2) Ratio of Long-term Capital to Property, Plant and Equipment = (Total Equity + Non-current Liabilities) / Net Property, Plant and Equipment.
2. Solvency
   (1) Current Ratio = Current Assets/Current Liabilities.
   (2) Quick Ratio = (Current Assets - Inventories - Prepaid Expenses)/Current Liabilities.
   (3) Interest Coverage Ratio = Net Profit before Tax and Interest/Interest Expenses.
3. Operating performance
   (1) Receivables turnover rate (including bills receivable resulting from accounts receivable and business operations) = Net sales/Average accounts receivable in various periods (including bills receivable resulting from accounts receivable and business operations).
   (2) Average Collection Days = 365/Receivables Turnover Rate.
   (3) Inventory Turnover Rate = Cost of Sales/Average Inventory.
   (4) Payables turnover rate (including bills payable resulting from accounts payable and business operations) = Cost of sales/Average accounts payable in various periods (including bills payable resulting from accounts payable and business operations).
   (5) Average Days for Sale = 365/Inventory Turnover Rate.
   (6) Property, Plant, and Equipment Turnover Rate = Net Sales/Average Net Property, Plant, and Equipment.
   (7) Total Asset Turnover Rate = Net Sales/Average Total Assets.

4. Profitability
   (1) Return on assets (ROA) = [Gain (loss) after tax + Interest expenses x (1 - interest rates)]/Average total asset value.
   (2) Return on equity = net income after tax/average equity
   (3) Net margin = net income/net sales.
   (4) Earnings per share = (net income (loss) attributable to owners of parent company – dividends on preferred shares)/weighted average number of issued shares.
5. Cash flow
   (1) Cash flow ratio = net operating cash flow/current liabilities.
   (2) Net cash flow adequacy ratio = Net cash flow from operating activities for the most recent five years/(capital expenditures + inventory increase + cash dividend) for the most recent five years.
   (3) Cash re-investment ratio = (Net cash flow from operating activities – cash dividend)/(gross fixed assets value + long-term investment + other assets + working capital).
6. Leverage:
   (1) Operating Leverage = (Net Operating Revenue - Variable Operating Costs and Expenses)/Operating Income.
   (2) Financial Leverage = Operating Income/(Operating Income - Interest Expenses).

Note 3: Special attention shall be paid to the following matters when using the calculation formula of Earnings per Share above:
1. It shall be based on the weighted average number of ordinary shares, not the number of shares issued at the end of the year.
2. Companies who had cash increase or treasury share transaction should consider the circulation period in calculation of weighted average number of shares.
3. Companies that have transferred surplus or paid-in capital to capital increase shall be retrospectively adjusted according to the proportion of capital increase when calculating the earnings per share (EPS) for the previous year or six-month period, and need not to consider the issuance period of the capital increase.
4. If the preferred stocks are nonconvertible cumulative preferred stocks, its dividend of the year (whether is being distributed or not) shall add or subtract the net loss from the net income. If the preferred stocks are non-accumulative in nature, in case of net income after tax, dividend from preferred stocks should be deducted from the net income after tax. This adjustment is not necessary in case of deficit.

Note 4: Special attention should be paid to the following matters when measuring cash flow analysis:
1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the statement of cash flows.
2. Capital expenditure refers to cash outflow due to capital investment in each year.
3. The increase in inventory is only included when the ending balance is greater than the opening balance. If the inventory is reduced at the end of the year, it is calculated as zero.
4. Cash dividends include cash dividends for ordinary shares and special shares.
5. Gross property, plant and equipment are the total amount of real estate, plant and equipment before deducting accumulated depreciation.

Note 5: The issuer shall classify the operating costs and operating expenses as fixed or variable in accordance with their nature. If it involves estimation or subjective judgment, the company should pay attention to its reasonableness and maintain consistency.

Note 6: If the company's shares do not bear nominal value or if the nominal value is not NT$10, the aforementioned calculation of paid-in capital will be calculated based on the equity ratio of the balance sheet to the owner of the parent company.

Note 7: No interest expense was incurred, hence relevant ratios are not stated.

Note 8: Cash flow from operating activities was a negative figure and does not have comparative meaning. Hence relevant ratios are not stated.

III. Audit report of the financial report for the most recent year from the supervisors or audit committee

Great Tree Pharmacy Co., Ltd.
Audit Committee's Review Report

The Board of Directors has prepared and submitted the Company's 2020 Business Report, Financial Statements and the Proposal for Appropriation of Net Income, among which the Financial Statements have been audited by CPAs Hsiao-Chin Lo and Ching-Piao Cheng from EY Taiwan, by whom an Audit Report has been issued accordingly.

The aforementioned Business Report, Financial Statements and Proposal for Appropriation of Net Income have been examined and reviewed by the Audit Committee, and no irregularities were found. According to the Securities and Exchange Act and the Company Act, we hereby submit this report. Please review.

To

2021 Shareholders' Meeting

Liu Tian Dao, Convener of the Audit Committee

March 18, 2021

IV. CPA Audit Report of the Financial Statements in the Most Recent Year

Company Statement

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

We hereby declare and affirm to the statement above.

Company name: Great Tree Pharmacy Co., Ltd.

Person in charge: Ming-Lung Cheng

March 18, 2021

Independent Auditors' Report

To Great Tree Pharmacy Co., Ltd.

Audit Opinion

We have audited the accompanying Consolidated Balance Sheets of Great Tree Pharmacy Co., Ltd. (the “Company”) and its subsidiaries as of December 31, 2020 and December 31, 2019, and the related Consolidated Statements of Comprehensive Income, Changes in Equity and Cash Flows for the years ended December 31, 2020 and December 31, 2019, as well as Notes to the Consolidated Financial Statements, including the Summary of Significant Accounting Policies (together “the Consolidated Financial Statements”).

In our opinion, the aforementioned Consolidated Financial Statements present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2020 and December 31, 2019, and their consolidated financial performance and cash flows for the years ended December 31, 2020 and December 31, 2019, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee, or the former Standing Interpretations Committee as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Basis of Audit Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2020 Consolidated Financial Statements. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition

Great Tree Pharmacy Co., Ltd. and its subsidiaries recognized operating revenue of NT$8,641,394 thousand in 2020. Since the Group's sources of revenue include different selling models such as retail transactions at pharmacies and revenue from management services and more, the judgment over performance obligation and the timing of its fulfillment over customer orders or contracts was needed, therefore leading to significant risk of revenue recognition. Hence, we have decided to include this as a key audit matter. Our audit procedures include (but are not limited to): understanding each selling model, evaluating the appropriateness of revenue recognition policy related to obligation fulfillment under each model, evaluating and testing the effectiveness of the relevant internal control to the timing of revenue recognition in the sales cycle, conducting detailed testing by sampling the sales receipts, and conducting analytical review procedure and carrying out cut-off tests and more. Our accountants have also considered the appropriateness of revenue disclosure identified in Note 6 of the Consolidated Financial Statements.

Inventory Valuation

As of December 31, 2020, the net inventory of Great Tree Pharmacy Co., Ltd. and its subsidiaries was NT$1,462,245 thousand, accounting for 24% of the consolidated total asset. Main businesses of Great Tree Pharmacy Co., Ltd. and its subsidiaries include trading of maternity and infant products as well as various drugs. Most of their products have shelf lives, leading evaluations of allowance for inventory valuation and obsolescence loss to require material judgment from the Group's management. Therefore, this was included as a key audit matter. Our audit procedures include (but are not limited to): evaluating the appropriateness of the policy of allowance for inventory valuation and obsolescence loss, evaluating the management method for near expiring goods and identification of expired inventory and testing the effectiveness of the relevant internal control, sampling the inventory aging report to test its accuracy and selecting significant inventory location for physical inventory observation and count, and inspecting current inventory and utilization status and more. We have also taken the appropriateness of inventory disclosure in Note 5 and Note 6 in the Notes to Consolidated Financial Statements into consideration.

Responsibility of the management and the governing body for the Consolidated Financial Statements

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

In preparing the Consolidated Financial Statements, management is responsible for assessing the ability to continue as a going concern of the Company and its subsidiaries, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

The governing bodies of Great Tree Pharmacy Co., Ltd. and its subsidiaries (including the Audit Committee) have the responsibility to oversee the financial reporting process.

Responsibilities of the CPA in Auditing 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 auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Material misstatement may result from fraud or error. A misstatement can be considered material if, individually or in the aggregate they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

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

1. Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of Great Tree Pharmacy Co., Ltd. and its subsidiaries.
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 ability to continue as a going concern of the Company and its subsidiaries. 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 Company and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the accompanying Notes, 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 guidance, supervision, and implementation of the Group's audit and responsible for forming audit opinions on the Group.

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 2020 Consolidated Financial Statements 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.

Others

We have also audited and expressed an unqualified opinion including and Other Matter Paragraph on the Parent Company Only Financial Statements of the Company as of and for the years ended December 31, 2020 and December 31, 2019.

Ernst & Young

Financial Report of TWSE Listed Company

as Authorized by the Competent Authority

Auditing and Attestation No. (2017) FSC No. 1060026003

(2014) FSC No. 1030025503

Certified Public Accountant (CPA)

Lo Hsiao Chin

Cheng Ching Piao

March 18, 2021

Great Tree Pharmacy Co., Ltd. and Subsidiaries

Consolidated Balance Sheets
As of December 31, 2020 and 2019
Unit:Amounts expressed in thousands of New Taiwan Dollars (NT$1,000)

Asset			December 31, 2020		December 31, 2019	
Code	Accounting item	Note	Amount	%	Amount	%
11xx	Current assets					
1100	Cash and cash equivalents	4 and 6.1	$835,802	14	$308,123	7
1136	Financial assets measured at amortized cost	4, 6.2 and 8	24,000	1	24,000	-
1150	Notes receivable, net	4 and 6.3	4,517	-	3,246	-
1170	Net accounts receivable	4 and 6.4	311,114	5	340,986	7
1200	Other receivables		71,025	1	101,884	2
1220	Income tax asset for the period		-	-	37	-
1300	Inventory	4 and 6.5	1,462,245	24	1,160,265	25
1410	Prepayments		34,258	1	40,115	1
1470	Other current assets		3,457	-	4,551	-
	Total current assets		2,746,418	46	1,983,207	42
15xx	Non-current assets					
1535	Financial assets measured at amortized cost	4, 6.2 and 8	3,000	-	3,000	-
1600	Property, plant and equipment	4 and 6.6	669,788	11	569,754	12
1755	Right-of-use assets	4 and 6.17	2,487,538	41	2,033,808	44
1780	Intangible assets	4 and 6.7	18,018	-	20,675	-
1840	Deferred tax assets	4 and 6.21	7,742	-	3,427	-
1900	Other non-current assets	6.8	76,918	2	64,209	2
	Total non-current assets		3,263,004	54	2,694,873	58
1xxx	Total assets		$6,009,422	100	$4,678,080	100

(Please see the accompanying Notes to the Consolidated Financial Statements)

Chairman: Ming-Lung Cheng General Manager: Ming-Lung Cheng Accounting Manager: Shu-Yi Wu

Great Tree Pharmacy Co., Ltd. and Subsidiaries

Consolidated Balance Sheets (continued)
As of December 31, 2020 and 2019
Unit:Amounts expressed in thousands of New Taiwan Dollars (NT$1,000)

Liabilities and Equity			December 31, 2020		December 31, 2019	
Code	Accounting item	Note	Amount	%	Amount	%
21xx	Current liabilities					
2100	Short-term loans	6.9	$370,000	6	$-	-
2130	Contract liabilities	4 and 6.15	8,104	-	7,053	-
2150	Notes payable		350,323	6	280,594	6
2170	Accounts payable		819,673	13	689,831	15
2200	Other payables	4, 6.10 and 6.12	228,757	4	132,664	3
2230	Tax liabilities for this period	4 and 6.21	35,791	1	23,395	-
2280	Lease liabilities	4 and 6.17	287,118	5	216,973	5
2300	Other current liabilities		23,510	-	13,926	-
2321	Corporate bonds that mature or execute the right to sell back within one year or one operating cycle	4 and 6.11	40,583	1	183,701	4
	Total current liabilities		2,163,859	36	1,548,137	33
25xx	Non-current liabilities					
2580	Lease liabilities	4 and 6.17	2,282,404	38	1,876,656	40
2640	Net defined benefit liabilities	4 and 6.12	3,425	-	4,795	-
2645	Guarantee deposits		40,189	1	26,015	1
	Total non-current liabilities		2,326,018	39	1,907,466	41
2xxx	Total liabilities		4,489,877	75	3,455,603	74
31xx	Equity attributable to shareholders of parent company					
3100	Share capital	6.13				
3110	Ordinary share capital		530,659	9	425,820	9
3140	Prepaid share capital		2,787	-	6,451	-
3200	Capital surplus	6.13	658,506	11	534,710	12
3300	Retained earnings	6.13				
3310	Legal capital reserve		73,419	1	59,821	1
3350	Unappropriated net income		233,891	4	173,748	4
36xx	Non-controlling interests		20,283	-	21,927	-
3xxx	Total equity		1,519,545	25	1,222,477	26
	Total liabilities and equity		$6,009,422	100	$4,678,080	100

(Please see the accompanying Notes to the Consolidated Financial Statements)

Chairman: Ming-Lung Cheng General Manager: Ming-Lung Cheng Accounting Manager: Shu-Yi Wu

Great Tree Pharmacy Co., Ltd. and Subsidiaries

Consolidated Statements of Comprehensive Income
For the years ended December 31, 2020 and 2019
Unit: (Amounts expressed in thousands of New Taiwan Dollars, except for earnings per share)

			2020		2019	
Code	Item	Note	Amount	%	Amount	%
4000	Operating revenue	4 and 6.15	$8,641,394	100	$6,601,612	100
5000	Operating costs		(6,456,664)	(75)	(5,005,992)	(76)
5900	Gross profit		2,184,730	25	1,595,620	24
6000	Operating expenses					
6100	Selling and marketing expenses		(1,667,927)	(19)	(1,222,010)	(19)
6200	Administration expenses		(291,489)	(3)	(230,880)	(3)
6450	Expected credit impairment loss	4 and 6.16	-	-	(359)	-
	Total operating expenses		(1,959,416)	(22)	(1,453,249)	(22)
6900	Operating profit		225,314	3	142,371	2
7000	Non-operating income and expenses					
7100	Interest income	6.19	578	-	1,006	-
7010	Other income	6.19	50,116	-	51,609	1
7020	Other gains and losses	6.19	272	-	3,051	-
7050	Financing costs	6.19	(32,870)	-	(26,942)	-
	Total non-operating income and expenses		18,096	-	28,724	1
7900	Profit before tax		243,410	3	171,095	3
7950	Income tax expenses	4 and 6.21	(50,743)	(1)	(37,100)	(1)
8200	Net income		192,667	2	133,995	2
8300	Other comprehensive income (loss)	4 and 6.20				
8310	Items that will not be reclassified to profit or loss:					
8311	Remeasurement of defined benefit plans		1,186	-	(1,319)	-
	Comprehensive income (loss) (net value after tax) for this period		1,186	-	(1,319)	-
8500	Total comprehensive income (loss)		$193,853	2	$132,676	2
8600	Earnings attributable to:					
8610	Stockholders of the parent		$194,311	2	$135,985	2
8620	Non-controlling interests		(1,644)	-	(1,990)	-
			$192,667	2	$133,995	2
8700	Total Comprehensive Income Attributable to:					
8710	Stockholders of the parent		$195,497	2	$134,666	2
8720	Non-controlling interests		(1,644)	-	(1,990)	-
			$193,853	2	$132,676	2
	Earnings per share, EPS (NT$)					
9750	Basic EPS	4 and 6.22	$3.73		$2.77	
9850	Diluted EPS	4 and 6.22	$3.60		$2.52	

(Please see the accompanying Notes to the Consolidated Financial Statements)

Chairman: Ming-Lung Cheng　　General Manager: Ming-Lung Cheng　　Accounting Manager: Shu-Yi Wu

Great Tree Pharmacy Co., Ltd. and Subsidiaries

Consolidated Statements of Changes in Equity
For the years ended December 31, 2020 and 2019
Unit: Amounts expressed in thousands of New Taiwan Dollars (NT$1,000)

		Equity attributable to shareholders of parent company							
					Retained earnings				
	Item	Share capital	Prepaid share capital	Capital surplus	Legal capital reserve	Unappropriated net income	Total	Non-controlling interests	Total equity
Code		3100	3140	3200	3310	3350	31XX	36XX	3XXX
A1	Balance as of January 1, 2019	$365,516	$-	$435,799	$49,220	$201,201	$1,051,736	$23,917	$1,075,653
A3	Effects of retrospective application and retrospective restatement					(56,484)	(56,484)		(56,484)
A5	Balance as of January 1, 2019 after restatement	365,516	-	435,799	49,220	144,717	995,252	23,917	1,019,169
	Appropriations of net income in 2018								
B1	Legal capital reserve				10,601	(10,601)	-		-
B5	Cash dividends					(47,517)	(47,517)		(47,517)
B9	Stock dividends	47,517				(47,517)	-		-
D1	Net profit in 2019					135,985	135,985	(1,990)	133,995
D3	Other comprehensive income (loss) in 2019					(1,319)	(1,319)	-	(1,319)
D5	Total comprehensive income (loss)	-	-	-	-	134,666	134,666	(1,990)	132,676
I1	Convertible corporate bond conversion	9,227	6,451	92,191			107,869		107,869
N1	Share-based payment transactions	3,560		6,720			10,280		10,280
Z1	Balance as of December 31, 2019	425,820	6,451	534,710	59,821	173,748	1,200,550	21,927	1,222,477
	Appropriation of earnings in 2019								
B1	Legal capital reserve				13,598	(13,598)	-		-
B5	Cash dividends					(43,484)	(43,484)		(43,484)
B9	Stock dividends	78,272				(78,272)	-		-
D1	2020 Net income					194,311	194,311	(1,644)	192,667
D3	Other comprehensive income (loss) in 2020					1,186	1,186	-	1,186
D5	Total comprehensive income (loss)	-	-	-	-	195,497	195,497	(1,644)	193,853
I1	Convertible corporate bond conversion	26,567	(3,664)	122,487			145,390		145,390
N1	Share-based payment transactions			1,309			1,309		1,309
Z1	Balance as of December 31, 2020	$530,659	$2,787	$658,506	$73,419	$233,891	$1,499,262	$20,283	$1,519,545

(Please see the accompanying Notes to the Consolidated Financial Statements)

Chairman: Ming-Lung Cheng   General Manager: Ming-Lung Cheng   Accounting Manager: Shu-Yi Wu

Great Tree Pharmacy Co., Ltd. and Subsidiaries

Consolidated Statements of Cash Flows
For the year ended December 31, 2020 and December 31, 2019
Unit: Amounts expressed in thousands of New Taiwan Dollars (NT$1,000)

Code	Item	2020 Amount	2019 Amount
AAAA	Cash flow from operating activities:		
A10000	Net profit before tax from this period	$243,410	$171,095
A20000	Adjustment items:		
A20010	Adjustments:		
A20100	Depreciation expense (including right-of-use asset)	419,805	320,570
A20200	Amortization expenses	7,177	9,072
A20300	Expected credit impairment loss	-	359
A20400	Valuation loss (gain) on financial liabilities measured at fair value through profit or loss	-	(3,639)
A20900	Interest expenses	32,870	26,942
A21200	Interest income	(578)	(1,006)
A21900	Cost of share-based payments	1,309	66
A22500	Loss on disposal of property, plant, and equipment	(899)	-
A29900	Other item - gain on lease modification	(1,477)	(1,129)
A30000	Changes in assets/liabilities related to operating activities:		
A31130	Increases (decreases) in notes receivable	(1,271)	(1,174)
A31150	Increases (decreases) in accounts receivable	29,872	6,549
A31180	Increases (decreases) in other receivables	30,859	(21,720)
A31200	Increase (decrease) in inventory	(301,980)	(443,610)
A31230	Increases (decreases) in prepayments	5,857	(11,342)
A31240	Increases (decreases) in other current assets	1,094	(1,720)
A32125	Increases (decreases) in contract liabilities	1,051	2,655
A32130	Increases (decreases) in notes payable	69,729	(87,910)
A32150	Increases (decreases) in accounts payable	129,842	269,349
A32180	Increases (decreases) in other payables	96,964	18,176
A32230	Increases (decreases) in other current liabilities	9,584	6,634
A32240	Increases (decreases) in defined benefit liabilities	(184)	(180)
A33000	Cash inflow (outflow) from operating activities	773,034	258,037
A33100	Interest received	578	1,006
A33300	Interest paid	(2,859)	-
A33500	Income tax paid	(42,625)	(34,155)
AAAA	Net cash inflow (outflow) from operating activities	728,128	224,888

Code	Item	2020 Amount	2019 Amount
BBBB	Cash flow from investing activities:		
B02700	Acquisition of property, plant, and equipment	(246,652)	(251,706)
B02800	Disposal of property, plant, and equipment	10,692	-
B03700	Increase (decrease) in refundable deposits	(12,990)	(12,810)
B04500	Acquisition of intangible assets	(4,520)	(26,686)
BBBB	Net cash provided by (used in) investing activities	(253,470)	(291,202)
CCCC	Cash flow from financing activities:		
C00100	Increase(decrease) of short-term loans	370,000	-
C03000	Increase (decrease) in guarantee deposits received	14,174	16,047
C04020	Repayment of principal on loan	(287,669)	(237,968)
C04500	Distribution of cash dividends	(43,484)	(47,517)
C04800	Employees exercising share option	-	10,214
CCCC	Net cash inflow (outflow) from financing activities	53,021	(259,224)
EEEE	Net increase (decrease) in cash and cash equivalents for the period	527,679	(325,538)
E00100	Beginning balance of cash and cash equivalents	308,123	633,661
E00200	Ending balance of cash and cash equivalents	$835,802	$308,123

(Please see the accompanying Notes to the Consolidated Financial Statements)

Chairman: Ming-Lung Cheng General Manager: Ming-Lung Cheng Accounting Manager: Shu-Yi Wu

(Amounts expressed in thousands of New Taiwan Dollars unless otherwise specified)

1. Company overview

Great Tree Pharmacy Co., Ltd. (hereinafter referred to as "the Company") was authorized to be established on May 15, 2001. Our main businesses include management and trade of various drugs, health supplements, maternity and infant products, and cosmetics products. We also provide coordinated medicine procurement services to various clinics, outpatient centers, and medical communities. Besides, we are also an agency for domestic and foreign health care products sold in clinics, outpatient centers, and medical communities.

The Company's initial public offering (IPO) was on March 29, 2016 at the Taipei Exchange (TPEx). The Company's registered address and the main business operating site is at No.143, Chengzhang 4th Street, Zhongli District, Taoyuan City.

2. Dates and procedures of approving financial statements

The 2020 and 2019 Consolidated Financial Statements of the Company and its subsidiaries (hereinafter referred to as "the Group") have been approved and announced by the Board of Directors on March 18, 2021.

3. Applicability of new and amended accounting principles and explanations

a. Changes in accounting policy from first-time adoption of International Financial Reporting Standards (IFRS):

The Group has adopted the International Financial Reporting Standards, International Accounting Standards, International Financial Reporting Interpretations or Notices that have been approved by the Financial Supervisory Commission (hereinafter referred to as the "FSC") for application since January 1, 2020. The first-time application has had no significant impact on the Group.

b. The Group has yet to adopt the following standards that have been announced by the International Accounting Standards Board (IASB) and have been approved by the FSC as either newly announced, revised, and amended standards or interpretations:

Item	Newly announced/amended/revised standard and interpretation	Effective date from IASB
1	Interest Rate Benchmark Reform - Phase II (amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16)	January 1, 2020

1) Interest Rate Benchmark Reform - Phase II (amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16)

The impact of Phase II Interest Rate Benchmark Reform on the financial statements include:

a) Regarding cash flows of financial instruments, the carrying amounts thereof will not be de-recognized or adjusted due to the changes in the reform. Instead, changes result directly from interbank offered rates (IBORs) will be accounted for by updating the effective interest rates;

b) If a hedging relationship is subject to hedging accounting, the hedging relationship will still be subject to hedging accounting regardless of changes in the requirements of the reform; and

c) It is required to disclose the risks arise from the reform and the risk management in the transition.

The Group evaluates that the amendments which are to be adopted in the fiscal year starting January 1, 2021 have no significant impact on the Group.

c. As of the approval and announcement date of the financial statements, the Group has yet to adopt the following standards that have been announced by the International Accounting Standards Board (IASB) and have been approved by the FSC as either newly announced, amended, standards or interpretations:

Item	Newly announced/amended/revised standard and interpretation	Effective date from IASB
1	Amendments to IFRS 10 - Consolidated Financial Statements and IAS 28 - Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Pending resolution from the IASB
2	IFRS 17 - Insurance Contracts	January 1, 2023
3	Liabilities classified as current or non-current (amendment to IAS 1)	January 1, 2023
4	Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements	January 1, 2022
5	Disclosure Initiative - Accounting Policies (amendment to IAS 1)	January 1, 2023
6	Definition of Accounting Estimates (amendment to IAS 8)	January 1, 2023

1) Amendments to IFRS 10 - Consolidated Financial Statements and IAS 28 - Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

This project addresses the acknowledged inconsistency between the requirements in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures, in dealing with the loss of control of a subsidiary that is contributed to an associate or joint venture. IAS 28 requires that gains and losses resulting from upstream and downstream transactions between an investor and its associate or a joint venture should only be recognized to the extent of the interest attributable to the other equity holders in the associate or joint venture. IFRS 10 requires that any investment the parent has in the former subsidiary after control is lost should be measured at fair value and that any resulting gain or loss should be recognized in profit or loss. These amendments prohibit the aforementioned regulations from IAS 28; when the loss of control of a business, as defined in IFRS 3 occurs, all gains or losses arising from which shall be recognized.

These amendments also revise IFRS 10 in which a partial gain or loss should be recognized in accounting for the sale or contributions of assets or subsidiaries that do not constitute a business between an investor and its associate or joint venture as defined in IFRS 3.

2) IFRS 17 - Insurance Contracts

This standard provides a comprehensive model to insurance contracts, including all accounting treatment (recognition, measurement, expression, and disclosure principle). The core of the standard is general, and under this model, initial recognition measures the insurance contract group by the combination of the cash flow from performance obligation and contract service margin, wherein the performance obligation cash flow includes:

a) Estimated future cash flow

b) Discount rate: an adjustment that reflects the time value of money and the financial risks associated with future cash flows (within financial risks not included in the estimated value of future cash flows); and

c) Risk adjustment for non-financial risks

The carrying amount of the insurance contract group at the end of each reporting period is the sum of the remaining security liabilities and the claims liabilities incurred.

In addition to the general model, the standard also provides:

a) Specific applicable methods with contracts characterized by direct participation (variable fee method)

b) Simplified short-term contract method (premium allocation approach)

IFRS 17 was issued in May 2017 and it was amended in June 2020. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after January 1, 2023 (from the original effective date of January 1, 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim standard - IFRS 4 Insurance Contracts - from annual reporting periods beginning on or after January 1, 2023.

3) Liabilities classified as current or non-current (amendment to IAS 1)

This amendment targets sections 69-76 in IAS 1 -Presentation of Financial Statements concerning the classification of liability as either current or non-current.

4) Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37, and the Annual Improvements

a) Updating a Reference to the Conceptual Framework (Amendments to IFRS 3)

This amendment replaces the old version of the index on the Conceptual Framework for Financial Reporting and updates IFRS No. 3 with the latest version of the index published in March 2018. The amendments also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential "day 2" gains or losses arising for liabilities and contingent liabilities. In addition, the amendments also clarify existing guidelines for contingent assets that are not affected by the replacement structure index.

b) Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

The amendments prohibit a company from deducting from the cost of property, plant, and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.

c) Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments clarify what costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

d) Annual Improvements to IFRS Standards 2018 - 2020

Amendment to IFRS 1

The amendment simplifies the application of IFRS 1 by a subsidiary that becomes a first-time adopter after its parent company in relation to the measurement of cumulative translation differences.

Amendment to IFRS 9

The amendment clarifies the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

Amendment to Illustrative Examples Accompanying IFRS 16 Leases

The amendment to Illustrative Example 13 accompanying IFRS 16 modifies the treatment of lease incentives relating to lessee's leasehold improvements.

Amendment to IAS 41

The amendment removes a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in IAS 41 with those in other IFRS Standards.

e) Disclosure Initiative - Accounting Policies (Amendment to IAS 1)

The objective of the amendment was to improve accounting policy disclosures and help stakeholders provide more relevant information for investors and primary users of financial statements.

f) Definition of Accounting Estimates (Amendment to IAS 8)

The amendments introduced the definition of accounting estimates and included other amendments to IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors) to help entities distinguish changes in accounting estimates from changes in accounting policies.

For the aforementioned standards or interpretations announced by the IASB but have not yet approved by the FSC, the actual adoption date will be made in accordance with the FSC. The Group has evaluated that the aforementioned newly announced or amended standards or interpretations do not pose material effects on the Group.

4. Explanations of major accounting policies

a. Declaration of compliance

The Group's 2020 and 2019 Consolidated Financial Statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the International Financial Reporting Standards (IFRS), International Financial Reporting Interpretations Committee (IFRIC) as approved and announced by the Financial Securities Committee (FSC).

b. Basis of preparations

Besides the financial instruments measured at fair value, the Consolidated Financial Statements are prepared on the basis of historical costs. Unless otherwise specified, the Consolidated Financial Statements are denoted in thousands of New Taiwan Dollars (NT$1,000).

c. Overview of consolidation

Principles of preparing the Consolidated Financial Statements

When the Company is exposed to the varied remunerations participated by the investees or is entitled to the varied remunerations and is capable of affecting the remunerations through the authority over the investees, the controlling is achieved. The Company will only have control over the investee when the following three criteria of control have been met:

1) Right over the investee (i.e. existing right granted to the investor to lead relevant activities)
2) Risk exposure or right to variable compensations from participation in investees, and
3) Capability to effect monetary compensations for investors by using its influence and right over the investee.

When the Company directly or indirectly holds minority voting rights or other similar rights in an investee, the Company will consider all relevant facts and conditions to evaluate whether it has rights over the investee, including:

1) Contractual agreements with other holders of voting rights over the investee
2) Rights arising from other contractual agreements
3) Voting rights and potential voting rights

When facts and conditions indicate that changes to one or more of the following criteria for control have occurred, the Company will immediately re-evaluate whether it still has control over the investee.

Starting from the acquisition date (when the Company obtains control), the subsidiary will be completely included in the Consolidated Financial Statements until the control over the subsidiary is lost. The accounting cycle and accounting policy of the subsidiary's financial statements will follow those of the parent company. All balances and transactions in the Group and unrealized internal gains and losses arising from internal transactions within the Group and dividends will be completely written off.

If control over the subsidiary is not lost, changes in shares held in the subsidiary will be treated as equity transactions.

A subsidiary's total comprehensive income is attributed to the shareholders of the Company and non-controlling interests, even if non-controlling interests become deficit balance in the process.

If the Company's control over the subsidiary is lost, then:

1) Subsidiary's assets (including goodwill) and liabilities will be derecognized;
2) Carrying amount of any non-controlling interests will be derecognized;
3) Fair value of the considerations acquired will be recognized;
4) Fair value of any retained investments will be recognized;
5) Any gains or losses will be recognized as income or loss in the period;
6) Amounts recognized in other comprehensive income by the parent company will be reclassified as gains or losses in the period.

The consolidated entities are listed as follows:

Name of investing company	Name of subsidiary	Nature of business	Shareholding ratio (%) 2020.12.31	2020.12.31	Explanation
The Company	Ivy Biotechnology Co., Ltd.	Wholesale and retail business	100%	100%	None
The Company	Bai-Lin Logistics Co., Ltd.	Wholesale and retail business	100%	100%	None
Ivy Biotechnology Co., Ltd.	Da Yu Property Management Co., Ltd.	Buy/sell transactions and lease of real property	60%	60%	None

d. Foreign currency transaction

The functional currency of the Group's Consolidated Financial Statements is New Taiwan Dollar (NT$). Every entity within the Group will decide its own functional currency, and to measure its financial statements using said functional currency.

Transactions in foreign the currencies from the consolidated entities are recorded by their respective functional currency rates at the date of the transaction. At the end of every reporting period, items denoted in foreign currencies will be translated at the closing exchange rate of the day. Non-monetary foreign currency items measured at fair value will be translated using the exchange rate on the date when the fair value is measured. Non-monetary foreign currency items measured at historical cost are translated at the exchange rate of the date of the transaction.

Except for the following items, exchange differences resulting from delivery or exchange of monetary items will be recognized as gain or loss as they occur:

1) For foreign currency loans that arise from acquisition of assets that meet the requirements, if the resulting exchange differences are treated as adjustments of the interest capital, which is a component of the cost of loans, they will be capitalized as the cost of the asset.

2) Foreign currency items within the scope of IFRS 9 Financial Instruments: Recognition and Measurement are accounted for based on the accounting policy for financial instruments.

3) Monetary items that construe part of the net investments for overseas operations in the Individual Financial Statements. When translation differences that arise are recognized as other comprehensive income (loss), it will be reclassified to gain or loss from equity when the net asset is disposed.

When gains or losses from non-monetary items are recognized as other comprehensive income (loss), any translation component from such gain or profit will be recognized as other comprehensive income. When gains or losses from non-monetary items are recognized as loss, any translation component from such gain or profit will be recognized as loss.

e. Standard of classifying assets and liabilities as either current or non-current

When any of the following conditions occur, the item will be classified as a current asset, and when it is not a current asset, it will be classified as a non-current asset:

1) The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
2) Asset is held for trading purposes.
3) The asset is due to be realized within 12 months after the reporting period.
4) It is cash or cash equivalent, except where the asset is exchanged or used to settle liabilities at least 12 months after the reporting period.

When any of the following conditions occur, the item will be classified as a current liability, and when it is not a current liability, it will be classified as a non-current liability:

1) The liability is expected to be settled during normal business cycle.
2) Liability is held for trading purposes.
3) The liability is due to be settled within 12 months after the reporting period.
4) The Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Settlement of liabilities may be made by the issue of equity instruments based on transaction party's choice, and will not impact classification.

f. Cash and cash equivalents

Cash and cash equivalents are cash on hand, demand deposit, and short-term and highly liquid investments that can be immediately converted to fixed amount of cash with very small risks of valuation changes (including contract-based fixed deposits of less than 3 months).

g. Financial instruments

Financial assets and liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities within the scope of IFRS 9 Financial Instruments: Recognition and Measurement are recognized initially at fair value and the transaction costs directly attributable to the financial assets and financial liabilities (except for financial assets and financial liabilities at fair value through profit or loss) are derived by addition or subtraction from the fair value of assets and financial liabilities.

1) Recognition and valuation of financial assets

   The accounting treatment for recognition and derecognition of all customary trading of financial assets of the Group is made on the settlement date.

   The Group classifies financial assets as either financial assets subsequently measured at amortized costs, measured at fair value through other comprehensive income (loss), or measured at fair value through profit or loss:

   a) Business model used in managing the financial assets
   b) Characteristics of the contractual cash flows from the financial asset

   Financial assets measured at amortized cost

   Financial assets that meet the following two conditions will be measured at cost after amortization, and will be listed in the balance sheet under one of the following items: bills payable, accounts receivable, financial assets measured at amortized cost and other receivables:

a) Business model used in managing the financial assets: financial asset is held to receive contractual cash flows

b) Characteristics of the contractual cash flows from the financial asset: cash flow is the interest paid solely on the principal and the outstanding principal

Such financial assets (excluding hedging relationships) will be measured at subsequent amortized cost [amount measured at the time of initial recognition, less the principal repaid, and add or subtract the accumulated amortized difference (using effective interest method) between the original amount and the amount due, and by adjusting allowances for loss]. When derecognizing, through amortization procedure, or recognizing impairment gain or loss, the gain or loss will be recognized as profit or loss.

Interest calculated through effective interest method (multiplying effective interest by total book value of the financial instrument) or by following conditions, it will be recognized in profit or loss:

a) If it is a credit-impaired financial asset from acquisition or from founding, the credit-adjusted effective interest rate is multiplied by the cost of amortized financial assets

b) If it is not, in case of subsequent credit impairment, the effective interest rate will be multiplied by the cost of the financial instrument after amortization

<u>Financial assets at fair value through other comprehensive income (loss)</u>

Financial assets that meet both of the following criteria will be measured at fair value through other comprehensive income (loss), and stated on the Balance Sheet as financial assets measured at fair value through other comprehensive income (loss):

a) Business model used in managing the financial assets: financial asset is held to receive contractual cash flows and for sale of financial asset

b) Characteristics of the contractual cash flows from the financial asset: cash flow is the interest paid solely on the principal and the outstanding principal

Recognition of gain or loss related to such financial assets will be explained as follows:

a) Prior to derecognition or reclassification, except for impairment interest or loss, exchange gain or loss will be recognized in the profit or loss, and its gain or loss will be recognized in other comprehensive income (loss)

b) During derecognition, accumulated gain or loss recognized in other comprehensive income (loss) will be reclassified from equity to profit or loss as adjustments for reclassification

c) Interest calculated through effective interest method (multiplying effective interest with the total book value of the financial asset) or the following conditions will be recognized in profit or loss:

   i. If it is a purchased or originated credit-impaired financial asset, the credit-adjusted effective interest rate is multiplied by the cost of amortized financial assets

   ii. If it is not, in case of subsequent credit impairment, the effective interest rate will be multiplied by the cost of the financial instrument after amortization

In addition, for equity instruments applicable to IFRS 9 and are not held as available-for-sale or applicable as a contingent consideration by the acquirer in business consolidation in IFRS 3, during initial recognition, the Company will choose (this is not reversible) to state its subsequent fair value changes in the other comprehensive income (loss). Amounts stated in other comprehensive income cannot be converted to income or loss (during disposal of such equity instrument, the accumulated amount stated in other equity item will be directly transferred to retained earnings), and will be stated in the Balance Sheet as financial assets measured at fair value through other comprehensive income (loss). Investment dividends will be recognized in profit or loss, unless such dividends clearly represent a portion of the investment cost.

<u>Financial assets measured at fair value through profit or loss</u>

In addition to the aforementioned measurement at cost after amortization for having met certain conditions or measurement at fair value through other comprehensive income (loss), financial assets are all measured at fair value through income or loss, and are stated in the balance sheet as financial assets at fair value through profit or loss.

These financial assets are measured at fair value, and any gain or loss from their revaluation will be recognized as profit or loss. The gain or loss recognized as profit or loss includes any dividend or interest received from the financial asset.

2) Impairments of Financial Assets

For the debt instrument investment measured at fair value through other comprehensive income (loss) and the financial assets measured at amortized cost, the Group recognizes expected credit losses and measures allowances for loss. For the debt instrument investment measured at fair value through other comprehensive income, allowance for loss is recognized in the other comprehensive income (loss), and the book value of the investment will not be reduced.

The Group measures expected credit loss by reflecting the following methods:

a) Unbiased and probability-weighted amount determined by evaluating each possible outcome

b) The time value of money

c) Reasonable and corroborative information related to past events, current conditions, and future economic forecasts (can be obtained at no excessive cost or input on the date of the Balance Sheet)

Method for valuating allowance for loss is as follows:

a) Measure the expected credit loss over the next 12 months: including financial asset without significant increase in credit risk after initial recognition, or those ruled to have low credit risk on the date of the Balance Sheet. In addition, this also includes those with allowance loss measured by the expected credit loss during the previous reporting period, but no longer meets the condition in which the credit risk has significant increased since the original recognition on the Balance Sheet date.

b) Measurement of the amount of lifetime expected credit losses: including financial asset with significant increase in credit risk after initial recognition or purchased or originated credit-impaired financial asset with credit impairment.

c) For accounts receivable or contractual asset arising from transactions within the scope of IFRS 15, the Group adopts lifetime expected credit loss to measure allowance for loss.

On each Balance Sheet date, the Group uses comparisons between the changes of default risk on the Balance Sheet date and on the date of initial recognition to measure whether there has been a significant increase in the financial instrument's credit risk after initial recognition. Additionally, please refer to Note 12 for information related to credit risk.

3) Derecognition of financial asset

The Group's financial assets will be derecognized when one of the following conditions occurs:

a) The contractual right from the cash flow of the financial asset is terminated.

b) When nearly all risk and compensations associated with ownership of a financial asset has been transferred.

c) Nearly all risk and compensations associated with ownership of an asset has neither been transferred nor retained, but the control of the asset has been transferred.

When a financial asset is derecognized in its entirety, the difference between its carrying amount and any cumulative gain or loss that has been received or is receivable and recognized in other comprehensive income (loss), will be recognized in profit or loss.

4) Financial liabilities and equity instruments

Classification of liability or equity

The Group classifies the liabilities and equities instrument issued as financial liability or equity in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

Equity instruments refer to any contract with residual interest after subtracting all liabilities from assets. Equity instruments issued by the Group are recognized by the acquisition cost minus direct distribution costs.

Hybrid instruments

The Group recognizes the financial liabilities and equity components of the convertible corporate bonds issued in accordance with contractual terms. In addition, the conversion of corporate bonds issued is based on the assessment of whether the economic characteristics and risks of the embedded purchase and sale rights are closely related to the primary debt commodity before classifying the equity elements.

For liabilities that do not involve derivatives, the fair value is measured using the market interest rate of a bond of comparable nature and without conversion characteristics. This amount is classified as a financial liability measured by amortized cost before conversion or redemption settlement. For other embedded derivatives that are not closely related to the risk characteristics of the principal contract (for instance, the embedded buy-back and redemption rights are confirmed to be substantially inconsistent with the amortized cost of the debt commodity on each execution date), they will be classified as components of liability and is measured at fair value through profit or loss in subsequent periods except for equity components. The amount of the equity component is determined by the conversion of fair value of the corporate bonds subtract the component of the liability, and the carrying amount will not be remeasured in subsequent accounting periods. If the issued conversion corporate bonds from the Group do include an equity element, they are handled in accordance with IFRS 9 Hybrid Instruments.

The transaction costs are allocated to the liability and equity components in proportion to the ratio of the convertible corporate bonds' allocations to liability and equity components during initial recognition.

When holder of the convertible corporate bonds should requests to exercise conversion rights before the maturity of the convertible bond, the person should adjust the carrying amount of the liability component element to the carrying amount at the time of exercise as the basis of entry for issuance of ordinary shares.

Financial liabilities

Financial liabilities within the scope of IAS 9 Financial Instruments: recognition and measurement are either classified as financial liabilities at fair value through profit or loss, or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit and loss

Financial liabilities at fair value through profit or loss includes available-for-sale financial liabilities and designated financial liabilities at fair value through profit and loss.

A financial asset will be classified as available-for-sale when it meets one of the following conditions:

a) The primary purpose for acquisition of the asset is short-term sales;

b) It is part of an identifiable financial instrument combination of the consolidated management at the time of initial recognition, and there is evidence that the combination is a short-term profit operating model in the near future; or

c) It is a derivative (except for financial guarantee contract or a designated and effective hedging instrument).

For contracts that include one or multiple embedded derivative instruments, the entire hybrid (integrated) contract could be designated as a financial instrument at fair value through profit or loss. In addition, when it meets one the following conditions and can provide more relevant information, it could be designated as at fair value through profit or loss during initial recognition:

a) It eliminates or significantly reduces a measurement or recognition inconsistency; or

b) A group of financial assets, financial liabilities or both, is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the investment is provided internally by the consolidated company on that basis to the key management personnel.

Any gain or loss from revaluation of these financial liabilities will be recognized as profit or loss. The gain or loss recognized as profit or loss includes any dividend or interest received from the financial liabilities.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include accounts payables and loans, and will continue to be measured through effective interest method after initial recognition. When financial liabilities are derecognized and amortized using effective interest method, related gain or loss and amortization will be recognized in profit or loss.

Calculation of the amortized cost will take discount or premium during acquisition and transaction cost into consideration.

Derecognition of financial liabilities

When the obligation of a financial liability is terminated, canceled or no longer effective, the financial liability will be derecognized.

When the Group and the creditors exchange debt instruments with significant differences, or make major changes to all or part of the existing financial liabilities (whether due to financial difficulties or otherwise), treatment will include derecognition of the original liabilities and the recognition of new liabilities, During derecognition of financial liabilities, the difference between the carrying amount and the total amount of the consideration paid or payable, including the transferred non-cash assets or liabilities assumed, is recognized in profit or loss.

5) Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities can only be offset and presented in net terms on the balance sheet only when the recognized amounts currently contain exercise of legal rights for offset and are intended to be settled on a net basis or can be realized simultaneously and the debt can be settled.

h. Fair value measurement

Fair value refers to the price required or transferred to an asset in an orderly transaction between market participants on a measurement date. Fair value measurement assumes that the transaction for the asset being sold or liability being transferred takes place in one of the following markets:

1) Principal market of the asset or liability, or

2) If no principal market exists, the most favorable market for the asset or liability

The Group needs to be able to enter the principal or most favorable market in order to carry out the transaction.

Fair value measurement of the asset or liability uses the assumption that market participants would adopt while pricing the asset or liability, where the assumption is that the market participants would take the most favorable economic conditions into consideration.

The fair value measurement of a non-financial asset takes into consideration the market participant's use of the asset for its highest price and best use or by selling the asset to another market participant who will use the asset for its highest price and best use to generate economic benefits.

The Group uses valuation techniques that are appropriate and relevant in the relevant circumstances to measure fair value and maximize the use of observable inputs and to minimize the use of unobservable inputs.

i. Inventory

Inventories are evaluated on a case-by-case basis by the cost and net realizable value.

Cost refers to the cost of bringing inventory to a state of sale or availability for production and location:

Raw materials and commodities - The weighted average method is used for the actual purchase cost.

Goods in progress and finished goods - including direct raw materials and manufacturing costs; weighted average is adopted.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

j. Property, plant, and equipment

Property, plant, and equipment is recognized at the acquisition cost less accumulated depreciation and accumulated impairment. The aforementioned cost includes the dismantling of property, plant, and equipment, removing, and restoring the site on which it is located, and any necessary interest expense arising from unfinished construction. If the various component of property, plant, and equipment is material, it shall be separately recognized for depreciation. When the material components of property, plant and equipment requires to be regularly replaced, the Group will see the item as a separate asset and to separately recognize it through its useful life and depreciation method. The carrying amount of the replaced component will be derecognized in accordance with the derecognition rule in IAS 16 - Property, Plant, and Equipment. When material inspection cost complies with criteria for recognition, it will be treated as a replacement cost and recognized as a part of the carrying amount of the property, plant, and equipment. All other fixture and maintenance expense will be recognized in profit or loss.

Depreciation is recognized through the straight-line method with the following asset useful life estimation:

Housing and constructions: 15.375 years

Transportation vehicle: 5 years

Office equipment: 3-15 years

Leasehold improvements: 3-10 years

Other equipment: 3-10 years

After initial recognition of property, plant, and equipment, or any of its material components, if disposal occurs or if inflow of economic benefit is not expected to occur from its use or disposal thereof in the future, it shall be derecognized and recognized in profit or loss.

Residual value, useful life and depreciation methods of property, plant, and equipment will be evaluated at the end of each fiscal year. If expected value differs from previous estimates, the changes will be treated as changes in accounting estimates.

k. Lease

The Group evaluates whether a contract is (or includes) a lease on the contract establishment date. A contract is (or includes) a lease if it transfers control of the use of an identified asset for a period of time in exchange for considerations. To evaluate whether the contract has transferred the control of the use of an identified asset for a period of time, the Group will evaluate whether the following two factors will occur during the entire duration of use:

1) Rights to nearly all economic benefits of the identified asset have been received; and

2) The control over the right to use the identified asset.

For contracts that are (or include) leases, the Group will treat each lease component in the contract individually, and to separately treat them from the non-lease components in the contracts. For leases that include one lease component and one or more additional lease or non-lease components, the Group will use the single comparison price of each lease component and the aggregated single prices of non-lease components as the basis, and distribute the consideration in the contract to the lease component. The comparison single unit price of the lease and non-lease components will be decided upon the prices separately received by the lessor (or supplier) for such components. If observable single unit prices are not readily available, the Group will maximize the use of observable information to estimate their respective single unit prices.

The Group is the lessee

Except for leases that meet and are selected to be treated as short-term leases or low-value assets, when the Group is the lessee of a lease contract, the Group will recognize all right-of-use asset and lease liabilities related to all leases.

At the start date, the Group measures the lease liability at the present value of the unpaid lease payments on that date. If the interest rate implicit in a lease is easy to determine, the lease payment is discounted using that interest rate. If such interest rate is difficult to determine, the lessee's incremental borrowing rate of interest will be used. On the start date, the lease payment of the lease liability will be accounted for, including the following payments that have to do with the target right-of-use asset during the lease period that have not been paid on that date:

1) Fixed payments (including substantial fixed payments), minus any lease incentives that can be obtained;
2) Variable lease payments dependent upon certain indicators or rates (measured by the indicators or rates used on the start date);
3) Expected residual value guarantee from the lessee;
4) Exercise price for purchase of options, if the Group can be reasonably assured that the right will be exercised; and
5) Penalties for termination of the lease, in case the lease period reflects that the lessee will exercise the option to terminate the lease.

After the start date, the Group will measure the lease liability using amortized cost-based measurement, and the carrying amount of the lease liability will be added by the effective interest method to reflect interest of the lease liability. Lease payment will be subtracted from the carrying amount of the lease liability.

On the start date, the Group will measure the right-of-use asset at cost, and the cost of the right-of-use asset will include:

1) The original valuation of the lease liability;
2) Any lease payment paid on the start date or before, minus any lease incentives taken;
3) Any original direct cost that the lessee incurs; and
4) Estimated cost of the lessee's dismantling, removing the target asset and restoration at the asset's location, or the cost to restore the target asset to the state required in the terms and conditions of the lease.

Valuation of the right-of-use asset will be cost minus accumulated depreciation and accumulated impairment loss, or the right-of-use asset can be measured at cost model.

If the ownership of the target asset will be transferred to the Group when the lease period expires, or if the cost of the right-of-use asset reflects that the Group will exercise purchase option, then the depreciation of the right-of-use asset will be measured from the start date of the lease until the end of the asset's useful life. Otherwise, the Group will depreciate the right-of-use asset from the start date until the end of its useful life, or the end of the lease term, whichever is the earlier of the two.

The Group uses IAS 36 Asset Impairment to determine whether an asset has been impaired and treats any identified impairment loss.

Except for lease of assets that meet and were selected to be short-term lease or low-value asset, the Group will recognize right-of-use assets and lease liabilities on the balance sheet, and separately recognize any depreciation expense and interest expense related to the lease on the statement of comprehensive income.

For short-term leases and low-value asset leases, the Group chooses to use straight-line basis or another systematic basis, and recognizes related lease payments as expenses during the lease terms.

The Group is the lessor

On the date of establishing the contract, the Group will classify each lease as either operating lease or financing lease. If nearly all risks and rewards associated with the ownership of the asset will be transferred during the lease, it will be categorized as a financing lease; if risks and rewards will not be transferred, it will be an operating lease. The Group will recognize assets held under financing leases on the balance sheet on the start date, and express them as lease payment receivable based on the net lease investment.

For contracts that include lease components and non-lease components, the Group will distribute the considerations in the contract using regulations from IFRS 15.

The Group uses direct-line basis or another systematic basis to recognize lease payments from operating leases as lease revenue. For variable lease payments not based on certain indicators or rates in operating leases, the Group will recognize them as lease revenue when they occur.

l. Intangible assets

Separately acquired intangible assets will be measured by cost during initial recognition. After initial recognition of intangible assets, its carrying amount will be the cost reduced by any accumulated amortization. Internally-arising intangible assets that do not meet the recognition criteria will not be capitalized, and will be recognized in profit or loss as they occur.

The useful life of an intangible asset has been classified as either finite or indefinite.

Intangible assets with finite useful life will be amortized during the duration of the useful life, and impairment tests will be conducted when there are indicators of impairment. The duration of amortization and method of amortization of intangible assets with finite useful life should be reviewed at least once at the end of each fiscal year. If the expected useful life of an asset is found to be different from the estimation or if the expected model of consumption of future economic benefits has changed, then the amortization method or duration of amortization shall be adjusted and treated as changes in estimate.

Intangible assets with indefinite useful life will not be amortized; however, impairment test shall be conducted based on individual asset or cash-generating unit level in each year. Intangible asset with indefinite useful life will be expected in each term for whether matters and conditions continue to support its indefinite useful life. If the useful life is changed from indefinite to finite, applicability will be deferred.

Gains or loss arising from derecognition of intangible assets will be recognized in profit or loss.

Below is a compilation of the Group's accounting policy for intangible assets:

	Computer software	Trademarks
Useful life	1-5 years	Indefinite
Amortization method used	Straight-line amortization during the expected useful life	Do not amortize
Internally-arising or acquired externally	Acquired externally	Acquired externally

m. Non-monetary impairment

At the end of every reporting period, the Group will evaluate all assets for indicators of impairment pursuant to IAS 36 - Impairment of Assets. If signs of impairment exist or if regular annual impairment test is required for a certain asset, the Group will test it on the basis of individual assets or the cash generating unit to which the asset belongs. If result of the impairment test indicates that the carrying amount of the asset or the cash generating unit to which the asset belongs is greater than its recoverable amount, impairment loss will be recognized. Recoverable amount is the higher of the net fair value or useful value.

At the end of every reporting period, the Group will evaluate all assets except for goodwill for indicators of whether previously recognized impairment loss no longer exists or has been reduced. If such signs exist, the Group will estimate the recoverable amount of the asset or the cash generating unit. If the estimated service potential of the asset changes, resulting in an increase in the recoverable amount, the impairment will be reversed to profit or loss. However, the carrying amount after reversal shall not exceed the amount of the depreciation or amortization of the asset after deducting the depreciation or amortization.

Impairment loss and reversal of continuing operations will be recognized in profit or loss.

n. Revenue recognition

The Group's revenue from customer contracts are mostly from sales of goods and provision of service, and their accounting treatments are explained as follows:

Sales of goods

The Group sells products and recognizes revenue when the promised product is delivered to the customer and the customer obtains control (the customer has the ability to lead the use of the product and obtain almost all of the remaining benefits of the product) and satisfies performance obligation. The Group's primary products are various types of medicine, health supplements, as well as maternity and infant products. During some of the sales transactions, when the ownership of the goods is transferred to the customer, the Group will provide points as part of the customer loyalty program based on the transaction price. The points will provide the customers with preferential discount during the customer's subsequent purchases within the next year. The Group distributes the transaction price and points given based on the relative selling price of the goods sold and the points, and the transaction price allocated to the sales goods is recognized when the ownership of the goods is transferred to the customer, while the rest will be recognized as contractual liability based on the acquisition price. Retail customers of the Group have the right to enjoy discount during future purchase with the points they collect. When points are collected from customer use or when the points expire one year after the initial sales, revenue from the points given will be recognized, and relevant contractual liability will be adjusted accordingly.

The credit period for the product sales transactions of the Group is 60-120 days. Accounts receivable will be recognized when most of the contracts are subject to product transfer control and have the right to receive unconditional consideration. These receivables are usually short-term and do not pose as significant financing components.

Provision of service

Service revenue of the Group mostly come from provision of management service. Revenue will be recognized when the committed service is transferred to the customer and satisfies performance obligation.

o. Retirement pension plan

The Company and its domestic subsidiaries' employee retirement method is applicable for all formal employees. The full amount of employee pension fund is managed by the Labor

Retirement Reserve Supervisory Committee, and deposited in designated pension fund. Since the aforementioned pension is deposited under the name of the Labor Retirement Reserve Supervisory Committee, and completely separate from the Company and its subsidiaries, it is not included in the above Consolidated Financial Statements.

For retirement pension plans with defined allocations, the Company and its subsidiaries are obliged to allocate a certain ratio of employee pension allocation of no less than 6% of the employee's monthly pay. The amount of allocation will be recognized as current expense.

For retirement pension plans with defined benefit plan, the Company will include the amounts after the reporting period on actuarial report through projected unit credit method. Revaluation of net defined benefit liabilities (asset) includes any changes in return on plan assets and asset ceiling and will be reduced by amount of net interest included in the net defined benefit liability (asset) and actuarial profit or loss. When revaluation of net defined benefit liability (asset) occurs, it will be recognized under other comprehensive income (loss) and immediately recognized in retained earnings.

Past service cost is the change from the present value of the defined benefit plan due to plan revision or reduction, and will be recognized as expense on the earlier of the two dates:

1) When the plan is revised or reduced; and

2) When the Group recognizes relevant restructuring cost or termination benefits.

Net interest of net defined benefit liability (asset) is net defined benefit liability (asset) multiplied by the discount rate, and both will be decided at the beginning of a reporting period. Subsequently, any changes that occur to the net defined benefit liability (asset) from allocations and benefit expense during the period will be considered.

p. Share-based payment transaction

The cost of the equity-settled share-based payment transaction between the Group and the employees is measured by the fair value on the date of the share-based payment transaction. The fair value is measured by an appropriate pricing model.

The cost of the equity-settled share-based payment transaction is gradually recognized when service terms and performance conditions are met, and when the equity recognized by the counterparty increases. The accumulated expense from equity-settled share-based payment transactions before the end of every reporting period before the vesting date, is a reflection on the passing of the vesting period at the best estimate from the Group for the number of equity instruments that the Group will ultimately own. At the beginning and end of each reporting period, the cumulative cost changes recognized for the share-based payment transactions will be recognized in profit or loss for the period.

If ultimately, the bonus for share-based payment does not meet the vesting criteria, no expense shall be recognized. However, if the vesting conditions of the equity delivery transaction are related to market conditions or non-vested conditions, when all service or performance conditions are met, related expenses shall be recognized whether the market conditions or non-vested conditions have been met or otherwise.

When equity delivery transaction conditions are modified, at least the initial benefit cost prior to the alternation shall be recognized. In case the share-based payment terms are modified, if the total fair value of the share-based payment transaction is increased or more beneficial to the employees, the additional equity delivery transaction cost will be recognized.

If the share-based payment bonus plan for the equity delivery is canceled, it will be treated as vested on the date of cancellation and the remaining unrecognized share-based payment will be immediately recognized. This includes rewards outside of vesting conditions that have not been achieved by either the Group or the employees. If the original cancelled reward is replaced by a new reward scheme, and has been confirmed that the new plan will replace the existing on the grant date, the cancelled and the new granted reward will be treated as modifications to the existing plan.

Dilution effect of outstanding options will be calculated by additional shares during calculation of the dilution on the EPS.

q. Income tax

Income tax expense (benefit) refers to the aggregated amount related to current income tax and deferred income tax that is included in the current profit or loss.

Income tax in the current period

Income tax liabilities (assets) for this period and for prior periods, are measured at the tax rates and tax laws enacted in the legislative or substantive legislation at the end of the reporting period. Current income tax related to items recognized in other comprehensive income or directly recognized in equity, will be separately recognized in other comprehensive income (loss) or equity rather than profit or loss.

Surtax on unappropriated retained earnings will be recognized as income tax expense on the date of surplus distribution from the Shareholders' Meeting.

Deferred income tax

Deferred tax is calculated based on the temporary difference between the taxable basis of assets and liabilities and the carrying amounts on the balance sheet at the end of the reporting period.

All taxable temporary difference shall be recognized as deferred tax liabilities except for the following:

1) Initial recognition of goodwill; or the initial recognition of an asset or liability not arising from a business combination transaction and does not affect accounting profits or taxable income (loss) at the time of the transaction;

2) Arising from investment in subsidiaries, affiliates or joint ventures, whose point of reversal can be controlled and there may not be any taxable temporary difference that shall be reversed in the foreseeable future.

Deferred income tax assets that are deductible from temporary differences, unused tax losses and unused income tax deductions are recognized in the context of probable future taxable income except for the following:

1) Deductible temporary difference arising from business combination with a non-affiliates, and is related to initial recognition of assets or liabilities that do not affect accounting profit or loss of taxable income (loss) at the time of transaction;

2) Related to deductible temporary difference from equity in investments in subsidiaries, affiliates, or joint ventures, and is highly possible to revert in the foreseeable future, and the revert may be to the extent that there will be sufficient taxable income at the time for recognition of the temporary difference.

Deferred income tax assets and liabilities are measured at the tax rate of the expected asset realization or in the period in which the liability is settled. The tax rate is based on the tax rates and tax laws that have been enacted in the legislative or substantive legislation at the end of the reporting period. The measurement of deferred income tax assets and liabilities reflects the tax consequences arising from the manner in which the asset is expected to be recovered or the carrying amount of the liability is settled at the end of the reporting period. The deferred income tax that is related to items not recognized in profit or loss will also not be recognized in profit or loss. It will be recognized in other comprehensive income (loss) or directly recognized in equity based on its related transaction. Deferred tax assets shall be reviewed and recognized at the end of each reporting period.

For deferred tax assets and liabilities, only the offset between the current tax assets and current tax liabilities carries legally enforceable rights. Moreover, deferred income tax may be offset when it is subject to the same taxpayer and is related to the income tax levied by the same tax authority.

5. The primary sources of uncertainties in major accounting judgments, estimates, and assumptions

When preparing the Consolidated Financial Statements, the Group's management shall exercise judgment, estimation and assumption at the end of the reporting period. This will influence the reported amounts of revenue, expense, assets and liabilities, and disclosure on liabilities. Nevertheless, the uncertainty of these material assumptions and estimates may result in material adjustments to the carrying amount of an asset or liability in the future.

Estimates and assumptions

At the end of a reporting period, major source of information for uncertainties in regards to estimates and assumptions for the future, present material risk in material adjustments to the carrying amounts of assets and liabilities in the next fiscal year. This will be explained in the following:

1) Fair value of financial instruments

When the fair value of financial assets and financial liabilities recognized in the balance sheet cannot be obtained from an active market, the fair value will be determined by valuation techniques. These include income approach (for example, the discounted cash flow method) or market approach, and changes in the assumptions used in these models will influence the fair value of the reported financial instruments. Please refer to Note 12 for details.

2) Accounts receivable - estimates on impairment loss

The Group's estimate of impairment loss for receivables is measured by the amount of estimated credit losses over its lifetime, which will be based on the difference between the contractual cash flow (carrying amount) receivable and the expected cash flow (assessment of forward-looking information). However, discount effect of short-term receivables is insignificant and credit loss will not be measured by undiscounted difference. If the actual cash flow in the future is less than the estimate, there may be material impairment loss. Please refer to Note 6 for details.

3) Inventory

The estimated value of the net realized value of inventories is the most reliable evidence of the expected change in the amount of cash available for the inventory at the estimated time when the inventory is damaged, all or part of it becomes obsolete or declines in the selling price and influences from product shelf life. Please see refer to Note 6 for detail.

4) Retirement pension plan

The present value of defined benefit costs and defined benefits obligations in retirement pension plan is measured by actuarial valuation. Actuarial valuation involves various assumptions, including discount rate and changes in expected salaries and more. Please refer to Note 6 for details on the assumptions used to measure the cost of defined benefit costs and defined benefit obligations.

5) Share-based payment transaction

Cost of equity settlement transaction between the Group and our employees are measured by the fair value of the equity instrument on the grant date. When estimating the fair value of the share-based payment transaction, the best pricing model should be determined based on the benefit conditions. These estimates also require determining the best parameters used in the pricing model, including: expected duration of the stock options, estimated fluctuations, estimated rate of dividend, and any assumptions made therein. Please refer to Note 6 for explanations on the assumptions and models used to measure the fair value of the share-based payment transaction.

6) Income tax

Uncertainties for income tax exist in the interpretation of complex tax laws, and the future taxable amounts and time points. Due to the prevalence of international business relationships and the long-term nature and complexity of contracts, there may be differences between the actual results and assumptions made, or alternatively, such assumptions in the future may force recorded interest tax benefits and expenses to be adjusted in the future. Recognition of income tax is based on reasonable estimates of the possible audit results of the tax authorities of the countries in which the Group operates. Amounts recognized are based on different elements, for instance, the past experience of tax review and the taxation subject may have different interpretations of the tax law from the taxation authority. Differences in these interpretations could lead to various issues due to the conditions of the countries in which the Group's individual entities operate.

Unused tax loss and deferred tax carried forward and deductible temporary differences are recognized as deferred tax assets based on the context that it is highly likely future taxable income or taxable temporary differences will occur in the future. The determination of the amount of deferred tax asset to be recognized is at the point and standards where there may be differences between the future taxable income and taxable temporary difference as well as the estimate of future tax planning strategies.

6. Explanations of significant accounting items

a. Cash and cash equivalents

	2020.12.31	2020.12.31
Cash on hand and petty cash	$7,709	$6,424
Cheques and demand deposit	713,543	276,249
Fixed deposit	114,550	25,450
Total	$835,802	$308,123

b. Financial assets measured at amortized costs

	2020.12.31	2020.12.31
Restrictive fixed deposit	$24,000	$24,000
Fixed deposit	3,000	3,000
Less: allowance for loss	-	-
Total	$27,000	$27,000
Current	$24,000	$24,000
Non-current	$3,000	$3,000

The Group only has transactions with financial institutions in good credit standing and therefore has no material credit risk.

Please refer to Note 8 for the Group's endorsement/guarantee provided for financial assets measured at amortized cost.

c. Notes receivable, net

	2020.12.31	2020.12.31
Notes receivable - from operating activities	$4,517	$3,246
Less: allowance for loss	-	-
Total	$4,517	$3,246

The Group's notes receivable have not had conditions of endorsement/guarantee.

The Group assesses information related to impairment and allowance for impairment using regulations from IFRS 9. Please refer to Note 6.16 for details. Please refer to Note 12 for information on credit risk.

d. Net accounts receivable

1) Below is a list of the net accounts receivable:

	2020.12.31	2020.12.31
Total accounts receivable	$311,815	$341,687
Less: allowance for loss	(701)	(701)
Net balance	$ 311,114	$340,986

2) The aforementioned accounts receivable has not had conditions of endorsement/guarantee.

3) (3) The Group's credit line to customers is 60-120 days. The total carrying amounts were NT$311,815 thousand and NT$341,687 thousand on December 31, 2020 and December 31, 2019 respectively. Please refer to Note 6.16 for information related to allowance for impairment loss in 2020 and 2019. Please refer to Note 12 for information on credit risk.

e. Inventory

1) Net inventory is as follows:

	2020.12.31	2020.12.31
Work-in-progress	$542	$2,923
Commodities	1,461,703	1,157,342
Total	$ 1,462,245	$1,160,265

2) The Group recognized cost of inventories NT$6,456,664 thousand and NT$5,005,992 thousand on December 31, 2020 and December 31, 2019 as expenses respectively. These expenses included the following:

	2020	2019
Allowance for inventory valuation and obsolescence loss	$500	$258
Inventory scrap loss	4,200	6,215
Inventory loss	9,451	3,367
Total	$14,151	$9,840

3) Aforementioned inventory has not had conditions of endorsement/guarantee.

f. Property, plant, and equipment

Buildings and	Transportation	Office equipment	Leasehold	Other equipment	Construction in	Total

	construction	vehicle		improvements		progress	
Cost:							
2020.01.01	$-	$14,688	$286,954	$394,433	$137,695	$44,815	$878,585
Acquisition	-	-	64,136	89,791	88,367	3,768	246,062
Disposal	-	(350)	(6,483)	(20,595)	(2,180)	-	(29,608)
Transfer	48,583	-	-	-	-	(48,583)	-
2020.12.31	$48,583	$14,338	$344,607	$463,629	$223,882	$-	$1,095,039
2020.01.01	$-	$14,688	$245,779	$283,110	$51,330	$5,849	$600,756
Acquisition	-	-	41,293	111,323	86,247	38,966	277,829
Disposal	-	-	-	-	-	-	-
Transfer	-	-	(118)	-	118	-	-
2019.12.31	$-	$14,688	$286,954	$394,433	$137,695	$44,815	$878,585

	Buildings and construction	Transportation vehicle	Office equipment	Leasehold improvements	Other equipment	Construction in progress	Total
Depreciation and impairment:							
2020.01.01	$-	$12,013	$143,629	$130,389	$22,800	$-	$308,831
Depreciation	790	1,268	47,566	53,702	32,909	-	136,235
Disposal	-	(350)	(4,691)	(14,457)	(317)	-	(19,815)
Transfer	-	-	-	-	-	-	-
2020.12.31	790	$12,931	$186,504	$169,634	$55,392	$-	$425,251
2019.01.01	$-	$10,096	$104,374	$91,831	$8,834	$-	$215,135
Depreciation	-	1,917	39,255	38,558	13,966	-	93,696
Disposal	-	-	-	-	-	-	-
Transfer	-	-	-	-	-	-	-
2019.12.31	$-	$12,013	$143,629	$130,389	$22,800	$-	$308,831
Net carrying amount:							
2020.12.31	$47,793	$1,407	$158,103	$293,995	$168,490	$-	$669,788
2019.12.31	$-	$2,675	$143,325	$264,044	$114,895	$44,815	$569,754

Aforementioned property, plant, and equipment have not had conditions of endorsement/guarantee.

g. Intangible assets

	Computer software	Trademarks	Total
Cost:			
2020.01.01	$12,301	$14,286	$26,587
Acquisition - separately acquired	4,520	-	4,520
Derecognized at the end of useful life	(8,711)	-	(8,711)
2020.12.31	$8,110	$14,286	$22,396
2019.01.01	$9,696	$-	$9,696
Acquisition - separately acquired	12,400	14,286	26,686
Derecognized at the end of useful life	(9,795)	-	(9,795)
2019.12.31	$12,301	$14,286	$26,587

Amortization and impairment:			
2020.01.01	$5,912	$-	$5,912
Amortization	7,177	-	7,177
Derecognized at the end of useful life	(8,711)	-	(8,711)
2020.12.31	$4,378	$-	$4,378
2019.01.01	$6,635	$-	$6,635
Amortization	9,072	-	9,072
Derecognized at the end of useful life	(9,795)	-	(9,795)
2019.12.31	$5,912	$-	$5,912
Net carrying amount:			
2020.12.31	$3,732	$14,286	$18,018
2019.12.31	$6,389	$14,286	$20,675

Amortization for recognition of intangible assets is as follows:

	2020	2019
Operating expenses	$7,177	$9,072

h. Other non-current assets

	2020.12.31	2019.12.31
Prepaid equipment	$190	$471
Refundable deposits	76,728	63,738
Total	$76,918	$64,209

i. Short-term loans

1) Details on short-term loans are as follows:

	Range of interest rates (%)	2020.12.31	2019.12.31
Unsecured bank loan	0.87%~1.18%	$370,000	$-

2) As of December 31, 2020 and December 31, 2019 respectively, the Group's unused short-term loan credits are NT$101,035 thousand and NT$100,000 thousand respectively.

j. Other payables

	2020.12.31	2019.12.31
Expenses payable	$211,552	$114,588
Equipment payable	17,168	18,039
Net defined benefit liability - current	37	37
Total	$ 228,757	$132,664

k. Bonds payable

1) Details of bonds payable are as follows:

	2020.12.31	2019.12.31
Elements of liability:		
Nominal amount of domestic convertible bond payable	$40,900	$188,700
Less: discount on domestic convertible bond payable	(317)	(4,999)
Subtotal	40,583	183,701
Less: portion maturing within 12 months	(40,583)	(183,701)
Net balance	$-	$-
Embedded derivative financial instruments - redemption rights	$-	$-
Equity element - conversion rights	$1,363	$6,290

Please refer to Note 6.19 for valuation of profit or loss for embedded derivative financial instruments - redemption rights and the recognition of interest expense from corporate bonds.

2) The Company has issued the first batch of unsecured convertible bonds on June 12, 2018 with the following issuance terms:

(A) Total issuance:	NT$300,000 thousand
(B) Date of issuance:	2018.06.12
(C) Issued price:	Issuance at par
(D) Coupon rate:	0%
(E) Duration:	June 12, 2018-June 12, 2021
(F) Repayment at maturity:	Unless the bondholders convert into ordinary shares of the company in accordance with Article 10 of the present Procedures, or exercise the right of selling under Article 19 of the present Procedures, or the Company redeems in advance or exercise redemption at securities firm in accordance with Article 18 of these Procedures, the Company will repay the converted bonds held by bondholders in cash in accordance with the denomination of the bonds when the Company's conversion of bonds expires.
(G) Conversion period:	Starting from the day after the 3-month period of issuance of this convertible bond (September 13, 2018) to the date due (June 12, 2021), except for (1) stock transfer is halted pursuant to applicable laws; (2) 15 business days before the Company's ex-dividend date for share or cash dividend distribution or ex-stock transfer date for capital increase, until the base date for right distribution, (3) capital reduction

	base-date to one day before the capital reduction in issuance of shares, the creditor may at any time request the Company to convert the convertible bond into ordinary shares of the Company in accordance with the provisions of the present Procedure.
(H)Conversion price and adjustments:	The price of conversion was set at NT$90.8 per share during issuance. In the event of an adjustment of the conversion price of the Company's ordinary share conversion rights or stock options in accordance with the terms of the issuance, the conversion price shall be adjusted in accordance with the formula stipulated in the terms of the issuance. Due to capital increase and surplus transfer in 2018, the Company's conversion price adjustment was carried out in accordance with the provisions of the first batch of domestic unsecured convertible corporate bonds issuance and conversion procedures. Therefore, as of July 19, 2018, the conversion price was adjusted from NT$90.8 to NT$88.9. Due to capital increase and surplus transfer in 2018, the Company's conversion price adjustment was carried out in accordance with the provisions of the first batch of domestic unsecured convertible corporate bonds issuance and conversion procedures. Therefore, as of September 12, 2018, the conversion price was adjusted from NT$88.9 to NT$79.8. Due to the Company's ratio of cash dividends to ordinary shares issued in 2019 having exceeded 1.5%, the conversion price adjustment was carried out in accordance with the provisions of the first batch of domestic unsecured convertible corporate bonds issuance and conversion procedures; therefore, from July 30, 2019, the conversion price was adjusted from NT$79.8 to NT$78.6. Due to capital increase and surplus transfer in 2019, the Company's conversion price adjustment was carried out in accordance with the provisions of the first batch of domestic unsecured convertible corporate bonds issuance and conversion procedures. Therefore, from September 1, 2019, the conversion price was adjusted from NT$78.6 to NT$69.6. Due to capital increase and surplus transfer in 2020, the Company's conversion price adjustment was carried out in accordance with the provisions of the first batch of domestic unsecured convertible corporate bonds issuance and conversion procedures. Therefore, from September 15, 2020, the conversion price was adjusted from NT$69.6 to NT$59.2.
(I) The Company's redemption rights:	(1) The conversion of corporate bonds shall be from the day after the expiration of three months from the date of issue (September 13, 2018) to forty days before the expiration of the issuance period (May 3, 2021). When the closing price of the ordinary shares of the Company exceeds 30% (inclusive) of the conversion price for the 30th consecutive business day, the Company may send a one-month "bond recovery notice" to the bondholder by registered mail within the next 30 business days. (The aforementioned foregoing period starts from the date of the Company's letter of notice, and the expiration date of the period is the base date for the bond recovery, and the aforementioned period cannot be the conversion termination period as started in Article 9.) (The bondholder will be based on the bondholder's register on the fifth business day prior to the date of the "bond recovery notice," and for investors who subsequently obtain the conversion of corporate bonds due to trading or other reasons, they shall be notified by way of announcement.) Taipei Exchange will also be notified in writing, and the convertible bonds of the bondholders shall be recovered in cash in five business days after the bond recovery base date. (2) The conversion of corporate bonds shall be from the day after the expiration of three months from the date of issue (September 13, 2018) to forty days before the expiration of the issuance period (May 3, 2021). If the outstanding balance of the convertible bond is less than 10% of the initial total denomination at issuance, the Company may send a one-month "bond recovery notice" to the bondholder by registered mail at any time. (The aforementioned foregoing period starts from the date of the Company's letter of notice, and the expiration date of the period is the base date for the bond recovery, and the aforementioned period cannot be the conversion termination period as started in Article 9.) The bondholder will be based on the bondholder’s register on the fifth business day prior to the date of the "bond recovery notice," and investors who subsequently obtain the conversion of corporate bonds due to trading or other reasons shall be notified by way of announcement.) Taipei Exchange will also be notified in writing, and the convertible bonds of the bondholders shall be recovered in cash in five business

	days after the bond recovery base date. (3) If the creditor does not reply to the Company's share transfer agency before the bond recovery base date denoted on the "bond recovery notice" by writing (the notice is effective at the time of delivery, and takes postmark as its basis), the Company shall redeem the bonds in cash on the maturity date at nominal value.
(J) Puttable rights of bondholders:	The base date for selling the convertible bonds back in advance is the two-year issuance date (June 12, 2020) of the convertible bonds. Forty days before the base date (May 3, 2020) of put option, the Company may send a "puttable right notification" to the bondholder by registered mail. (The bondholder will be based on the bondholder’s register on the fifth business day prior to the date of the "puttable option notification," and investors who subsequently obtain the conversion of corporate bonds due to trading or other reasons shall be notified by way of announcement.) Taipei Exchange will also be notified in writing, and the convertible bonds of the bondholders shall be recovered in cash in five business days after the bond recovery base date. Creditor can reply to the Company's share transfer agency before the bond puttable option date denoted on the "puttable right notification" by writing (the notice is effective at the time of delivery, and takes postmark as its basis), and request the Company to redeem the bonds held in cash by using the bond denomination plus interest compensation (101.0025% of the bond denomination for the two years, or substantial rate of return 0.50%). After accepting the puttable option request, the Company shall redeem the bond in cash within five business days after the puttable option date. If the Taipei Exchange is not in operation, the above date will be postponed to the next business day.

3) From January 1, 2020 to December 31, 2020, the declared conversion amount of the Group's first batch of unsecured convertible bonds has reached NT$147,800 thousand, and 2,290 thousand shares of ordinary shares have been converted.

As of December 31, 2020, the declared conversion amount of the Company's first batch of unsecured convertible bonds has reached NT$259,100 thousand, and 3,858 thousand shares of ordinary shares have been converted.

l. Retirement pension plan

Defined allocation plan

The Group's employee retirement method adopts the defined allocation plan pursuant to the Labor Pension Act. Pursuant to the Act, the Company is obligated to allocate no less than 6% of its employee's monthly salary as employee pension. The Company has established employee retirement method in accordance with the Act, and allocates 6% based on each employee's salary to his/her respective individual retirement account (IRA) at the Bureau of Labor Insurance.

The Group recognized defined allocation expense of NT$33,678 thousand and NT$23,123 thousand in 2020 and 2019 respectively.

Defined benefit plan

The Company's employee retirement method adopts the defined benefit plan pursuant to the Labor Standards Act. Payment of employee pension is calculated on the base points of an employee's years of service and average monthly wages when the person is permitted to retire. Two base points will be assigned for 15 years (inclusive) of service or less, and for those exceeding 15 years of service, every year will be assigned an additional base point. The maximum base points allowed is 45. The Company provides a pension fund of 2% of the total salary on a monthly basis in accordance with the Labor Standards Act, and deposits it in a designated account at the Bank of Taiwan in the name of the Labor Retirement Reserve Supervisory Committee.

The Bureau of Labor Funds, Ministry of Labor, Executive Yuan, undertakes asset allocations based on the income and expenditure of the employee retirement fund.

Investment of the fund is invested in self-operated and entrusted management methods, and adopts active and passive management medium- to long-term investment strategies. The Bureau of Labor Funds takes risks including market, credit, and liquidity into consideration in setting limits and control plan for the fund so that adequate flexibility can be used toward the compensation objective without excessive risk. As of December 31, 2020, the Company's defined benefit plan is expected to allocate NT$40 thousand within the following year.

As of December 31, 2020 and December 31, 2019, the Company's defined benefit plans are expected to expire in 2039 and 2036 respectively.

The following table summarizes the costs of defined benefit plan recognized to profit or loss:

	2020	2019
Current service cost	$-	$-
Net interest from net defined benefit assets (liabilities)	40	43
Total	$40	$43

Adjustments of the present value of the defined benefit obligations and fair value of the plan assets:

	2020.12.31	2019.12.31	2019.01.01
Present value of the defined benefit obligations	$7,562	$8,558	$7,048
Fair value of plan assets	(4,100)	(3,726)	(3,355)
Other non-current liabilities - net defined benefit liabilities recorded	$3,462	$4,832	$3,693

Adjustments to the net defined benefit liabilities (assets):

	Present value of the defined benefit obligations	Fair value of plan assets	Net defined plan liabilities (assets)
2019.01.01	7,048	(3,355)	3,693
Current service cost	-	-	-
Interest expense (income)	82	(39)	43
Past service cost and settlement gain or loss	-	-	-
Subtotal	7,130	(3,394)	3,736
Remeasurement of defined benefit liabilities/assets:			
Actuarial gains or losses from demographic assumptions	-	-	-
Actuarial gains or losses from financial assumptions	461	-	461
Experience-based adjustments	967	-	967
Remeasurement of defined benefit assets	-	(109)	(109)
Subtotal	1,428	(109)	1,319
Benefits paid	-	-	-
Employer allocations	-	(223)	(223)
Effects of changes in foreign exchange rates	-	-	-
2019.12.31	8,558	(3,726)	4,832
Current service cost	-	-	-
Interest expense (income)	71	(31)	40
Past service cost and settlement gain or loss	-	-	-
Subtotal	8,629	(3,757)	4,872
Remeasurement of defined benefit liabilities/assets:			
Actuarial gains or losses from demographic assumptions	-	-	-
Actuarial gains or losses from financial assumptions	565	-	565
Experience-based adjustments	(1,632)	-	(1,632)
Remeasurement of defined benefit assets	-	(119)	(119)
Subtotal	(1,067)	(119)	(1,186)
Benefits paid	-	-	-
Employer allocations	-	(224)	(224)
Effects of changes in foreign exchange rates	-	-	-
2020.12.31	$7,562	$(4,100)	$3,462

The following key assumptions are used to determine the Company's defined benefit plan:

	2020.12.31	2019.12.31
Discount rate	0.42%	0.83%
Expected rate of salary increase	2.00%	2.00%

Sensitivity analysis of every material actuarial assumption:

	2020		2019	
	Increase in defined benefit obligation	Decrease in defined benefit obligation	Increase in defined benefit obligation	Decrease in defined benefit obligation
0.5% increase in discount rate	$-	$683	$-	$686
0.5% decrease in discount rate	759	-	762	-
0.5% increase in expected salary	743	-	749	-
0.5% decrease in expected salary	-	676	-	682

The purpose of conducting the aforementioned sensitivity analysis is to analyze the possible impact of determining a defined benefit obligation when a single actuarial assumption (e.g. discount rate or expected salary) undergoes a reasonably likely change, assuming all other assumptions remain unchanged. Since some of the actuarial assumptions are related to each other, there are few separate actuarial assumptions that undergo singular changes in reality, so the analysis has its limitations.

The methods and assumptions used in the current period of sensitivity analysis are no different from the previous periods.

m. Equity

1) Ordinary shares

As of December 31, 2020 and December 31, 2019, the Company's authorized share capital is NT$600,000 thousand and has issued NT$530,659 thousand and NT$425,820 thousand in shares respectively. Each share has a par value of NT$10, and 53,065 thousand shares and 42,582 thousand shares were issued respectively. Each share has one voting right and right to receive dividend.

On June 26, 2019, the Company's Annual Shareholders' Meeting has approved the capital increase by reinvestment of surplus of NT$47,517 thousand. Upon approval of the Board of Directors on July 22, 2019, September 1, 2019 was set to be the base date of the capitalization date, and the paid-in capital after the increase is NT$413,033 thousand with par value of NT$10 at 41,303 thousand shares.

In 2019, the employee stock options issued by the Company exercised subscription rights of NT$10,214 thousand, for which 356 thousand ordinary shares were converted. Upon approval from the Board of Directors on November 11, 2019, November 11, 2019 was set to be the base date of the increase. The paid-in capital after the increase was NT$416,593 thousand with par value of NT$10 at 41,659 thousand shares.

In 2019, the first batch of unsecured convertible bonds issued by the Company exercised conversion rights of NT$111,300 thousand, for which 1,568 thousand ordinary shares were converted. The paid-in capital after the increase was NT$432,271 thousand with par value of NT$10 at 43,227 thousand shares, in which 645 thousand shares are ordinary shares. Base date of increase is still pending for the Board of Directors' approval as of December 31, 2019, so the capital is recognized as a prepaid capital.

In addition, in 2020, the first batch of unsecured convertible bonds issued by the Company exercised conversion rights of NT$147,800 thousand, for which 2,290 thousand ordinary shares were converted, and the paid-in capital after the increase was NT$530,659 thousand with part value of NT$10 at 53,066 thousand shares, in which 279 thousand shares are ordinary shares. Base date of increase is still pending for the Board of Directors' approval as of December 31, 2020, so the capital is recognized as a prepaid capital.

On June 17, 2020, the Company's Annual Shareholders' Meeting has approved the capital increase by reinvestment of surplus of NT$78,272 thousand. Upon approval of the Board of Directors on August 12, 2020, September 15, 2020 was set to be the base date of the capital increase, and the paid-in capital after the increase is NT$520,801 thousand with par value of NT$10 at 52,080 thousand shares.

2) Capital surplus

	2020.12.31	2020.12.31
Share premium of ordinary shares	$427,962	$427,962
Premium on Conversion of Convertible Bonds	223,316	95,902
Employee stock options	3,218	1,909
Stock options	1,363	6,290
Expired stock options	2,647	2,647
Total	$658,506	$534,710

According to the law, the capital reserve shall not be used except to make up for Company deficit. When the Company has no deficit, the overage of the shares issued by the par value and the capital reserve generated by the proceeds of the donation can be used to charge up the capital up to a certain percentage of the paid-up capital each year. The aforesaid capital surplus may also be distributed in cash in proportion to the original share of the shareholders. In addition, capital surplus arising from any long-term equity investment shall not be used for any purpose.

3) Appropriation of earnings and dividend policy

a) Appropriation of earnings

Pursuant to the Company's Articles of Incorporation, if surplus is available after closing the accounts, it shall be first used to pay taxes, make up past deficits, then 10% of which shall be appropriated as legal capital reserve. However, the Company is exempted from such appropriation in case the legal capital reserve has reached the Company's total capital, and the Company shall appropriate special capital reserve according to applicable laws or regulations from competent authority. The remainder of which and any accumulated retained earnings from previous years shall be appropriated as net income available for appropriation. The Board of Directors shall propose the appropriation of net income and submit for a resolution at the Shareholders' Meeting, then distribute bonus to shareholders accordingly.

b) Dividend policy

In response to economic fluctuations and to maintain a robust financial structure, the Company adopts balanced dividend policy, and the policy for future dividend distribution is as follow:

i. The Company will appropriate no less than 10% of the aforementioned distributable net income as shareholders' bonus. Nevertheless, when distributable net income is less than 10% of the paid-in capital, the Company may propose not to appropriate any bonus.

ii. In consideration of a balanced and stable dividend policy, the Company will appropriate either share or cash dividend accordingly. Appropriations of cash dividend shall be no less than 10% of the annual total dividends.

c) Legal capital reserve

Pursuant to the Company Act, legal capital reserve shall be appropriated until the total sum of which has reached the paid-in capital. Legal capital reserve shall be used toward making up for deficit. When the Company does not have past deficits, the Company may issue new shares or distribute cash with the portion of legal capital reserve that exceeds 25% of the paid-in capital.

d) Special capital reserve

After adoption of the IFRS, pursuant to Directive Letter No. 1010012865 issued by the FSC on April 6, 2012, during first-time adoption, on the conversion date, the Company's conversion adjustment of unrealized revaluation increment and cumulative conversion adjustment to the retained earnings portion due to adoption of IFRS 1 - First-time Adoption of IFRS' exemption item granted the Company the option of appropriating the same amount of special capital reserve. After adoption of IFRS in preparing financial statements, during appropriation of distributable net income, the Company appropriated the difference between the balance allocated to special capital reserve during first-time adoption of IFRS and net deductions in other equity items to the special capital reserve. Subsequently, if other shareholders' equity deduction has reversed, the reversal shall be applicable to earnings distribution.

e) During the Company's Board of Directors' Meeting on March 9, 2021, and Annual Shareholders' Meeting on June 26, 2020, the appropriations of earnings for 2020 and 2019 have been separately proposed and approved with the following details:

	Appropriation of earnings		Dividends per share (NT$)	
	2020	2019	2020	2019
Legal capital reserve	$19,550	$13,598		
Cash dividends for ordinary shares	53,471	43,484	$1.00	$0.98
Stock dividends for ordinary shares	160,414	78,272	3.00	1.80
Total	$233,435	$135,354		

Please see Note 6.18 for information on the standards of estimate and recognition of amounts of employee compensation and remunerations of the Directors.

f) Non-controlling interests

	2020.12.31	2020.12.31
Beginning balance	$21,927	$23,917
Net profit attributable to non-controlling interests in this period	(1,644)	(1,990)
Ending balance	$20,283	$21,927

n. Share-based payment plan

Company employees can receive share-based payment as a part of employee benefits plan. Employees provide service as the consideration for receiving equity instruments, and such transaction will be treated as equity-settled share-based payment transaction.

Employee share-based payment plan

1) Upon approval from the FSC's Securities and Futures Bureau, the Company has issued 1,000 units of employee stock options on September 12, 2014. Each unit of equity security can be used to subscribe for 1,000 shares of the Company's ordinary shares. The Company will issue new shares when employees exercise such option. Equity security subscriber may exercise the stock options for a certain period of time and proportion two years after the employee stock options certificate has been granted. The duration of this stock options certificate is five years.

2) Upon approval from the FSC's Securities and Futures Bureau, the Company has issued 4,000 units of employee stock options on October 29, 2019. Each unit of equity security can be used to subscribe for 1,000 shares of the Company's ordinary shares. The Company will issue new shares when employees exercise such option. Equity security subscriber may exercise the stock options for a certain period of time and proportion two years after the employee stock option certificate has been granted. The duration of this stock option certificate is six years.

Information on the aforementioned share-based payment is as follows:

Grant date of the stock options certificate	Total units issued	Execution price per unit (NT$)
2014.10.01	835	$28.69
2014.11.01	113	$28.69
2019.12.01	1,879	$82.60
2020.10.27	2,017	$86.20

a) The following pricing model and assumptions are used toward the share-based payment plan granted:

	2014	2019	2020
Expected fluctuation rate (%)	23.38%-24.37%	16.56%-24.87%	13.86%-45.03%
Risk-free interest rate (RFR) (%)	1.12%-1.316%	0.552%-0.580%	0.158%-0.203%
Expected year of 100% stock subscription (year)	5	6	6
Weighted-average stock price (NT$)	40.48	82.60	86.20
Pricing model used	Black-Scholes	Black-Scholes	Black-Scholes

The expected duration of the option is based on historical data and current expectations and therefore may not necessarily be consistent with actual implementation. The expected volatility is the historical volatility of the period in which the hypothesis is similar to the duration of the stock options, which represents the future trend, but may not necessarily be consistent with future actual results.

b) Information on the employee stock option plan issued in 2020 and 2019:

	2020		2019	
	Number of outstanding stock options (unit)	Weighted-average execution price (NT$)	Number of outstanding stock options (unit)	Weighted-average execution price (NT$)
Outstanding stock options on January 1	1,879	$82.60	557	$28.69
Stock options granted in the current period	2,017	86.20	1,879	86.20
Stock subscriptions in the current period	-	-	(356)	-
Stock options expired in the current period	-	-	(201)	-
Outstanding stock options on December 31	3,896	$84.46	1,879	$82.60
Executable stock options on December 31	-		-	
Weighted-average fair value of the stock options granted in the current period		$9.45		$0.65

c) Below is the aforementioned share-based payment plan outstanding as of December 31, 2020 and December 31, 2019:

2020.12.31	Execution price	Weighted-average remaining duration (year)
Granted on December 1, 2019	$82.60	4.92 years
Granted on October 27, 2020	$86.20	5.82 years

2019.12.31	Execution price	Weighted-average remaining duration (year)
Granted on December 1, 2019	$82.60	5.92 years

d) The expense recognized by the Company for employee share-based payment plans is shown as the following:

	2020	2019
Recognized expenses due to share-based payment transactions (all are equity delivery share-based payment)	$1,309	$66

o. Operating revenue

	2020	2019
Revenue from customer contracts		
Revenue from sale of goods	$8,614,611	$6,557,257
Revenue from provision of service	26,783	44,355
Total	$8,641,394	$6,601,612

Information regarding the Group's revenue from customer contracts is as follows:

1) Breakdown of revenue

	2020	2019
	Single department	Single department
Sales revenue	$8,614,611	$6,557,257
Service revenue	26,783	44,355
Total	$8,641,394	$6,601,612
Timing of revenue recognition:		
At a fixed point in time	$8,641,394	$6,601,612

2) Contract balance

a) Contract liability - current

	2020.12.31	2020.12.31	2020.01.01
Sales of goods	$502	$474	$598
Customer loyalty program	7,602	6,579	3,800
Total	$8,104	$7,053	$4,398

Explanations of the changes in the balance of contract liabilities in 2020 are as follows:

	Sales of goods	Customer loyalty program
Beginning balance is recognized as revenue in the current period	$(50)	$(3,755)
Estimated increase in advance payment in the current period	78	4,778

Explanations of the changes in the balance of contract liabilities in 2019 are as follows:

	Sales of goods	Customer loyalty program
Beginning balance is recognized as revenue in the current period	$(362)	$(2,268)
Estimated increase in advance payment in the current period	238	5,047

p. Estimated credit impairment loss (benefit)

	2020	2019
Operating expense - estimated credit impairment loss		
Accounts receivable	$-	$359

Please refer to Note 12 for information on credit risk.

1) Historical records of credit impairment on the Group's receivables (including notes receivable and accounts receivable) indicate that diverse types of impairment loss is not found between different groups of customers. Therefore, allowance for loss is assessed using the same group and relevant information can be found in the following:

As of December 31, 2020

	Not overdue	Days overdue		
	(Note)	31-180 days	More than 181 days	Total
Total carrying amount	$315,753	$399	$180	$316,332
Rate of loss	0.11%	40%	100%	
Expected lifetime credit loss	(362)	(159)	(180)	(701)
Carrying Amount	$315,391	$240	$-	$315,631

As of December 31, 2019

		Days overdue		
	Not overdue	31-180 days	More than 181 days	Total
Total carrying amount	$344,099	$682	$152	$344,933
Rate of loss	0.06%	51%	100%	
Expected lifetime credit loss	(203)	(346)	(152)	(701)
Carrying Amount	$343,896	$336	$-	$344,232

2) Information on the changes in the allowances for notes receivable and accounts receivable of the Group for 2020 and 2019 is as follows:

	Notes receivable	Accounts receivable
2020.01.01	$-	$701
Increase in the period	-	-
2020.12.31	$-	$701
2019.01.01	$-	$342
Increase in the period	-	359
2019.12.31	$-	$701

q. Lease

1) The Group is the lessee

The Group leases real property (building and construction), and the term of lease for each contract is between 3 years to 20 years. Some of the contracts have stipulated that without the lessor's consent, a lessee may not lease out, sublease, dispose of right, or grant all or part of the leased object's use to others using other methods, or to give the right of lease to others.

The following is a description of the leases' impacts on the Group's financial position, financial performance, and cash flow:

a) Amount recognized in the balance sheet

i. Right-of-use assets

	Building and construction
Cost:	
2020.01.01	$2,870,472
Acquisition	755,882
Disposal	(68,355)
Transfer	-
2020.12.31	$3,557,999
2019.01.01	$2,089,423
Acquisition	815,930
Disposal	(34,881)
Transfer	-
2019.12.31	$2,870,472
Depreciation and impairment:	
2020.01.01	$836,664
Depreciation	283,570
Impairment loss	-
Disposal	(49,773)
Transfer	-
2020.12.31	$1,070,461
2019.01.01	$618,849
Depreciation	226,874
Impairment loss	-
Disposal	(9,059)
Transfer	-
2019.12.31	$836,664
Carrying amount:	
2020.12.31	$2,487,538
2019.12.31	$2,033,808

ii. Lease liabilities

	2020.12.31	2019.12.31
Lease liabilities	$ 2,569,522	$2,093,629
Current	$ 287,118	$216,973
Non-current	$ 2,282,404	$1,876,656

Please refer to Note 6-19(3) Financing Costs for the Group's interest expense for lease liabilities in 2020 and 2019; and refer to Note 12-5 Liquidity Risk Management for the analysis on the expiration of lease liabilities as of December 31, 2020 and December 31, 2019.

b) Revenues and expenses related to the lessee and lease activities

	2020	2019
Short-term lease expense	$(14,754)	$(13,160)
Revenue from sublease of right-of-use asset	39,640	43,502

As of December 31, 2020, the Group's committed short-term lease composition is not similar to the category of the aforementioned lease target related to short-term lease expense, and related lease commitment has amounted to NT$0.

c) Cash flow related to the lessee and lease activities

The total cash outflow related to lease of the Group in 2020 and 2019 are NT$302,423 thousand and NT$251,128 thousand respectively.

2) The Group is the lessor

The Group classifies leases in which nearly all risks and rewards associated with the ownership of the target asset will not be transferred during the lease as operating leases.

	2020	2019
Lease revenue recognized from operating lease		
Fixed lease payment	$39,640	$43,502

In signing operating lease contracts, the Group has the following total amount of undiscounted lease payment as of December 31, 2020 and December 31, 2019 and for the remaining years:

	2020	2019
Less than 1 year	$34,182	$19,154
More than 1 but no more than 2 years	30,073	19,446
More than 2 but no more than 3 years	38,149	19,542
More than 3 but no more than 4 years	19,457	17,197
More than 4 but no more than 5 years	18,816	14,633
More than 5 years	53,141	38,989
Total	$193,818	$128,961

r. The following is a compilation of employee benefits, depreciation and amortization expense by function:

Function / Characteristic	2020			2019		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expenses						
Salary expenses	$-	$613,002	$613,002	$-	$437,821	$437,821
Labor and health insurance expenses	-	64,517	64,517	-	47,288	47,288
Pension expenses	-	33,718	33,718	-	23,166	23,166
Other employee benefit expenses	-	45,573	45,573	-	38,163	38,163
Depreciation expenses	-	419,805	419,805	-	320,570	320,570
Amortization expenses	-	7,177	7,177	-	9,072	9,072

The Company's Articles of Incorporation provide that if there is profit in the year, 3% to 10% of profit shall be allocated for employee compensation, and no more than 3 percent shall be allocated for remunerations of the Directors and Supervisors. But when accumulated loss is present, the Company shall first retain the profit to make up for deficits. The aforementioned employee compensation appropriated in shares or dividends shall be approved by a Board of Directors meeting attended by two-thirds or more of all Directors, and by a majority vote of all attending Directors, and reported to the Shareholders' Meeting. Please see the Market Observation Post System (MOPS) from the Taiwan Stock Exchange (TWSE) for information on employee compensation and remunerations of the Directors and Supervisors, as approved by the Board of Directors.

The Company estimated the pay to employees and Directors/Supervisors by 3% and 0.89% respectively based on profitability conditions. Employee compensation and remunerations of the Directors and Supervisors recognized in 2020 were NT$7,146 thousand and NT$2,120 thousand respectively. Employee compensation and remunerations of the Directors and Supervisors recognized in 2019 were NT$5,007 thousand and NT$1,485 thousand respectively. The aforementioned amounts were recorded under compensation expenses. If the Board of Directors approves of appropriation of share-based employee bonus, the closing price on the date before the Board's resolution will be used as the basis of the share distribution. If difference is found between the estimate and the actual distributions after the Board's approval, the difference will be recorded as profit or loss in the subsequent year.

The distribution of cash-based employee compensation and remunerations of the Directors and Supervisors for 2020 approved by the Company's Board on March 18, 2021 are NT$7,146 thousand and NT$2,120 thousand respectively. No material difference is found between the actual distributions and the expenses recognized on the 2020 financial statements.

Actual distribution of employee compensation and remunerations of the Directors in 2019 had no material difference from the expenses recognized in financial statements.

s. Non-operating income and expenses

1) Interest income

	2020	2019
Financial assets measured at amortized cost	$578	$1,006

2) Other income

	2020	2019
Rental revenue	$39,640	$43,502
Other income - others	10,476	8,107
Total	$50,116	$51,609

3) Other gains and losses

	2020	2019
Gains on financial liability at fair value through profit or loss	$-	$3,639
Gains on lease modifications	1,477	1,129
Gains on disposal of property, plant, and equipment	899	-
Net exchange gain (loss)	(1,693)	(1,707)
Other losses	(411)	(10)
Total	$272	$3,051

4) Financing costs

	2020	2019
Interest from bank loans	$2,859	$-
Interest expense from corporate bonds	2,272	4,950
Interest from lease liabilities	27,739	21,992
Total	$32,870	$26,942

t. Components of the other comprehensive income (loss)

Other comprehensive income for the year ended December 31, 2020 is as follows:

Items that will not be reclassified to profit or loss:	Arising in the current period	Reclassification and adjustment in the current period	Subtotal	Tax benefits (expenses)	After-tax amount
Remeasurement of defined benefit plans	$1,186	$-	$1,186	$-	$1,186

Components of the other comprehensive income (loss) for year 2019 include the following:

Items that will not be reclassified to profit or loss:	Arising in the current period	Reclassification and adjustment in the current period	Subtotal	Tax benefits (expenses)	After-tax amount
Remeasurement of defined benefit plans	$(1,319)	$-	$(1,319)	$-	$(1,319)

u. Income tax

1) Major components of the 2020 and 2019 income tax expenses (gains) include the following:

Income tax recognized in profit or loss

	2020	2019
Current tax expenses:		
Current tax payable	$54,892	$38,058
Adjustments in respect of current income tax of prior periods	166	89
Deferred tax expenses (gains):		
Deferred tax expenses (gains) related to initial recognition of temporary difference and its reversal	(4,315)	(1,018)
Income tax loss, tax deductions, or temporary differences not recognized in previous years were recognized in this year	-	(29)
Income tax expenses	$50,743	$37,100

Income tax recognized in other comprehensive income

	2020	2019
Deferred tax expenses (gains):		
Remeasurement of defined benefit plans	$-	$-

2) Adjustments of amount of income tax expense and accounting profit multiplied by applicable tax rate as follows:

	2020	2019
Profit before tax for continuing operations	$243,410	$171,095
Tax calculated at the domestic tax rate applicable to the income in relevant country	$48,682	$34,219
Tax effects of tax-exempt income	(8)	(9)
Tax effects of non-deductible expenses	1,903	2,381
Effects on income tax from deferred tax assets/liabilities	-	421
Adjustments in respect of current income tax of prior periods	166	88
Tax expense (benefits) recognized in profit or loss	$50,743	$37,100

3) Deferred income tax asset (liabilities) balances related to the following items:

2020

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income (loss)	Directly recognized in equity	Ending balance
Temporary differences					
Allowance for inventory valuation and obsolescence loss	$179	$100	$-	$-	$279
Exchange loss (gain)	358	300	-	-	658
Deferred revenue	1,316	204	-	-	1,520
Unrealized profit on sales	1,574	3,711	-	-	5,285
Deferred tax expense/gain		$4,315	$-	$-	
Deferred net tax asset (liabilities)	$3,427				$7,742
Information stated on balance sheet is as follows:					
Deferred tax assets	$3,427				$7,742
Deferred income tax liabilities	$-				$-

2019

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income (loss)	Directly recognized in equity	Ending balance
Temporary differences					
Allowance for inventory valuation and obsolescence loss	$127	$52	$-	$-	$179
Exchange loss (gain)	105	253	-	-	358
Deferred revenue	760	556	-	-	1,316
Unrealized profit on sales	967	607	-	-	1,574
Valuation loss on financial liabilities	450	(450)	-	-	-
Deferred tax expense/gain		$1,018	$-	$-	
Deferred net tax asset (liabilities)	$2,409				$3,427
Information stated on balance sheet is as follows:					
Deferred tax assets	$2,409				$3,427
Deferred income tax liabilities	$-				$-

4) Unrecognized deferred tax assets

As of December 31, 2020 and December 31, 2019, the Group's unrecognized deferred tax assets were NT$1,159 thousand and NT$337 thousand respectively.

5) Filing and review of income tax

As of December 31, 2020, the Company's income tax filing and review conditions are as follows:

	Filing of income tax
The Company	Reviewed to 2018
Subsidiary - Ivy Biotechnology Co., Ltd.	Reviewed to 2018
Subsidiary - Bai-Lin Logistics Co., Ltd.	Reviewed to 2018
Subsidiary - Da Yu Property Management Co., Ltd.	Reviewed to 2018

v. Earnings per share (EPS)

The calculation of the basic earnings per share (EPS) is calculated by dividing the net profit attributable to holders of ordinary shares of the parent company for the current year by the weighted-average number of ordinary shares outstanding in the current year.

Diluted earnings per share (Diluted EPS) is calculated by dividing the net profit attributable to holders of ordinary shares of the Company (after adjusting for the dilution effect) by the weighted-average number of ordinary shares outstanding in the current year plus all weighted-average number of ordinary shares to be issued when the potential ordinary shares with dilutive effect are converted into ordinary shares.

1) Basic EPS

	2020	2019
Net profit attributable to holders of ordinary shares of the parent company	$194,311	$135,985
Weighted-average number of ordinary shares of basic earnings per share (in 1,000 shares)	52,064	49,036
Basic EPS (NT$)	$3.73	$2.77

2) Diluted EPS

	2020	2019
Net profit attributable to holders of ordinary shares of the parent company	$194,311	$135,985
Redemption gain or loss from issuance of domestic convertible bonds	-	(3,639)
Interest from convertible bonds	2,092	4,431
Net profit attributable to holders of ordinary shares of the parent company after dilutive effect	$196,403	$136,777
Weighted-average number of ordinary shares of basic earnings per share (in 1,000 shares)	52,064	49,036
Dilutive effect:		
Employee bonus - shares (in 1,000 shares)	86	73
Employee stock options (in 1,000 shares)	458	1,361
Convertible bonds (in 1,000 shares)	1,971	3,868
Weighted-average number of ordinary shares after adjustments for dilutive effects (in 1,000 shares)	54,579	54,338
Diluted EPS (NT$)	$3.60	$2.52

There were no significant changes to other transactions in the circulation of outstanding ordinary shares or potential issuance of ordinary shares after the reporting period until the financial statements have been approved and announced.

7. Related Party Transactions

Bonuses for the Group's key managerial officers

	2020	2019
Short-term employee benefits	$17,125	$9,604
Retirement benefits	886	576
Share-based payment	310	17
Total	$18,321	$10,197

8. Assets Pledged

The Company has pledged the following assets as collateral:

	Carrying Amount		
Item	2020.12.31	2020.12.31	Content of the secured liabilities
Financial asset measured after amortization - current	$24,000	$24,000	Credit card guarantee
Financial asset measured after amortization - non-current	3,000	3,000	Purchase contract guarantee
Total	$27,000	$27,000	

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

N/A.

10. Contingent disaster loss

N/A.

11. Significant post-reporting period matters

N/A.

12. Others

a. Categories of financial instruments

Financial assets

	2020.12.31	2020.12.31
Financial assets measured at amortized cost:		
Cash and cash equivalents	$835,802	$308,123
Financial assets measured at amortized cost	27,000	27,000
Notes receivable, net	4,517	3,246
Net accounts receivable	311,114	340,986
Other receivables	71,025	101,884
Total	$1,249,458	$781,239

Financial liabilities

	2020.12.31	2020.12.31
Financial liabilities at amortized cost:		
Short-term loans	$370,000	$-
Accounts payable	1,398,753	1,103,089
Bonds payable (including those maturing within 12 months)	40,583	183,701
Lease liabilities	2,569,522	2,093,629
Total	$4,378,858	$3,380,419

b. Objective and policy of financial risk management

The objective of the Group's financial risk management is to manage the market risk, credit risk, and liquidity risk related to operating activities. The Group conducts the identification, valuation, and management of the aforementioned risks based on the Group's policy and risk appetite.

The Group has set up appropriate policy, procedures, and internal control in regards to the aforementioned financial risk management based on relevant standards. Material financing activities need to be reviewed by the Board of Directors in regards to relevant standards and internal control system. During implementations of financial management activities, the Group shall strictly abide by the regulations for financial risk management that have been set up.

c. Market risk

The Group's market risk is the risk of changes in fair value or cash flow from financial instruments due to market price changes. Market risk mostly includes exchange rate risk, interest rate risk, and other pricing risks (e.g. equity instruments). In practice, very few risk variables are single-occurring, and the change in each risk variable is usually correlated. Nevertheless, the sensitivity analysis on the following risks does not take the interactions between various risk variables into consideration.

Exchange rate risk

The Group's operating activities are mostly transactions using the functional currency; therefore, exchange rate risk should not arise.

Interest rate risk

Interest rate risk is the risk of changes in fair value or future cash flow from financial instruments due to changes in market interest rate. The Group's interest rate risk mostly includes variable rate investments classified as variable rate debt instrument investments.

Sensitivity analysis for interest rate risk mostly targets interest rate exposure items after the reporting period and includes variable rate investments. It adopts the assumption that in a given accounting period, when the interest increases or decreases by 0.01%, the Group's 2020 and 2019 income will increase by NT$837 thousand and decrease by NT$300 thousand respectively.

Equity price risk

As of December 31, 2020 and December 31, 2019, the Group does not hold equity securities measured by fair value. Therefore, equity price risk does not exist.

d. Credit risk management

Credit risk refers to the risk that the counterparty is unable to fulfill contractual obligations and leads to financial loss. The Group's credit risk mostly comes from operating activities (mostly from accounts receivable and notes) and financing activities (mostly bank deposits and various financial instruments).

Each business unit of the Group follows credit risk policy, procedure, and controls in managing credit risks. The credit risk valuation of all trading counterparties comprehensively measures factors including the counterparties' financial status, credit rating, past transaction experiences, current economic environment, and the Group's internal valuations. The Group also adopts certain credit enhancement tools (e.g. prepaid sales and insurance) on a timely basis to reduce the credit risk from certain customers.

As of December 31, 2020 and December 31, 2019, the Group has not had concentration of credit risk on individual customers, so credit risk should be moderate.

The Group's financing department manages credit risk by managing bank deposits and other financial instruments in accordance with Group policy. As the Group's transaction counterparties are determined by internal control procedures and are banks with good credit and investment-grade financial institutions, the Group is not subjected to material credit risk.

The Group has adopted IFRS 9 in the valuation of expected credit loss. Receivables are measured as allowances for lifetime expected credit losses. As for the rest of the debt instrument investments that are not measured at fair value through profit and loss, the initial acquisition price is based on those with low credit risk, and is evaluated on each balance sheet date to determine whether there has been significant increase in credit risk since initial recognition to determine the method of allowance for loss and its rate of loss.

Additionally, when evaluating financial assets that cannot be reasonably recovered, the Group will write-off the assets (for instance, if the issuer or the debtor experiences material financial difficulty or has become bankrupt).

e. Liquidity risk management

The Group maintains financial flexibility through contracts including cash and cash equivalents, convertible bonds, and leases. The following table summarizes the maturity of the payments contained in the contracts of the Group's financial liabilities. It is compiled based on the date on which the earliest possible repayment is required using its undiscounted cash flow. The amounts listed also include contracted interest. For interest cash flow paid using variable rate, its undiscounted interest is obtained through the yield curve at the end of the reporting period.

Non-derivative financial liabilities

	Less than 1 year	Later than 1 year but not later than 2 years	2 to 3 years	3 to 4 years	4 to 5 years	5 years or above	Total
2020.12.31							
Short-term loans	$370,130	$-	$-	$-	$-	$-	$370,130
Accounts payable	1,398,753	-	-	-	-	-	1,398,753
Bonds payable	41,310	-	-	-	-	-	41,310
Lease liabilities	310,883	303,810	296,788	280,159	265,105	1,177,388	2,634,133
2020.12.31							
Accounts payable	$1,103,089	$-	$-	$-	$-	$-	$1,103,089
Bonds payable	190,592	-	-	-	-	-	190,592
Lease liabilities	260,610	254,059	245,214	237,174	219,264	1,005,688	2,222,009

f. Adjustments of liabilities from financing activities

Information on adjustments of liabilities in 2020:

	Short-term loans	Guarantee deposits	Lease liabilities	Total liabilities from financing activities
2020.01.01	$-	$26,015	$2,093,629	$2,119,644
Cash flow	370,000	14,174	(287,669)	96,505
Non-cash changes				
Changes in scope of lease in this period	-	-	735,823	735,823
Interest from lease liabilities	-	-	27,739	27,739
2020.12.31	$370,000	$40,189	$2,569,522	$2,979,711

Information on adjustments of liabilities in 2019:

	Guarantee deposits	Lease liabilities	Total liabilities from financing activities
2020.01.01	$9,968	$1,527,058	$1,537,026
Cash flow	16,047	(237,968)	(221,921)
Non-cash flow			
Changes in scope of lease in this period	-	782,547	782,547
Interest from lease liabilities	-	21,992	21,992
2020.12.31	$26,015	$2,093,629	$2,119,644

g. Fair value of financial instruments

1) Valuation technique and assumptions used in measuring fair value

Fair value refers to the price required or transferred to an asset in an orderly transaction between market participants on a measurement date. The Group's method and assumptions in valuating or disclosing the fair value of financial assets and financial liabilities are as follows:

a) The carrying amount of the cash and cash equivalents, account receivables, account payables and other current liabilities is a reasonable approximation of the fair value, mainly because the period of maturity of such instruments is short.

b) The fair value of financial assets and financial liabilities that are traded in active market and have standard terms and conditions are determined by reference to market quotations (e.g., listed and traded stocks and bonds).

c) For equity instruments without active market (e.g. private placement of shares in listed cabinets, shares of publicly issued companies without active markets, and shares of undisclosed companies), fair value is estimated at market value, which is the price generated by market transactions of the same or comparable equity instruments and other relevant information (e.g. lack of liquidity discount factor, similar price-to-earnings (P/E) ratio, similar price per book value or more).

d) For debt instrument investments without active market, bank loans, bonds payable and other non-current liabilities without quotation from active market, the fair value is determined by the counterparty quotation or valuation technique, and the valuation technique is determined based on the cash flow discount analysis. Assumptions such as interest rate and discount rate are mainly based on information related to similar instruments (e.g. information such as yield curve at the Taipei Exchange, average quotation of Reuters commercial paper rate, and credit risk and more).

2) Fair value of financial instruments measured at amortized cost

Except for the following, the carrying amount of financial assets and financial liabilities measured by the Group's amortized cost is a close approximation of their fair value.

	Carrying amount	
	2020.12.31	2020.12.31
Financial liabilities:		
Bonds payable	$40,583	$183,701

	Fair value	
	2020.12.31	2020.12.31
Financial liabilities:		
Bonds payable	$40,761	$185,719

3) Fair value ranked information of financial instruments

Please see Note 12-8 for fair value ranked information of financial instruments.

h. Derivatives

Information on the Group's holding of derivative financial instruments that do not meet the hedge accounting and have not yet expired is as follows:

<u>Embedded derivatives</u>

The Group has identified embedded derivatives from issuance of convertible bonds. These have been separated from the host contract and are treated through measurement at fair value at profit or loss. Please see Note 6 for information on contracts for these transactions.

i. Ranking of fair value

1) Definition of fair value ranking

All assets and liabilities measured or disclosed at fair value are classified at their fair value rank based on the lowest rank of input that is material to the overall fair value. Input value of each rank is as follows:

Rank 1: quotation (unadjusted) of the same asset or liability from an active market can be obtained on the measurement date.

Rank 2: Input value can be directly or indirectly observed for an asset or liability, except for the quotations at rank 1.

Rank 3: unobservable input value for assets and liabilities.

For assets and liabilities that are recognized in the financial statements on a repetitive basis, revaluation of their respective classification shall be required at the end of each reporting period to determine whether there has been a transfer between ranks of fair value.

2) Information on measurement of fair value ranks

As of December 31, 2020 and December 31, 2019, the Group does not have assets measured by non-repetitive fair value.

Transfer between rank 1 and rank 2 of fair value ranks

From January 1, 2020 to December 31, 2020 and January 1, 2019 to December 31, 2019, the Group's assets and liabilities measured at repetitive fair value did not experience any transfer between fair value Ranks 1 and 2.

Details on changes in repetitive fair value rank 3

For those of the Group's liabilities measured at repetitive fair value that are categorized as rank 3, adjustments from beginning to ending balance is as follows:

January 1, 2020 to December 31, 2020: no such conditions.

January 1, 2019 to December 31, 2019:

	Liabilities
	Financial instruments measured at fair value through profit or loss
2019.01.01	$3,690
Current issuance	-
Total loss recognized in this period:	
recognized in profit or loss (stated in "Other gains and losses")	
Recognized in profit or loss (stated in "Other gains and losses")	(3,639)
Transferred in the period	(51)
2019.12.31	$-

Among the aforementioned total losses recognized, losses related to liabilities held as of December 31, 2019 amounted to NT$0.

Information on material unobservable input in fair value rank 3

As of December 31, 2020 and December 31, 2019, the Group does not hold liabilities measured at repetitive fair value rank 3.

3) Ranked information not measured at fair value but fair value disclosure is required

As of December 31, 2020:

	Rank 1	Rank 2	Rank 3	Total
Liabilities in which only fair value is disclosed:				
Bonds payable (see Note 6.11 for details)	$-	$-	$40,761	$40,761

As of December 31, 2019:

	Rank 1	Rank 2	Rank 3	Total
Liabilities in which only fair value is disclosed:				
Bonds payable (see Note 6.11 for details)	$-	$-	$185,719	$185,719

j. Information on financial assets and financial liabilities in foreign the currency with material effect: Not applicable.

k. Capital management

The most important objective of the Group's capital management is to ensure that a healthy credit rating and positive capital ratio can be preserved to support the maximization of business management and shareholders' rights. The Group manages and adjusts capital structure based on economic conditions. We may achieve the objective of preserving and adjusting capital structure through adjusting dividend payment or issuance of new shares.

13. Notes on disclosures

a. Information on significant transactions

1) The Company's capital financing for others: None.
2) The Company's endorsement/guarantee for others: None.
3) Marketable securities held at the end of the period (excluding investments in subsidiaries, affiliates, and joint ventures): None.
4) The Company's cumulative buy or sell of an individual marketable security of at least NT$300 million or 20% of the paid-in capital in this period: None.
5) Acquisition of individual real estate properties at costs of at least NT$300 million or 20% of the paid-in capital: None.
6) Disposal of individual real estate properties at prices of at least NT$300 million or 20% of the paid-in capital: None.
7) Purchases from and sales to related parties amounting to at least NT$100 million or exceeding 20% of paid-in capital: Please see Attachment 1.
8) Receivables from related parties amounting to at least NT$ 100 million or exceeding 20% of paid-in capital: Please see Attachment 2.
9) Derivatives transactions: None.
10) Information on business relations and material transactions between the parent company and subsidiaries and inter-subsidiaries: Please refer to Attachment 6.

b. Information on reinvestments:

1) Disclosure of investee information when the Company has material influence or control over the investee company (excluding investments in Mainland China): Please see Attachment 3.
2) When the Company has control over the investee, the Company shall disclose the investee (Note 13). (I) Relevant information:
   a) Capital financing for others: None.
   b) Endorsement/guarantee for others: None.
   c) Marketable securities held at the end of the period (excluding investments in subsidiaries, affiliates, and joint ventures): None.
   d) Cumulative buy or sell of an individual marketable security of at least NT$300 million or 20% of the paid-in capital in this period: None.
   e) Acquisition of individual real estate properties at costs of at least NT$300 million or 20% of the paid-in capital: None.
   f) Disposal of individual real estate properties at prices of at least NT$300 million or 20% of the paid-in capital: None.
   g) Purchases from and sales to related parties amounting to at least NT$100 million or exceeding 20% of paid-in capital: Please see Attachment 4.

h) Receivables from related parties amounting to at least NT$100 million or exceeding 20% of the paid-in capital: Please see Attachment 5.

i) Derivatives transactions: None.

c. Information on investments in Mainland China: None.

d. List of Substantial Shareholders

Name of substantial shareholder \ Shares	Number of shares held	Shareholding ratio
Jun Wei Investment Co., Ltd.	7,383,517	13.84 %
Zhen Han Investment Co., Ltd.	6,063,106	11.36 %
Hao Cheng Investments Co., Ltd.	4,230,700	7.93 %

14. Departmental Information

a. Revenues from the Group mostly come from sales of various medicine/drugs, health foods, maternity and infant products, and cosmetics. The Group's operational decision-makers will review the overall operating results to establish decisions regarding Company resources and to evaluate overall performance. Hence, it is a single business unit, and adopts the same fundamental compilations and preparations as the compilation and explanations of material accounting policies summarized in Attachment 4.

b. Regional information

1) Revenue from external customers (Note):

	2020	2019
Taiwan	$8,598,123	$6,560,706
China	43,271	40,906
Total	$8,641,394	$6,601,612

Note: revenue is classified based on the country of the customer.

2) Non-current assets:

	2020	2019
Taiwan	$3,252,262	$2,688,446

c. Information on substantial customers

The Group does not have any single customer whose sales revenue accounts for 10% or more of the Group's consolidated operating net revenue.

ATTACHMENT 1

Great Tree Pharmacy Co., Ltd. and Subsidiaries

Purchases from and sales to related parties amounting to at least NT$ 100 million or exceeding 20% of paid-in capital:
For the year ended December 31, 2020
Unit: Thousands of New Taiwan Dollars (NT$1,000)

			Transaction conditions				Terms that are different from the average transactions		Notes and accounts receivable (payable)		
Sales/purchase company	Name of counterparty	Relations	Purchases (sales)	Amount	The ratio of total purchase (sales)	Credit period	Unit price	Credit period	Balance	Ratio of total accounts and notes receivable (payable)	Remark
Great Tree Pharmacy Co., Ltd.	Bai-Lin Logistics Co., Ltd.	Subsidiary	Sales	$2,442,721	28.34%	Offset of debts and claims	No other customers for comparison	Non-affiliate: 60-120 days credit	Accounts receivable NT$271,685	47.88%	Note
Great Tree Pharmacy Co., Ltd.	Ivy Biotechnology Co., Ltd.	Subsidiary	Purchases	$415,623	6.07%	Credit 30 days	No other vendor for comparison	Non-affiliate: 60-90 days credit	Notes paybale NT$140,825	29.99%	Note
									Accounts payable NT$48,415	5.81%	Note

Note: It has already been charged-off during writing of the Consolidated Financial Statements.

ATTACHMENT 2

Great Tree Pharmacy Co., Ltd. and Subsidiaries

Receivables from related parties amounting to at least NT$ 100 million or exceeding 20% of paid-in capital:
As of December 31, 2020
Unit: Thousands of New Taiwan Dollars (NT$1,000)

Company Name	Name of counterparty	Relations	Balance of accounts receivable from related party	Turnover rate	Overdue accounts receivable from related party		Amount Collected Subsequent to the Balance Sheet Date	Allowance for doubtful accounts
					Amount	Treatment		
Great Tree Pharmacy Co., Ltd.	Bai-Lin Logistics Co., Ltd.	Subsidiary	$271,685 (Note)	8.46	$-	-	$257,623	$-

Note: It has already been charged-off during writing of the Consolidated Financial Statements.

Great Tree Pharmacy Co., Ltd. and Subsidiaries

Disclosure of investee information when the Company has material influence or control over the investee company (excluding investments in Mainland China)
As of December 31, 2020
Unit: Thousands of New Taiwan Dollars (NT$1,000)

Name of investing company	Investee	Location	Major operations	Initial investment amount		Ending balance				Investment income (loss) recognized by the Company for the period	Remark
				Ending balance for this period	Year-end in previous year	Shareholding	Ratio (%)	Carrying Amount	Profit (Loss) of Investee for the Period		
Great Tree Pharmacy Co., Ltd.	Ivy Biotechnology Co., Ltd.	No. 145, Chenggang 4th Street, Zhongli District, Taoyuan City.	Wholesale and retail business of foods and assorted goods, daily supplies, cleaning products, assorted drugs, health supplements, maternity and infant products, and cosmetics	$40,612	$40,612	5,900,000 shares	100.00%	$108,778	$56,668	$38,153 (Note 1)	Note 2
Great Tree Pharmacy Co., Ltd.	Bai-Lin Logistics Co., Ltd.	No. 1, Gaobian Road, Neiding Li, Zhongli District, Taoyuan City.	Wholesale and retail business, and packaging and warehousing services of foods and assorted goods, beverages, daily supplies, cleaning products and cosmetics	$2,000	$2,000	200,000 shares	100.00%	$7,660	$5,241	$5,241	Note 2
Ivy Biotechnology Co., Ltd.	Da Yu Property Management Co., Ltd.	No. 143, Chengzhang 4th Street, Zhongli District, Taoyuan City.	Management consultancy, housing and commercial building development, lease and sales, development of special zones, real estate sales and lease, and development, lease, and sales of factory buildings	$36,000	$36,000	360,000 shares	60.00 %	$30,425	$(4,110)	$(2,466)	Note 2

Note 1: Includes income from investment recognized using equity method for this period of NT$56,668 thousand, write-off for lease transaction with related party NT$41 thousand, realized profit from upstream transactions in previous period of NT$7,870 thousand, and unrealized profit from upstream transactions for this period of NT$26,426 thousand.

Note 2: It has already been charged-off during writing of the Consolidated Financial Statements.

ATTACHMENT 4

Great Tree Pharmacy Co., Ltd. and Subsidiaries

Purchases from and sales to related parties amounting to at least NT$ 100 million or exceeding 20% of paid-in capital
For the year ended December 31, 2020
Unit: Thousands of New Taiwan Dollars (NT$1,000)

			Transaction conditions				Terms that are different from the average transactions		Notes and accounts receivable (payable)		
Sales/purchase company	Counterparty	Relations	Purchases (sales)	Amount	The ratio of total purchase (sales)	Credit period	Unit price	Credit period	Balance	Ratio of total accounts and notes receivable (payable)	Remark
Ivy Biotechnology Co., Ltd.	Great Tree Pharmacy Co., Ltd.	Parent company	Sales	$415,623	99.80%	Credit 30 days	No major difference with regular customer	Non-affiliate: 30-60 days credit	Notes receivable NT$140,825	100.00%	Note
									Accounts receivable NT$48,415	95.49%	Note
Bai-Lin Logistics Co., Ltd.	Great Tree Pharmacy Co., Ltd.	Parent company	Purchases	$2,442,721	100.00%	Offset of debts and claims	No other supplier available for comparison	No other supplier available for comparison	Accounts payable NT$271,685	100.00%	Note

Note: It has already been charged-off during writing of the Consolidated Financial Statements.

ATTACHMENT 5

Great Tree Pharmacy Co., Ltd. and Subsidiaries

Receivables from related parties amounting to at least NT$ 100 million or exceeding 20% of paid-in capital:
As of December 31, 2020
Unit: Thousands of New Taiwan Dollars (NT$1,000)

Companies included in accounts receivable	Name of counterparty	Relations	Balance of accounts receivable from related party	Turnover rate	Overdue accounts receivable from related party		Amount Collected Subsequent to the Balance Sheet Date	Allowance for doubtful accounts
					Amount	Treatment		
Ivy Biotechnology Co., Ltd.	Great Tree Pharmacy Co., Ltd.	Parent company	$189,240 (Note)	3.01	$-	-	$51,115	$-

Note: It has already been charged-off during writing of the Consolidated Financial Statements.

ATTACHMENT 6

Great Tree Pharmacy Co., Ltd. and Subsidiaries

Business Relations Between Parent Company and Subsidiaries and Material Transactions :
As of December 31, 2020
Unit: Thousands of New Taiwan Dollars (NT$1,000)

Code (Note 1)	Name of counterparty	Transaction counterparty	Relationship with counterparty (Note 2)	Transaction status			
				Item	Amount	Transaction conditions	Ratio on consolidated total revenue or asset (Note 3)
	2020.01.01~2020.12.31						
0	Great Tree Pharmacy Co., Ltd.	Ivy Biotechnology Co., Ltd.	1	Purchases	415,623	Credit 30 days	4.81%
0	Great Tree Pharmacy Co., Ltd.	Ivy Biotechnology Co., Ltd.	1	Accounts receivable	94	Credit 30 days	-
0	Great Tree Pharmacy Co., Ltd.	Ivy Biotechnology Co., Ltd.	1	Other receivables	38,488	-	0.64%
0	Great Tree Pharmacy Co., Ltd.	Ivy Biotechnology Co., Ltd.	1	Accounts payable	48,415	Credit 30 days	0.81%
0	Great Tree Pharmacy Co., Ltd.	Ivy Biotechnology Co., Ltd.	1	Notes payable	140,825	Credit 30 days	2.34%
0	Great Tree Pharmacy Co., Ltd.	Ivy Biotechnology Co., Ltd.	1	Other payables	118	-	-
0	Great Tree Pharmacy Co., Ltd.	Ivy Biotechnology Co., Ltd.	1	Guarantee deposits	240	-	-
0	Great Tree Pharmacy Co., Ltd.	Ivy Biotechnology Co., Ltd.	1	Rental revenue	7,198	-	0.08%
0	Great Tree Pharmacy Co., Ltd.	Bai-Lin Logistics Co., Ltd.	1	Sales	2,442,721	Offset of debts and claims	28.27%
0	Great Tree Pharmacy Co., Ltd.	Bai-Lin Logistics Co., Ltd.	1	Accounts receivable	271,685	Offset of debts and claims	4.52%
0	Great Tree Pharmacy Co., Ltd.	Bai-Lin Logistics Co., Ltd.	1	Other payables	124	-	-
0	Great Tree Pharmacy Co., Ltd.	Bai-Lin Logistics Co., Ltd.	1	Shipping fee	9,514	-	0.11%
0	Great Tree Pharmacy Co., Ltd.	Da Yu Property Management Co., Ltd.	1	Other receivables	4,099	-	0.07%

Note 1: The information on business dealings between the parent company and subsidiaries should be numbered in the "Code" column with the following coding method:

1. Parent company will be coded "0."
2. The subsidiaries are coded from "1" in the order presented in the table above.

Note 2: Relations with counterparty can be any one of the following three types:

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Between subsidiaries.

Note 3: Regarding the percentage of transaction amount to consolidated net revenue or total assets, it is computed based on the ending balance to consolidated total assets for balance sheet items; and based on interim accumulated amount to consolidated net revenue for profit or loss items.

Note 4: Amounts in foreign currency will be converted to NTD by the exchange rate as of the balance sheet date.

V. Parent Company Only Financial Statements for the Most Recent Fiscal Year, Certified by CPAs

Independent Auditors' Report

To Great Tree Pharmacy Co., Ltd.

Audit Opinion

We have audited the accompanying Parent Company Only Balance Sheets of Great Tree Pharmacy Co., Ltd. (the “Company”) as of December 31, 2020 and December 31, 2019, and the related Parent Company Only Statements of Comprehensive Income, Changes in Equity and Cash Flows for the years ended December 31, 2020 and December 31, 2019, as well as Notes to the Parent Company Only Financial Statements, including the Summary of Significant Accounting Policies (together “the Parent Company Only Financial Statements”).

Based on the opinion of our CPA, the Parent Company Only Financial Statements in the preceding paragraph have been prepared according to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," and may fairly present, in all material aspects, the individual financial status of Great Tree Pharmacy Co., Ltd. as of December 31, 2020 and December 31, 2019, as well as its individual financial performance and individual cash flow from January 1, 2020 to December 31, 2020 and from January 1, 2019 to December 31, 2019.

Basis of Audit Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2020 Parent Company Only Financial Statements. These matters were addressed in the context of our audit of the Parent Company Only Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition

Great Tree Pharmacy Co., Ltd. recognized operating revenue of NT$8,619,074 thousand in 2020. Since the Company's sources of revenue include different selling models such as retail transactions at pharmacies and revenue from management services and more, the judgment over performance obligation and the timing of its fulfillment over customer orders or contracts was needed, therefore leading to significant risk of revenue recognition. Hence, we have decided to include this as a key audit matter. Our audit procedures include (but are not limited to): understanding each selling model, evaluating the appropriateness of revenue recognition policy related to obligation fulfillment under each model, evaluating and testing the effectiveness of the relevant internal control to the timing of revenue recognition in the sales cycle, conducting detailed testing by sampling the sales receipts, and conducting analytical review procedure and carrying out cut-off tests and more. We have also considered the appropriateness of revenue disclosure identified in Note 6 of the Parent Company Only Financial Statements.

Inventory Valuation

As of December 31, 2020, the net inventory of Great Tree Pharmacy Co., Ltd. was NT$1,225,045 thousand, accounting for 20% of the individual total asset. Great Tree Pharmacy Co., Ltd.'s main business involves trading of maternity and infant productsy as well as various drugs. Most of their products have shelf lives, leading evaluations of allowance for inventory valuation and obsolescence loss to require material judgment of the Company's management. Therefore, this was included as a key audit matter. Our audit procedures include (but are not limited to): evaluating the appropriateness of the policy of allowance for inventory valuation and obsolescence loss, evaluating the management method for near expiring goods and identification of expired inventory and testing the effectiveness of the relevant internal control, sampling the inventory aging report to test its accuracy and selecting significant inventory location for physical inventory observation and count, and inspecting current inventory and utilization status and more. We have also taken the appropriateness of inventory disclosure in Note 5 and Note 6 in the Notes to Parent Company Only Financial Statements into consideration.

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

Management is responsible for the preparation and fair presentation of the Parent Company Only Financial Statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of Parent Company Only Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Parent Company Only Financial Statements, management is responsible for assessing the ability to continue as a going concern of the Company, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee or supervisors, are responsible for overseeing the financial reporting process of the Company.

Auditor’s Responsibilities for the Audit of the Parent Company Only Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the Parent Company Only Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. As fraudulence can involve conspiracy, forgery, intentional omissions, false statements or transgressions of internal control, the risk of failing to detect significant false contents

resulting from fraudulence is higher than the risk of failing to identify those coming from errors.

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 internal control of Great Tree Pharmacy Co., Ltd.
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 ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Parent Company Only Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the Parent Company Only Financial Statements, including the accompanying Notes, and whether the Parent Company Only 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 individual entities in the Group to express an opinion on the Parent Company Only Financial Statements. We are responsible for the guidance, supervision, and implementation of the Group's audit and responsible for forming audit opinions on the Group.

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 2020 Parent Company Only Financial Statements 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.

Ernst & Young

Financial Report of TWSE Listed Company

as Authorized by the Competent Authority

Auditing and Attestation No. (2017) FSC No. 1060026003

(2014) FSC No. 1030025503

Certified Public Accountant (CPA)

Lo Hsiao Chin

Cheng Ching Piao

March 18, 2021

Great Tree Pharmacy Co., Ltd.

Parent Company Only Balance Sheets
As of December 31, 2020 and and December 31, 2019
Unit: Amounts expressed in thousands of New Taiwan Dollars (NT$1,000)

Asset			December 31, 2020		December 31, 2019	
Code	Accounting Item	Note	Amount	%	Amount	%
11xx	Current assets					
1100	Cash and cash equivalents	4 and 6.1	$809,527	13	$277,980	6
1136	Financial assets measured at amortized cost	4, 6.2 and 8	24,000	1	24,000	1
1150	Notes receivable, net	4 and 6.3	4,517	-	2,371	-
1170	Net accounts receivable	4 and 6.4	295,252	5	316,040	7
1180	Net accounts receivable - related parties	4, 6.4 and 7	271,779	5	305,586	7
1200	Other receivables		68,776	1	88,436	2
1210	Other receivables - related parties	7	42,587	1	11,351	-
1300	Inventory	4 and 6.5	1,225,045	20	886,046	19
1410	Prepayments		22,526	-	18,148	-
1470	Other current assets		2,345	-	3,470	-
	Total current assets		2,766,354	46	1,933,428	42
15xx	Non-current assets					
1535	Financial assets measured at amortized cost	4, 6.2 and 8	3,000	-	3,000	-
1550	Investments accounted for using equity method	4 and 6.6	116,438	2	112,869	3
1600	Property, plant and equipment	4 and 6.7	619,583	10	515,196	11
1755	Right-of-use assets	4 and 6.18	2,434,371	40	1,956,027	43
1780	Intangible assets	4 and 6.8	18,018	-	20,675	-
1840	Deferred tax assets	4 and 6.22	7,742	-	3,427	-
1900	Other non-current assets	4 and 6.9	74,812	2	60,678	1
	Total non-current assets		3,273,964	54	2,671,872	58
1xxx	Total assets		$6,040,318	100	$4,605,300	100

(Please refer to the accompanying Notes to Parent Company Only Financial Statements)

Chairman: Ming-Lung Cheng General Manager: Ming-Lung Cheng Accounting Manager: Shu-Yi Wu

Great Tree Pharmacy Co., Ltd.

Parent Company Only Balance Sheet (continued)
As of December 31, 2020 and and December 31, 2019
Unit: Amounts expressed in thousands of New Taiwan Dollars (NT$1,000)

Liabilities and Equity			December 31, 2020		December 31, 2019	
Code	Accounting Item	Note	Amount	%	Amount	%
21xx	Current liabilities					
2100	Short-term loans	6.10	$370,000	6	$-	-
2130	Contract liabilities	4 and 6.16	8,104	-	7,053	-
2150	Notes payable		328,701	5	271,592	6
2160	Notes payable - related parties	7	140,825	2	54,440	1
2170	Accounts payable		785,369	13	657,665	14
2180	Accounts payable - related parties	7	48,415	1	32,714	1
2200	Other payables	6.11 and 6.13	218,152	4	129,387	3
2220	Other payables - related parties	7	242	-	242	-
2230	Tax liabilities for this period	4 and 6.22	26,019	-	12,938	-
2280	Lease liabilities	4 and 6.18	280,837	5	202,699	5
2300	Other current liabilities		22,473	-	12,891	-
2321	Corporate bonds that mature or execute the right to sell back within one year or one operating cycle	4 and 6.12	40,583	1	183,701	4
	Total current liabilities		2,269,720	37	1,565,322	34
25xx	Non-current liabilities					
2580	Lease liabilities	4 and 6.18	2,233,309	37	1,809,686	39
2640	Net defined benefit liabilities	4 and 6.13	3,425	-	4,795	-
2645	Guarantee deposits	7	34,602	1	24,947	1
	Total non-current liabilities		2,271,336	38	1,839,428	40
2xxx	Total liabilities		4,541,056	75	3,404,750	74
31xx	Equity attributable to shareholders of parent company					
3100	Share capital	6.14				
3110	Ordinary share capital		530,659	9	425,820	9
3140	Prepaid share capital		2,787	-	6,451	-
3200	Capital surplus	6.14	658,506	11	534,710	12
3300	Retained earnings	6.14				
3310	Legal capital reserve		73,419	1	59,821	1
3350	Unappropriated net income		233,891	4	173,748	4
	Total equity		1,499,262	25	1,200,550	26
	Total liabilities and equity		$6,040,318	100	$4,605,300	100

(Please refer to the accompanying Notes to Parent Company Only Financial Statements)

Chairman: Ming-Lung Cheng General Manager: Ming-Lung Cheng Accounting Manager: Shu-Yi Wu

Great Tree Pharmacy Co., Ltd.

Parent Company Only Statement of Comprehensive Income
For the year ended December 31, 2020 and December 31, 2019
Unit: (Amounts expressed in thousands of New Taiwan Dollars, except for earnings per share)

			2020		2019	
Code	Item	Note	Amount	%	Amount	%
4000	Operating revenue	4, 6.16 and 7	$8,619,074	100	$6,701,943	100
5000	Operating costs	7	(6,505,952)	(76)	(5,187,063)	(77)
5900	Gross profit		2,113,122	24	1,514,880	23
6000	Operating expenses					
6100	Selling and marketing expenses		(1,646,230)	(19)	(1,188,585)	(18)
6200	Administration expenses		(276,053)	(3)	(222,191)	(3)
6450	Expected credit impairment loss	6.17	-	-	(359)	-
	Total operating expenses		(1,922,283)	(22)	(1,411,135)	(21)
6900	Operating profit		190,839	2	103,745	2
7000	Non-operating income and expenses					
7100	Interest income	6.20	566	-	969	-
7010	Other income	6.20 and 7	29,476	-	34,143	-
7020	Other gains and losses	6.20 and 7	(3,295)	-	3,051	-
7050	Financing costs	6.20	(32,035)	-	(25,887)	-
7070	Shares of profit or loss of subsidies recognized under equity method		43,394	1	44,378	-
	Total non-operating income and expenses		38,106	1	56,654	-
7900	Profit before tax		228,945	3	160,399	2
7950	Income tax expenses	4 and 6.22	(34,634)	(1)	(24,414)	-
8200	Net income		194,311	2	135,985	2
8300	Other comprehensive income (loss), net	6.21				
8310	Items that will not be reclassified to profit or loss:					
8311	Remeasurement of defined benefit plans		1,186	-	(1,319)	-
	Comprehensive income (loss) (net value after tax) for this period		1,186	-	(1,319)	-
8500	Total comprehensive income (loss)		$195,497	2	$134,666	2
	Earnings per share, EPS (NT$)					
9750	Basic EPS	6.23	$3.73		$2.77	
9850	Diluted EPS	6.23	$3.60		$2.52	

(Please refer to the accompanying Notes to Parent Company Only Financial Statements)

Chairman: Ming-Lung Cheng General Manager: Ming-Lung Cheng Accounting Manager: Shu-Yi Wu

Great Tree Pharmacy Co., Ltd.

Parent Company Only Statement of Changes in Equity
For the year ended December 31, 2020 and December 31, 2019
Unit: Amounts expressed in thousands of New Taiwan Dollars (NT$1,000)

					Retained earnings		
	Item	Share capital	Prepaid share capital	Capital surplus	Legal capital reserve	Unappropriated net income	Total equity
Code		3100	3140	3200	3310	3350	3XXX
A1	Balance as of January 1, 2019	$365,516	$-	$435,799	$49,220	$201,201	$1,051,736
A3	Effects of retrospective application and retrospective restatement					(56,484)	(56,484)
A5	Balance as of January 1, 2019 after restatement	365,516	-	435,799	49,220	144,717	995,252
	Appropriations of net income in 2018						
B1	Legal capital reserve				10,601	(10,601)	-
B5	Cash dividends					(47,517)	(47,517)
B9	Stock dividends	47,517				(47,517)	-
C5	Equity component item recognized for issuance of convertible bonds - arising from recognition of equity						-
D1	Net profit in 2019					135,985	135,985
D3	Other comprehensive income (loss) in 2019					(1,319)	(1,319)
D5	Total comprehensive income (loss)	-	-	-	-	134,666	134,666
I1	Convertible corporate bond conversion	9,227	6,451	92,191			107,869
N1	Share-based payment transactions	3,560		6,720			10,280
Z1	Balance as of December 31, 2019	425,820	6,451	534,710	59,821	173,748	1,200,550
	Appropriation of earnings in 2019						
B1	Legal capital reserve				13,598	(13,598)	-
B5	Cash dividends					(43,484)	(43,484)
B9	Stock dividends	78,272				(78,272)	-
D1	2020 net income					194,311	194,311
D3	Other comprehensive income (loss) in 2020					1,186	1,186
D5	Total comprehensive income (loss)	-	-	-	-	195,497	195,497
I1	Convertible corporate bond conversion	26,567	(3,664)	122,487			145,390
N1	Share-based payment transactions			1,309			1,309
Z1	Balance as of December 31, 2020	$530,659	$2,787	$658,506	$73,419	$233,891	$1,499,262

(Please refer to the accompanying Notes to Parent Company Only Financial Statements)

Chairman: Ming-Lung Cheng General Manager: Ming-Lung Cheng Accounting Manager: Shu-Yi Wu

Great Tree Pharmacy Co., Ltd.

Parent Company Only Statements of Cash Flows
For the year ended December 31, 2020 and December 31, 2019
Unit: Amounts expressed in thousands of New Taiwan Dollars (NT$1,000)

Code	Item	2020	2019
AAAA	Cash flow from operating activities:		
A10000	Net profit before tax from this period	$228,945	$160,399
A20000	Adjustment items:		
A20010	Gain or loss items that do not affect cash flows:		
A20100	Depreciation expense (including right-of-use asset)	401,860	301,186
A20200	Amortization expenses	7,177	9,072
A20300	Expected credit impairment loss	-	359
A20400	Valuation loss (gain) on financial liabilities measured at fair value through profit or loss	-	(3,639)
A20900	Interest expenses	32,035	25,887
A21200	Interest income	(566)	(969)
A21900	Cost of share-based payments	1,309	66
A22300	Shares of subsidiaries, affiliates, and joint ventures accounted for using the equity method	(43,394)	(44,378)
A22500	Loss on disposal of property, plant, and equipment	1,294	-
A29900	Other item - gain on lease modification	-	(1,129)
A30000	Changes in assets/liabilities related to operating activities:		
A31130	Increase (decrease) in notes receivable	(2,146)	(808)
A31150	Increase (decrease) in accounts receivable	20,788	329
A31160	Decrease (increase) in accounts receivable - related parties	33,807	(115,601)
A31180	Increase (decrease) in other receivables	19,660	(19,656)
A31190	Increase (decrease) in other receivables - related parties	(31,236)	(1,856)
A31200	Increase (decrease) in inventory	(338,999)	(330,989)
A31230	Increase (decrease) in prepayments	(4,378)	(5,652)
A31240	Increase (decrease) in other current assets	1,125	(1,088)
A32125	Increase (decrease) in contract liabilities	1,051	2,655
A32130	Increase (decrease) in notes payables	57,109	(74,803)
A32140	Increase (decrease) in notes payables - related parties	86,385	42,821
A32150	Increase (decrease) in accounts payables	127,704	256,974
A32160	Increase (decrease) in accounts payable - related parties	15,701	13,360
A32180	Increase (decrease) in other payables	89,636	18,445
A32190	Increase (decrease) in other payables - related parties	-	242
A32230	Increase (decrease) in other current liabilities	9,582	3,874
A32240	Increase (decrease) in net defined benefit liabilities	(184)	(180)
A33000	Cash inflow (outflow) from operating activities	714,265	234,921
A33100	Interest received	566	969
A33200	Dividends received	39,825	15,812
A33300	Interest paid	(2,859)	-
A33500	Income tax paid	(25,868)	(29,852)
AAAA	Net cash inflow (outflow) from operating activities	725,929	221,850

Code	Item	2020	2019
BBBB	Cash flow from investing activities:		
B02700	Acquisition of property, plant, and equipment	(242,389)	(211,930)
B02800	Disposal of property, plant, and equipment	5,835	-
B03700	Increase (decrease) in refundable deposits	(14,415)	(12,169)
B04500	Acquisition of intangible assets	(4,520)	(26,686)
BBBB	Net cash provided by (used in) investing activities	(255,489)	(250,785)
CCCC	Cash flow from financing activities:		
C00100	Increase of short-term loans	370,000	-
C03000	Increase in guarantee deposits received	9,655	15,218
C04020	Repayment of principal on loan	(275,064)	(222,246)
C04500	Distribution of cash dividends	(43,484)	(47,517)
C04800	Employees exercising share option	-	10,214
CCCC	Net cash inflow (outflow) from financing activities	61,107	(244,331)
EEEE	Net increase (decrease) in cash and cash equivalents for the period	531,547	(273,266)
E00100	Beginning balance of cash and cash equivalents	277,980	551,246
E00200	Ending balance of cash and cash equivalents	$809,527	$277,980

(Please refer to the accompanying Notes to Parent Company Only Financial Statements)

Chairman: Ming-Lung Cheng General Manager: Ming-Lung Cheng Accounting Manager: Shu-Yi Wu

(Amounts expressed in thousands of New Taiwan Dollars unless otherwise specified)

1. Company overview

Great Tree Pharmacy Co., Ltd. (hereinafter referred to as "the Company") was authorized to be established on May 15, 2001. Our main businesses include management and trade of various drugs, health supplements, maternity and infant products, and cosmetics products. We also provide coordinated medicine procurement services to various clinics, outpatient centers, and medical communities. Besides, we are also an agency for domestic and foreign health care products sold in clinics, outpatient centers, and medical communities.

The Company's initial public offering (IPO) was on March 29, 2016 at the Taipei Exchange (TPEx). The Company's registered address and the main business operating site is at No.143, Chengzhang 4th Street, Zhongli District, Taoyuan City.

2. Dates and procedures of approving financial statements

The 2020 and 2019 Parent Company Only Financial Statements of the Company have been approved and announced by the Board of Directors on March 18, 2021.

3. Applicability of new and amended accounting principles and explanations

a. Changes in accounting policy from first-time adoption of International Financial Reporting Standards (IFRS):

The Company has adopted the International Financial Reporting Standards, International Accounting Standards, International Financial Reporting Interpretations or Notices that have been approved by the Financial Supervisory Commission (hereinafter referred to as the "FSC") for application since January 1, 2020. The first-time application has had no significant impact on the Company.

b. The Company has yet to adopt the following standards that have been announced by the International Accounting Standards Board (IASB) and have been approved by the FSC as either newly announced, revised, and amended standards or interpretations:

Item	Newly announced/amended/revised standard and interpretation	Effective date from IASB
1	Interest Rate Benchmark Reform - Phase II (amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16)	January 1, 2021

1) Interest Rate Benchmark Reform - Phase II (amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16)

The impact of Phase II Interest Rate Benchmark Reform on the financial statements include:

a) Regarding cash flows of financial instruments, the carrying amounts thereof will not be de-recognized or adjusted due to the changes in the reform. Instead, changes result directly from interbank offered rates (IBORs) will be accounted for by updating the effective interest rates;

b) If a hedging relationship is subject to hedging accounting, the hedging relationship will still be subject to hedging accounting regardless of changes in the requirements of the reform; and

c) The Company is required to disclose the risks arise from the reform and the Company's risk management in the transition.

The Company evaluates that the amendments which are to be adopted in the fiscal year starting January 1, 2021 have no significant impact on the Company.

c. As of the approval and announcement date of the financial statements, the Company has yet to adopt the following standards that have been announced by the International Accounting Standards Board (IASB) and have been approved by the FSC as either newly announced, amended, standards or interpretations:

Item	Newly announced/amended/revised standard and interpretation	Effective date from IASB
1	Amendments to IFRS 10 - Consolidated Financial Statements and IAS 28 - Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Pending resolution from the IASB
2	IFRS 17 - Insurance Contracts	January 1, 2023
3	Liabilities classified as current or non-current (amendment to IAS 1)	January 1, 2023
4	Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements	January 1, 2022
5	Disclosure Initiative - Accounting Policies (amendment to IAS 1)	January 1, 2023
6	Definition of Accounting Estimates (amendment to IAS 8)	January 1, 2023

1) Amendments to IFRS 10 - Consolidated Financial Statements and IAS 28 - Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

This project addresses the acknowledged inconsistency between the requirements in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures, in dealing with the loss of control of a subsidiary that is contributed to an associate or joint venture. IAS 28 requires that gains and losses resulting from upstream and downstream transactions between an investor and its associate or a joint venture should only be recognized to the extent of the interest attributable to the other equity holders in the associate or joint venture. IFRS 10 requires that any investment the parent has in the former subsidiary after control is lost should be measured at fair value and that any resulting gain or loss should be recognized in profit or loss. These amendments prohibit the aforementioned regulations from IAS 28; when the loss of control of a business, as defined in IFRS 3 occurs, all gains or losses arising from which shall be recognized.

These amendments also revise IFRS 10 in which a partial gain or loss should be recognized in accounting for the sale or contributions of assets or subsidiaries that do not constitute a business between an investor and its associate or joint venture as defined in IFRS 3.

2) IFRS 17 - Insurance Contracts

This standard provides a comprehensive model to insurance contracts, including all accounting treatment (recognition, measurement, expression, and disclosure principle). The core of the standard is general, and under this model, initial recognition measures the insurance contract group by the combination of the cash flow from performance obligation and contract service margin, wherein the performance obligation cash flow includes:

a) Estimated future cash flow

b) Discount rate: an adjustment that reflects the time value of money and the financial risks associated with future cash flows (within financial risks not included in the estimated value of future cash flows); and

c) Risk adjustment for non-financial risks

The carrying amount of the insurance contract group at the end of each reporting period is the sum of the remaining security liabilities and the claims liabilities incurred.

In addition to the general model, the standard also provides:

a) Specific applicable methods with contracts characterized by direct participation (variable fee method)

b) Simplified short-term contract method (premium allocation approach)

IFRS 17 was issued in May 2017 and it was amended in June 2020. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after January 1, 2023 (from the original effective date of January 1, 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim standard - IFRS 4 Insurance Contracts - from annual reporting periods beginning on or after January 1, 2023.

3) Liabilities classified as current or non-current (amendment to IAS 1)

This amendment targets sections 69-76 in IAS 1 -Presentation of Financial Statements concerning the classification of liability as either current or non-current.

4) Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37, and the Annual Improvements

a) Updating a Reference to the Conceptual Framework (Amendments to IFRS 3)

This amendment replaces the old version of the index on the Conceptual Framework for Financial Reporting and updates IFRS No. 3 with the latest version of the index published in March 2018. The amendments also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential "day 2" gains or losses arising for liabilities and contingent liabilities. In addition, the amendments also clarify existing guidelines for contingent assets that are not affected by the replacement structure index.

b) Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

The amendments prohibit a company from deducting from the cost of property, plant, and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.

c) Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments clarify what costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

d) Annual Improvements to IFRS Standards 2018 - 2020

Amendment to IFRS 1

The amendment simplifies the application of IFRS 1 by a subsidiary that becomes a first-time adopter after its parent company in relation to the measurement of cumulative translation differences.

Amendment to IFRS 9

The amendment clarifies the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

Amendment to Illustrative Examples Accompanying IFRS 16 Leases

The amendment to Illustrative Example 13 accompanying IFRS 16 modifies the treatment of lease incentives relating to lessee's leasehold improvements.

Amendment to IAS 41

The amendment removes a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in IAS 41 with those in other IFRS Standards.

e) Disclosure Initiative - Accounting Policies (Amendment to IAS 1)

The objective of the amendment was to improve accounting policy disclosures and help stakeholders provide more relevant information for investors and primary users of financial statements.

f) Definition of Accounting Estimates (Amendment to IAS 8)

The amendments introduced the definition of accounting estimates and included other amendments to IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors) to help entities distinguish changes in accounting estimates from changes in accounting policies.

For the aforementioned standards or interpretations announced by the IASB but have not yet approved by the FSC, the actual adoption date will be made in accordance with the FSC. The Company has evaluated that the aforementioned newly announced or amended standards or interpretations do not pose material effects on the Company.

4. Explanations of major accounting policies

a. Declaration of compliance

The Company's 2020 and 2019 Parent Company Only Financial Statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparations

The Company's Parent Company Only Financial Statements are prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers." Pursuant to Article 21 of the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the current gain or loss and other comprehensive income in the Parent Company Only Financial Statements is equal to the current gain or loss and other comprehensive income as attributable to owners of parent company in the Consolidated Financial Statements. Furthermore, the owner's equity in the Parent Company Only Financial Statements is equal to the equity attributable to owners of the parent company in the Consolidated Financial Statements. Therefore, investments in subsidiaries are expressed using "investments accounted for using equity method" in the Parent Company Only Financial Statements, and necessary valuation adjustments will be made.

Besides the financial instruments measured at fair value, the Parent Company Only Financial Statements are prepared on the basis of historical costs. Unless otherwise specified, the Parent Company Only Financial Statements is denoted in thousands of New Taiwan Dollar

(NT$1,000).

c. Foreign currency transaction

The functional currency of the Company's Parent Company Only Financial Statements is New Taiwan Dollar (NT$).

Transactions in foreign the currencies are recorded by their respective functional currency rates at the date of the transaction. At the end of every reporting period, items denoted in foreign currencies will be translated at the closing exchange rate of the day. Non-monetary foreign currency items measured at fair value will be translated using the exchange rate on the date when the fair value is measured. Non-monetary foreign currency items measured at historical cost are translated at the exchange rate of the date of the transaction.

Except for the following items, exchange differences resulting from delivery or exchange of monetary items will be recognized as gain or loss as they occur:

1) For foreign currency loans that arise from acquisition of assets that meet the requirements, if the resulting exchange differences are treated as adjustments of the interest capital, which is a component of the cost of loans, they will be capitalized as the cost of the asset.

2) Foreign currency items within the scope of IFRS 9 Financial Instruments: Recognition and Measurement are accounted for based on the accounting policy for financial instruments.

3) Monetary items that construe part of the net investments for overseas operations in the Parent Company Only Financial Statements. When translation differences that arise are recognized as other comprehensive income (loss), it will be reclassified to gain or loss from equity when the net asset is disposed.

When gains or losses from non-monetary items are recognized as other comprehensive income (loss), any translation component from such gain or profit will be recognized as other comprehensive income. When gains or losses from non-monetary items are recognized as loss, any translation component from such gain or profit will be recognized as loss.

d. Standard of classifying assets and liabilities as either current or non-current

When any of the following conditions occur, the item will be classified as a current asset, and when it is not a current asset, it will be classified as a non-current asset:

1) The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.

2) Asset is held for trading purposes.

3) The asset is due to be realized within 12 months after the reporting period.

4) It is cash or cash equivalent, except where the asset is exchanged or used to settle liabilities at least 12 months after the reporting period.

When any of the following conditions occur, the item will be classified as a current liability, and when it is not a current liability, it will be classified as a non-current liability:

1) The liability is expected to be settled during normal business cycle.

2) Liability is held for trading purposes.

3) The liability is due to be settled within 12 months after the reporting period.

4) The Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Settlement of liabilities may be made by the issue of equity instruments based on transaction party's choice, and will not impact classification.

e. Cash and cash equivalents

Cash and cash equivalents are cash on hand, demand deposit, and short-term and highly liquid investments that can be immediately converted to fixed amount of cash with very small risks of valuation changes (including contract-based fixed deposits of less than 3 months).

f. Financial instruments

Financial assets and liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities within the scope of IFRS 9 Financial Instruments: Recognition and Measurement are recognized initially at fair value and the transaction costs directly attributable to the financial assets and financial liabilities (except for financial assets and financial liabilities at fair value through profit or loss) are derived by addition or subtraction from the fair value of assets and financial liabilities.

1) Recognition and valuation of financial assets

The accounting treatment for recognition and derecognition of all customary trading of financial assets of the Company is made on the settlement date.

The Company classifies financial assets as either financial assets subsequently measured at amortized costs, measured at fair value through other comprehensive income (loss), or measured at fair value through profit or loss:

a) Business model used in managing the financial assets

b) Characteristics of the contractual cash flows from the financial asset

<u>Financial assets measured at amortized cost</u>

Financial assets that meet the following two conditions will be measured at cost after amortization, and will be listed in the balance sheet under one of the following items: notes payable, accounts receivable, financial assets measured at amortized cost and other receivables:

a) Business model used in managing the financial assets: financial asset is held to receive contractual cash flows

b) Characteristics of the contractual cash flows from the financial asset: cash flow is the interest paid solely on the principal and the outstanding principal

Such financial assets (excluding hedging relationships) will be measured at subsequent amortized cost [amount measured at the time of initial recognition, less the principal repaid, and add or subtract the accumulated amortized difference (using effective interest method) between the original amount and the amount due, and by adjusting allowances for loss]. When derecognizing, through amortization procedure, or recognizing impairment gain or loss, the gain or loss will be recognized as profit or loss.

Interest calculated through effective interest method (multiplying effective interest by total book value of the financial instrument) or by following conditions, it will be recognized in profit or loss:

a) If it is a credit-impaired financial asset from acquisition or from founding, the credit-adjusted effective interest rate is multiplied by the cost of amortized financial assets

b) If it is not, in case of subsequent credit impairment, the effective interest rate will be multiplied by the cost of the financial instrument after amortization

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

Financial assets that meet both of the following criteria will be measured at fair value through other comprehensive income (loss), and stated on the Balance Sheet as financial assets measured at fair value through other comprehensive income (loss):

a) Business model used in managing the financial assets: financial asset is held to receive contractual cash flows and for sale of financial asset
b) Characteristics of the contractual cash flows from the financial asset: cash flow is the interest paid solely on the principal and the outstanding principal

Recognition of gain or loss related to such financial assets will be explained as follows:

a) Prior to derecognition or reclassification, except for impairment interest or loss, exchange gain or loss will be recognized in the profit or loss, and its gain or loss will be recognized in other comprehensive income (loss)
b) During derecognition, accumulated gain or loss recognized in other comprehensive income (loss) will be reclassified from equity to profit or loss as adjustments for reclassification
c) Interest calculated through effective interest method (multiplying effective interest with the total book value of the financial asset) or the following conditions will be recognized in profit or loss:
    i. If it is a purchased or originated credit-impaired financial asset, the credit-adjusted effective interest rate is multiplied by the cost of amortized financial assets
    ii. If it is not, in case of subsequent credit impairment, the effective interest rate will be multiplied by the cost of the financial instrument after amortization

In addition, for equity instruments applicable to IFRS 9 and are not held as available-for-sale or applicable as a contingent consideration by the acquirer in business consolidation in IFRS 3, during initial recognition, the Company will choose (this is not reversible) to state its subsequent fair value changes in the other comprehensive income (loss). Amounts stated in other comprehensive income cannot be converted to income or loss (during disposal of such equity instrument, the accumulated amount stated in other equity item will be directly transferred to retained earnings), and will be stated in the Balance Sheet as financial assets measured at fair value through other comprehensive income (loss). Investment dividends will be recognized in profit or loss, unless such dividends clearly represent a portion of the investment cost.

Financial assets measured at fair value through profit or loss

In addition to the aforementioned measurement at cost after amortization for having met certain conditions or measurement at fair value through other comprehensive income, financial assets are all measured at fair value through profit or loss, and are stated in the balance sheet as financial assets at fair value through profit or loss.

These financial assets are measured at fair value, and any gain or loss from their revaluation will be recognized as profit or loss. The gain or loss recognized as profit or loss includes any dividend or interest received from the financial asset.

2) Impairments of Financial Assets

For the debt instrument investment measured at fair value through other comprehensive income (loss) and the financial assets measured at amortized cost, the Company recognizes expected credit losses and measures allowances for loss. For the debt instrument investment measured at fair value through other comprehensive income, allowance for loss is recognized in the other comprehensive income (loss), and the book value of the investment will not be reduced.

The Company measures expected credit loss by reflecting the following methods:

a) Unbiased and probability-weighted amount determined by evaluating each possible outcome

b) The time value of money

c) Reasonable and corroborative information related to past events, current conditions, and future economic forecasts (can be obtained at no excessive cost or input on the Balance Sheet date)

Method for valuating allowance for loss is as follows:

a) Measure the expected credit loss over the next 12 months: including financial asset without significant increase in credit risk after initial recognition, or those ruled to have low credit risk on the Balance Sheet date. In addition, this also includes those with allowance loss measured by the expected credit loss during the previous reporting period, but no longer meets the condition in which the credit risk has significant increased since the original recognition on the Balance Sheet date.

b) Measurement of the amount of lifetime expected credit losses: including financial asset with significant increase in credit risk after initial recognition or purchased or originated credit-impaired financial asset with credit impairment.

c) For accounts receivable or contractual asset arising from transactions within the scope of IFRS 15, the Company adopts lifetime expected credit loss to measure allowance for loss.

On each Balance Sheet date, the Company uses comparisons between the changes of default risk on the Balance Sheet date and on the date of initial recognition to measure whether there has been a significant increase in the financial instrument's credit risk after initial recognition. Additionally, please refer to Note 12 for information related to credit risk.

3) Derecognition of financial asset

The Company's financial assets will be derecognized when one of the following conditions occurs:

a) The contractual right from the cash flow of the financial asset is terminated.

b) When nearly all risk and compensations associated with ownership of a financial asset has been transferred.

c) Nearly all risk and compensations associated with ownership of an asset has neither been transferred nor retained, but the control of the asset has been transferred.

When a financial asset is derecognized in its entirety, the difference between its carrying amount and any cumulative gain or loss that has been received or is receivable and recognized in other comprehensive income (loss), will be recognized in profit or loss.

4) Financial liabilities and equity instruments

Classification of liability or equity

The Company classifies the liabilities and equities instrument issued as financial liability or equity in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

Equity instruments refer to any contract with residual interest after subtracting all liabilities from assets. Equity instruments issued by the Company are recognized by the acquisition cost minus direct distribution costs.

Hybrid instruments

The Company recognizes the financial liabilities and equity components of the convertible corporate bonds issued in accordance with contractual terms. In addition, the conversion of corporate bonds issued is based on the assessment of whether the economic characteristics and risks of the embedded purchase and sale rights are closely related to the primary debt commodity before classifying the equity elements.

For liabilities that do not involve derivatives, the fair value is measured using the market interest rate of a bond of comparable nature and without conversion characteristics. This amount is classified as a financial liability measured by amortized cost before conversion or redemption settlement. For other embedded derivatives that are not closely related to the risk characteristics of the principal contract (for instance, the embedded buy-back and redemption rights are confirmed to be substantially inconsistent with the amortized cost of the debt commodity on each execution date), they will be classified as components of liability and is measured at fair value through profit or loss in subsequent periods except for equity components. The amount of the equity component is determined by the conversion of fair value of the corporate bonds subtract the component of the liability, and the carrying amount will not be remeasured in subsequent accounting periods. If the issued conversion corporate bonds from the Company do include an equity element, they are handled in accordance with IFRS 9 Hybrid Instruments.

The transaction costs are allocated to the liability and equity components in proportion to the ratio of the convertible corporate bonds' allocations to liability and equity components during initial recognition.

When holder of the convertible corporate bonds should requests to exercise conversion rights before the maturity of the convertible bond, the person should adjust the carrying amount of the liability component element to the carrying amount at the time of exercise as the basis of entry for issuance of ordinary shares.

Financial liabilities

Financial liabilities within the scope of IFRS 9: upon initial recognition, recognition and measurement are either classified as financial liabilities at fair value through profit or loss, or financial liabilities measured at amortized cost.

Financial liabilities at fair value through profit and loss

Financial liabilities at fair value through profit or loss includes available-for-sale financial liabilities and designated financial liabilities at fair value through profit and loss.

A financial asset will be classified as available-for-sale when it meets one of the following conditions:

a) The primary purpose for acquisition of the asset is short-term sales;

b) It is part of an identifiable financial instrument combination of the consolidated management at the time of initial recognition, and there is evidence that the combination is a short-term profit operating model in the near future; or

c) It is a derivative (except for financial guarantee contract or a designated and effective hedging instrument).

For contracts that include one or multiple embedded derivative instruments, the entire hybrid (integrated) contract could be designated as a financial instrument at fair value through profit or loss. In addition, when it meets one the following conditions and can provide more relevant information, it could be designated as at fair value through profit or loss during initial recognition:

a) It eliminates or significantly reduces a measurement or recognition inconsistency; or

b) A group of financial assets, financial liabilities or both, is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the investment is provided internally by the consolidated company on that basis to the key management personnel.

Any gain or loss from revaluation of these financial liabilities will be recognized as profit or loss. The gain or loss recognized as profit or loss includes any dividend or interest received from the financial liabilities.

<u>Financial liabilities at amortized cost</u>

Financial liabilities measured at amortized cost include accounts payables and loans, and will continue to be measured through effective interest method after initial recognition. When financial liabilities are derecognized and amortized using effective interest method, related gain or loss and amortization will be recognized in profit or loss.

Calculation of the amortized cost will take discount or premium during acquisition and transaction cost into consideration.

<u>Derecognition of financial liabilities</u>

When the obligation of a financial liability is terminated, canceled or no longer effective, the financial liability will be derecognized.

When the Company and the creditors exchange debt instruments with significant differences, or make major changes to all or part of the existing financial liabilities (whether due to financial difficulties or otherwise), treatment will include derecognition of the original liabilities and the recognition of new liabilities, During derecognition of financial liabilities, the difference between the carrying amount and the total amount of the consideration paid or payable, including the transferred non-cash assets or liabilities assumed, is recognized in profit or loss.

5) Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities can only be offset and presented in net terms on the balance sheet only when the recognized amounts currently contain exercise of legal rights for offset and are intended to be settled on a net basis or can be realized simultaneously and the debt can be settled.

g. Fair value measurement

Fair value refers to the price required or transferred to an asset in an orderly transaction between market participants on a measurement date. Fair value measurement assumes that the transaction for the asset being sold or liability being transferred takes place in one of the following markets:

1) Principal market of the asset or liability, or
2) If no principal market exists, the most favorable market for the asset or liability

The Company needs to be able to enter the principal or most favorable market in order to carry out the transaction.

Fair value measurement of the asset or liability uses the assumption that market participants would adopt while pricing the asset or liability, where the assumption is that the market participants would take the most favorable economic conditions into consideration.

The fair value measurement of a non-financial asset takes into consideration the market participant's use of the asset for its highest price and best use or by selling the asset to another market participant who will use the asset for its highest price and best use to generate economic benefits.

The Company uses valuation techniques that are appropriate and relevant in the relevant circumstances to measure fair value and maximize the use of observable inputs and to minimize the use of unobservable inputs.

h. Inventory

Inventories are evaluated on a case-by-case basis by the cost and net realizable value.

Cost refers to the cost of bringing inventory to a state of sale or availability for production and location:

Commodities - The weighted average method is used for the actual purchase cost.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

i. Investment accounted for using equity method

Investments to subsidiaries are made pursuant to Article 21 of the "Regulations Governing the Preparation of Financial Reports by Securities Issuers." These investments are expressed by "investments accounted for using equity method" and necessary rating adjustment is conducted so that current profit and loss and other comprehensive income in the Parent Company Only Financial Statements and the current profit and loss and other comprehensive income (loss) attributable to owners of the parent company in the Consolidated Financial Statements are equivalent, and the owner's equity in the Parent Company Only Financial Statements is equivalent to the equity attributable to owners of parent company in the Consolidated Financial Statements. Such adjustments are made in consideration of the differences between the investment in subsidiaries in the Consolidated Financial Statements in accordance with IFRS 10 - Consolidated Financial Statements, and the applicable IFRS reporting at different levels, and either debits or credits the "investment accounted for using equity method," "profit or loss from subsidiaries, affiliates, and joint venture accounted for using equity method," or "other comprehensive income (loss) from subsidiaries, affiliates, and joint venture accounted for using equity method."

The Company's investment in affiliates adopts equity method except for those classified as available-for-sale. Affiliates refer to the companies in which the Company has material influence over.

Under the equity method, the investment affiliates are accounted for on the balance sheet as the amount recognized by the Company for the change in the net assets of the affiliate based on the shareholding ratio. After the carrying amount and other related long-term equity in investments in affiliates under the equity method are reduced to zero, extraneous losses and liabilities will be recognized in the context of legal obligations, constructive obligations, or payments made on behalf of the affiliates. Unrealized gain or loss occurring between the Company and affiliates will be eliminated in proportion to the shares held in the affiliates.

When the change in the equity of the affiliate is not due to profit or loss and other comprehensive profit or loss items, and does not affect the Company's shareholding ratio, the Company will recognize the change in the relevant ownership interest based on the shareholding ratio. Therefore, recognized capital surplus will be reverted to profit or loss in proportion to the disposal subsequent to disposal of the affiliates.

When an affiliate issues new shares, if the Company does not subscribe in proportion to its shareholding, the Company's shareholdings in the affiliate's net assets will increase or decrease accordingly. The change will be adjusted by "capital surplus" and "investments accounted for using equity method." When the shareholding ratio decreases, the recognized related items in other comprehensive income (loss) will be first reclassified to profit or loss or other appropriate item in proportion to the decrease in shareholding ratio. The aforementioned recognized capital surplus will be reverted to profit or loss during subsequent disposal of the affiliate.

The financial statements of the affiliates are prepared for the same reporting period as the Company, and adjusted to align their accounting policies with the Company's accounting policies.

The Company determines at each reporting date whether there is any objective evidence that the investment in the affiliate company is impaired in accordance with IAS 28 - Investment in Related Companies and Joint Ventures. If this is the case the Company calculates the amount of impairment as the difference between the recoverable amount of the affiliate company and its carrying value and recognizes the amount in the "share of profit or loss of an affiliate company" in the statement of comprehensive income in accordance with IAS 36 - Impairment of Assets. In case the aforementioned recoverable amount adopts the useful value of the investment, the Company will determine the relevant useful value based on the following estimates:

1) The share of the present value of the estimated cash flows generated by the affiliates of the Company, including the cash flows generated by the affiliates due to the operation and the final disposal of the investment; or

2) The Company expects to receive dividends from the investment and ultimately dispose of the present value of the estimated future cash flows generated by the investment.

Since goodwill component item that construes the carrying amount of the investment in affiliates is not separately recognized; hence, the Company is not required to undertake the test for goodwill impairment as stipulated in IFRS 36 - Impairment of Assets.

When material influence over affiliates is lost, the Company will conduct fair value measurement and recognize the remaining investments. When material influence is lost, the difference between the carrying amount of the investment in affiliates and the fair value of the retained investment plus the disposal price, will be recognized as profit or loss.

j. Property, plant, and equipment

Property, plant, and equipment is recognized at the acquisition cost less accumulated depreciation and accumulated impairment. The aforementioned cost includes the dismantling of property, plant, and equipment, removing, and restoring the site on which it is located, and any necessary interest expense arising from unfinished construction. If the various component of property, plant, and equipment is material, it shall be separately recognized for depreciation. When the material components of property, plant and equipment requires to be regularly replaced, the Company will see the item as a separate asset and to separately recognize it through its useful life and depreciation method. The carrying amount of the replaced component will be derecognized in accordance with the derecognition rule in IAS 16 - Property, Plant, and Equipment. When material inspection cost complies with criteria for recognition, it will be treated as a replacement cost and recognized as a part of the carrying amount of the property, plant, and equipment. All other fixture and maintenance expense will be recognized in profit or loss.

Depreciation is recognized through the straight-line method with the following asset useful life estimation:

Transportation vehicle: 5 years

Office equipment: 3-15 years

Leasehold improvements: 3-10 years

Other equipment: 3-10 years

After initial recognition of property, plant, and equipment, or any of its material components, if disposal occurs or if inflow of economic benefit is not expected to occur from its use or disposal thereof in the future, it shall be derecognized and recognized in profit or loss.

Residual value, useful life and depreciation methods of property, plant, and equipment will be evaluated at the end of each fiscal year. If expected value differs from previous estimates, the changes will be treated as changes in accounting estimates.

k. Lease

The Company evaluates whether a contract is (or includes) a lease on the contract establishment date. A contract is (or includes) a lease if it transfers control of the use of an identified asset for a period of time in exchange for considerations. To evaluate whether the contract has transferred the control of the use of an identified asset for a period of time, the Company will evaluate whether the following two factors will occur during the entire duration of use:

1) Rights to nearly all economic benefits of the identified asset have been received; and

2) The control over the right to use the identified asset.

For contracts that are (or include) leases, the Company will treat each lease component in the contract individually, and to separately treat them from the non-lease components in the contracts. For leases that include one lease component and one or more additional lease or non-lease components, the Company will use the single comparison price of each lease component and the aggregated single prices of non-lease components as the basis, and distribute the consideration in the contract to the lease component. The comparison single unit price of the lease and non-lease components will be decided upon the prices separately received by the lessor (or supplier) for such components. If observable single unit prices are not readily available, the Company will maximize the use of observable information to estimate their respective single unit prices.

<u>The Company is the lessee</u>

Except for leases that meet and are selected to be treated as short-term leases or low-value assets, when the Company is the lessee of a lease contract, the Company will recognize all right-of-use asset and lease liabilities related to all leases.

At the start date, the Company measures the lease liability at the present value of the unpaid lease payments on that date. If the interest rate implicit in a lease is easy to determine, the lease payment is discounted using that interest rate. If such interest rate is difficult to determine, the lessee's incremental loan rate of interest will be used. On the start date, the lease payment of the lease liability will be accounted for, including the following payments that have to do with the target right-of-use asset during the lease period that have not been paid on that date:

1) Fixed payments (including substantial fixed payments), minus any lease incentives that can be obtained;
2) Variable lease payments dependent upon certain indicators or rates (measured by the indicators or rates used on the start date);
3) Expected residual value guarantee from the lessee;
4) Exercise price for purchase of options, if the Group can be reasonably assured that the right will be exercised; and
5) Penalties for termination of the lease, in case the lease period reflects that the lessee will exercise the option to terminate the lease.

After the start date, the Company will measure the lease liability using amortized cost-based measurement, and the carrying amount of the lease liability will be added by the effective interest method to reflect interest of the lease liability. Lease payment will be subtracted from the carrying amount of the lease liability.

On the start date, the Company will measure the right-of-use asset at cost, and the cost of the right-of-use asset will include:

1) The original valuation of the lease liability;
2) Any lease payment paid on the start date or before, minus any lease incentives taken;
3) Any original direct cost that the lessee incurs; and
4) Estimated cost of the lessee's dismantling, removing the target asset and restoration at the asset's location, or the cost to restore the target asset to the state required in the terms and conditions of the lease.

Valuation of the right-of-use asset will be cost minus accumulated depreciation and accumulated impairment loss, or the right-of-use asset can be measured at cost model.

If the ownership of the target asset will be transferred to the Company when the lease period expires, or if the cost of the right-of-use asset reflects that the Company will exercise purchase option, then the depreciation of the right-of-use asset will be measured from the start date of the lease until the end of the asset's useful life. Otherwise, the Company will depreciate the right-of-use asset from the start date until the end of its useful life, or the end of the lease term, whichever is the earlier of the two.

The Company uses IAS 36 Asset Impairment to determine whether an asset has been impaired and treats any identified impairment loss.

Except for lease of assets that meet and were selected to be short-term lease or low-value asset, the Company will recognize right-of-use assets and lease liabilities on the balance sheet, and separately recognize any depreciation expense and interest expense related to the lease on the statement of comprehensive income.

For short-term leases and low-value asset leases, the Company chooses to use straight-line basis or another systematic basis, and recognizes related lease payments as expenses during the lease terms.

The Company is the lessor

On the date of establishing the contract, the Company will classify each lease as either operating lease or financing lease. If nearly all risks and rewards associated with the ownership of the asset will be transferred during the lease, it will be categorized as a financing lease; if risks and rewards will not be transferred, it will be an operating lease. The Company will recognize assets held under financing leases on the balance sheet on the start date, and express them as lease payment receivable based on the net lease investment.

For contracts that include lease components and non-lease components, the Company will distribute the considerations in the contract using regulations from IFRS 15.

The Company uses direct-line basis or another systematic basis to recognize lease payments from operating leases as lease revenue. For variable lease payments not based on certain indicators or rates in operating leases, the Company will recognize them as lease revenue when they occur.

l. Intangible assets

Separately acquired intangible assets will be measured by cost during initial recognition. After initial recognition of intangible asset, its carrying amount will be the cost reduced by any accumulated amortization. Internally-arising intangible assets that do not meet the recognition criteria will not be capitalized, and will be recognized in profit or loss as they occur.

The useful life of an intangible asset has been classified as either finite or indefinite.

Intangible assets with finite useful life will be amortized during the duration of the useful life, and impairment tests will be conducted when there are indicators of impairment. The duration of amortization and method of amortization of intangible assets with finite useful life should be reviewed at least once at the end of each fiscal year. If the expected useful life of an asset is found to be different from the estimation or if the expected model of consumption of future economic benefits has changed, then the amortization method or duration of amortization shall be adjusted and treated as changes in estimate.

Intangible assets with indefinite useful life will not be amortized; however, impairment test shall be conducted based on individual asset or cash-generating unit level in each year. Intangible asset with indefinite useful life will be expected in each term for whether matters and conditions continue to support its indefinite useful life. If the useful life is changed from indefinite to finite, applicability will be deferred.

Gains or loss arising from derecognition of intangible assets will be recognized in profit or loss.

Below is a compilation of the Company's accounting policy for intangible assets:

	Computer software	Trademarks
Useful life	1-5 years	Indefinite
Amortization method used	Straight-line amortization during the expected useful life	Do not amortize
Internally-arising or acquired externally	Acquired externally	Acquired externally

m. Non-monetary impairment

At the end of every reporting period, the Company will evaluate all assets for indicators of impairment pursuant to IAS 36 - Impairment of Assets. If signs of impairment exist or if regular annual impairment test is required for a certain asset, the Company will test it on the basis of individual assets or the cash generating unit to which the asset belongs. If result of the impairment test indicates that the carrying amount of the asset or the cash generating unit to which the asset belongs is greater than its recoverable amount, impairment loss will be recognized. Recoverable amount is the higher of the net fair value or useful value.

At the end of every reporting period, the Company will evaluate all assets except for goodwill for indicators of whether previously recognized impairment loss no longer exists or has been reduced. If such signs exist, the Company will estimate the recoverable amount of the asset or the cash generating unit. If the estimated service potential of the asset changes, resulting in an increase in the recoverable amount, the impairment will be reversed to profit or loss. However, the carrying amount after reversal shall not exceed the amount of the depreciation or amortization of the asset after deducting the depreciation or amortization.

Impairment loss and reversal of continuing operations will be recognized in profit or loss.

n. Revenue recognition

The Company's revenue from customer contracts are mostly from sales of goods and provision of service, and their accounting treatments are explained as follows:

<u>Sales of goods</u>

The Company sells products and recognizes revenue when the promised product is delivered to the customer and the customer obtains control (the customer has the ability to lead the use of the product and obtain almost all of the remaining benefits of the product) and satisfies performance obligation. The Company's primary products are various types of medicine, health supplements, and maternity and infant products. During some of the sales transactions, when the ownership of the goods is transferred to the customer, the Company will provide points as part of the customer loyalty program based on the transaction price. The points will provide the customers with preferential discount during the customer's subsequent purchases within the next year. The Company distributes the transaction price and points given based on the relative selling price of the goods sold and the points, and the transaction price allocated to the sales goods is recognized when the ownership of the goods is transferred to the customer, while the rest will be recognized as contractual liability based on the acquisition price.

Retail customers of the Company have the right to enjoy discount during future purchase with the points they collect. When points are collected from customer use or when the points expire one year after the initial sales, revenue from the points given will be recognized, and relevant contractual liability will be adjusted accordingly.

The credit period for the product sales transactions of the Company is 60~120 days. Accounts receivable will be recognized when most of the contracts are subject to product transfer control and have the right to receive unconditional consideration. These receivables are usually short-term and do not pose as significant financing components.

<u>Provision of service</u>

Service revenue of the Company mostly come from provision of management service. Revenue will be recognized when the committed service is transferred to the customer and satisfies performance obligation.

o. Retirement pension plan

The Company's employee retirement method is applicable for all formal employees. The full amount of employee pension fund is managed by the Labor Retirement Reserve Supervisory Committee, and deposited in designated pension fund. Since the aforementioned pension is deposited under the name of the Labor Retirement Reserve Supervisory Committee, and completely separate from the Company, it is not included in the above Parent Company Only Financial Statements.

For retirement pension plans with defined allocations, the Company is obliged to allocate a certain ratio of employee pension allocation of no less than 6% of the employee's monthly pay. The amount of allocation will be recognized as current expense.

For retirement pension plans with defined benefit plan, the Company will include the amounts after the reporting period on actuarial report through projected unit credit method. Revaluation of net defined benefit liabilities (asset) includes any changes in return on plan assets and asset ceiling and will be reduced by amount of net interest included in the net defined benefit liability (asset) and actuarial profit or loss. When revaluation of net defined benefit liability (asset) occurs, it will be recognized under other comprehensive income (loss) and immediately recognized in retained earnings.

Past service cost is the change from the present value of the defined benefit plan due to plan revision or reduction, and will be recognized as expense on the earlier of the two dates:

1) When the plan is revised or reduced; and
2) When the Group recognizes relevant restructuring cost or termination benefits.

Net interest of net defined benefit liability (asset) is net defined benefit liability (asset) multiplied by the discount rate, and both will be decided at the beginning of a reporting period. Subsequently, any changes that occur to the net defined benefit liability (asset) from allocations and benefit expense during the period will be considered.

p. Share-based payment transaction

The cost of the equity-settled share-based payment transaction between the Company and the employees is measured by the fair value on the date of the share-based payment transaction. The fair value is measured by an appropriate pricing model.

The cost of the equity-settled share-based payment transaction is gradually recognized when service terms and performance conditions are met, and when the equity recognized by the counterparty increases. The accumulated expense from equity-settled share-based payment transactions before the end of every reporting period before the vesting date, is a reflection on the passing of the vesting period at the best estimate from the Company for the number of equity instruments that the Company will ultimately own. At the beginning and end of each reporting period, the cumulative cost changes recognized for the share-based payment transactions will be recognized in profit or loss for the period.

If ultimately, the bonus for share-based payment does not meet the vesting criteria, no expense shall be recognized. However, if the vesting conditions of the equity delivery transaction are related to market conditions or non-vested conditions, when all service or performance conditions are met, related expenses shall be recognized whether the market conditions or non-vested conditions have been met or otherwise.

When equity delivery transaction conditions are modified, at least the initial benefit cost prior to the alternation shall be recognized. In case the share-based payment terms are modified, if the total fair value of the share-based payment transaction is increased or more beneficial to the employees, the additional equity delivery transaction cost will be recognized.

If the share-based payment bonus plan for the equity delivery is canceled, it will be treated as vested on the date of cancellation and the remaining unrecognized share-based payment will be immediately recognized. This includes rewards outside of vesting conditions that have not been achieved by either the Company or the employees. If the original cancelled reward is replaced by a new reward scheme, and has been confirmed that the new plan will replace the existing on the grant date, the cancelled and the new granted reward will be treated as modifications to the existing plan.

Dilution effect of outstanding options will be calculated by additional shares during calculation of the dilution on the EPS.

q. Income tax

Income tax expense (benefit) refers to the aggregated amount related to current income tax and deferred income tax that is included in the current profit or loss.

Income tax in the current period

Income tax liabilities (assets) for this period and for prior periods, are measured at the tax rates and tax laws enacted in the legislative or substantive legislation at the end of the reporting period. Current income tax related to items recognized in other comprehensive income or directly recognized in equity, will be separately recognized in other comprehensive income (loss) or equity rather than profit or loss.

Surtax on unappropriated retained earnings will be recognized as income tax expense on the date of surplus distribution from the Shareholders' Meeting.

Deferred income tax

Deferred tax is calculated based on the temporary difference between the taxable basis of assets and liabilities and the carrying amounts on the Balance Sheet at the end of the reporting period.

All taxable temporary difference shall be recognized as deferred tax liabilities except for the following:

1) Initial recognition of goodwill; or the initial recognition of an asset or liability not arising from a business combination transaction and does not affect accounting profits or taxable income (loss) at the time of the transaction;

2) Arising from investment in subsidiaries, affiliates or joint ventures, whose point of reversal can be controlled and there may not be any taxable temporary difference that shall be reversed in the foreseeable future.

Deferred income tax assets that are deductible from temporary differences, unused tax losses and unused income tax deductions are recognized in the context of probable future taxable income except for the following:

3) Deductible temporary difference arising from business combination with a non-affiliates, and is related to initial recognition of assets or liabilities that do not affect accounting profit or loss of taxable income (loss) at the time of transaction;

4) Related to deductible temporary difference from equity in investments in subsidiaries, affiliates, or joint ventures, and is highly possible to revert in the foreseeable future, and the revert may be to the extent that there will be sufficient taxable income at the time for recognition of the temporary difference.

Deferred income tax assets and liabilities are measured at the tax rate of the expected asset realization or in the period in which the liability is settled. The tax rate is based on the tax rates and tax laws that have been enacted in the legislative or substantive legislation at the end of the reporting period. The measurement of deferred income tax assets and liabilities reflects the tax consequences arising from the manner in which the asset is expected to be recovered or the carrying amount of the liability is settled at the end of the reporting period. The deferred income tax that is related to items not recognized in profit or loss will also not be recognized in profit or loss. It will be recognized in other comprehensive income (loss) or directly recognized in equity based on its related transaction. Deferred tax assets shall be reviewed and recognized at the end of each reporting period.

For deferred tax assets and liabilities, only the offset between the current tax assets and current tax liabilities carries legally enforceable rights. Moreover, deferred income tax may be offset when it is subject to the same taxpayer and is related to the income tax levied by the same tax authority.

5. The primary sources of uncertainties in major accounting judgments, estimates, and assumptions

When preparing the Parent Company Only Financial Statements, the Company's management shall exercise judgment, estimation and assumption at the end of the reporting period. This will influence the reported amounts of revenue, expense, assets and liabilities, and disclosure on liabilities. Nevertheless, the uncertainty of these material assumptions and estimates may result in material adjustments to the carrying amount of an asset or liability in the future.

Estimates and assumptions

At the end of a reporting period, major source of information for uncertainties in regards to estimates and assumptions for the future, present material risk in material adjustments to the carrying amounts of assets and liabilities in the next fiscal year. This will be explained in the following:

1) Fair value of financial instruments

When the fair value of financial assets and financial liabilities recognized in the balance sheet cannot be obtained from an active market, the fair value will be determined by valuation techniques. These include income approach (for example, the discounted cash flow method) or market approach, and changes in the assumptions used in these models will influence the fair value of the reported financial instruments. Please refer to Note 12 for details.

2) Accounts receivable - estimates on impairment loss

The Company's estimate of impairment loss for receivables is measured by the amount of estimated credit losses over its lifetime, which will be based on the difference between the contractual cash flow (carrying amount) receivable and the expected cash flow (assessment of forward-looking information). However, discount effect of short-term receivables is insignificant and credit loss will not be measured by undiscounted difference. If the actual cash flow in the future is less than the estimate, there may be material impairment loss. Please refer to Note 6 for details.

3) Inventory

The estimated value of the net realized value of inventories is the most reliable evidence of the expected change in the amount of cash available for the inventory at the estimated time when the inventory is damaged, all or part of it becomes obsolete or declines in the selling price and influences from product shelf life. Please see refer to Note 6 for detail.

4) Retirement pension plan

The present value of defined benefit costs and defined benefits obligations in retirement pension plan is measured by actuarial valuation. Actuarial valuation involves various assumptions, including discount rate and changes in expected salaries and more. Please refer to Note 6 for details on the assumptions used to measure the cost of defined benefit costs and defined benefit obligations.

5) Share-based payment transaction

Cost of equity settlement transaction between the Company and our employees are measured by the fair value of the equity instrument on the grant date. When estimating the fair value of the share-based payment transaction, the best pricing model should be determined based on the benefit conditions. These estimates also require determining the best parameters used in the pricing model, including: expected duration of the stock options, estimated fluctuations, estimated rate of dividend, and any assumptions made therein. Please refer to Note 6 for explanations on the assumptions and models used to measure the fair value of the share-based payment transaction.

6) Income tax

Uncertainties for income tax exist in the interpretation of complex tax laws, and the future taxable amounts and time points. Due to the prevalence of international business relationships and the long-term nature and complexity of contracts, there may be differences between the actual results and assumptions made, or alternatively, such assumptions in the future may force recorded interest tax benefits and expenses to be adjusted in the future. Recognition of income tax is based on reasonable estimates of the possible audit results of the tax authorities of the countries in which the Company operates. Amounts recognized are based on different elements, for instance, the past experience of tax review and the taxation subject may have different interpretations of the tax law from the taxation authority. Differences in these interpretations could lead to various issues due to the conditions of the countries of the Company's operations.

Unused tax loss and deferred tax carried forward and deductible temporary differences are recognized as deferred tax assets based on the context that it is highly likely future taxable income or taxable temporary differences will occur in the future. The determination of the amount of deferred tax asset to be recognized is at the point and standards where there may be differences between the future taxable income and taxable temporary difference as well as the estimate of future tax planning strategies.

6. Explanations of significant accounting items

a. Cash and cash equivalents

	2020.12.31	2019.12.31
Cash on hand and petty cash	$7,689	$6,404
Checks and demand deposit	687,288	246,126
Fixed deposit	114,550	25,450
Total	$809,527	$277,980

b. Financial assets measured at amortized costs

	2020.12.31	2019.12.31
Restrictive fixed deposit	$24,000	$24,000
Fixed deposit	3,000	3,000
Less: allowance for loss	-	-
Total	$27,000	$27,000
Current	$24,000	$24,000
Non-current	$3,000	$3,000

The Company only has transactions with financial institutions in good credit standing and therefore has no material credit risk.

The Company's financial assets measured at amortized cost have not had conditions of guarantee/endorsement.

c. Notes receivable, net

	2020.12.31	2019.12.31
Notes receivable - from operating activities	$4,517	$2,371
Less: allowance for loss	-	-
Total	$4,517	$2,371

	2020.12.31	2019.12.31

The Company's notes receivable have not had conditions of endorsement/guarantee.

The Company assesses information related to impairment and allowance for impairment using regulations from IFRS 9. Please refer to Note 6.17 for details. Please refer to Note 12 for information on credit risk.

d. Net accounts receivable and accounts receivable - related parties

1) Below is a list of the net accounts receivable:

	2020.12.31	2019.12.31
Total accounts receivable	$295,670	$316,458
Less: allowance for loss	(418)	(418)
Subtotal	295,252	316,040
Total accounts receivable - related parties	271,779	305,586
Less: allowance for loss	-	-
Subtotal	271,779	305,586
Total	$567,031	$621,626

2) The aforementioned accounts receivable has not had conditions of endorsement/guarantee.

3) The Company's credit line to customers is usually 60-120 days. The total carrying amounts were NT$567,449 thousand and NT$622,044 thousand on December 31, 2020 and December 31, 2019 respectively. Please refer to Note 6.17 for information related to allowance for impairment loss in 2020 and 2019. Please refer to Note 12 for information on credit risk.

e. Inventory

1) Net inventory is as follows:

	2020.12.31	2019.12.31
Goods on hand	$1,225,045	$886,046

2) The Company recognized cost of inventories of NT$6,505,952 thousand and NT$5,187,063 thousand on December 31, 2020 and December 31, 2019 as expenses respectively. These expenses included the following:

Item	2020	2019
Allowance for inventory valuation and obsolescence loss	$500	$258
Inventory scrap loss	4,200	6,215
Inventory loss	9,451	3,367
Total	$14,151	$9,840

3) Aforementioned inventory has not had conditions of endorsement/guarantee.

f. Investments accounted for using the equity method

The Company's investments accounted for using equity method are as follows:

Investee	2020.12.31 Amount	2020.12.31 Shareholding ratio	2019.12.31 Amount	2019.12.31 Shareholding ratio
Investment in subsidiary:				
Ivy Biotechnology Co., Ltd.	$108,778	100%	$110,450	100%
Bai-Lin Logistics Co., Ltd.	7,660	100%	2,419	100%
Total	$116,438		$112,869	

1) Investments in subsidiaries are expressed in "investments accounted for using equity method" in the Parent Company Only Financial Statements.

2) Aforementioned investments accounted for using equity method has not had conditions with endorsement/guarantee.

g. Property, plant, and equipment

	Transportation vehicle	Office equipment	Leasehold improvements	Other equipment	Total
Cost:					
2020.01.01	$13,866	$277,025	$361,575	$137,695	$790,161
Acquisition	-	64,136	89,296	88,367	241,799
Disposal	(350)	(2,642)	(5,256)	(2,180)	(10,428)
Transfer	-	-	-	-	-
2020.12.31	$13,516	$338,519	$445,615	$223,882	$1,021,532
2019.01.01	$13,866	$235,850	$251,062	$51,330	$552,108
Acquisition	-	41,293	110,513	86,247	238,053
Disposal	-	-	-	-	-
Transfer	-	(118)	-	118	-
2019.12.31	$13,866	$277,025	$361,575	$137,695	$790,161
Depreciation and impairment:					
2020.01.01	$11,328	$135,805	$105,032	$22,800	$274,965
Depreciation	1,131	46,282	49,961	32,909	130,283
Disposal	(350)	(1,359)	(1,273)	(317)	(3,299)
Transfer	-	-	-	-	-
2020.12.31	$12,109	$180,728	$153,720	$55,392	$401,949
2019.01.01	$9,411	$97,342	$69,779	$8,835	$185,367
Depreciation	1,917	38,463	35,253	13,965	89,598
Disposal	-	-	-	-	-
Transfer	-	-	-	-	-
2019.12.31	$11,328	$135,805	$105,032	$22,800	$274,965
Net carrying amount:					
2020.12.31	$1,407	$157,791	$291,895	$168,490	$619,583
2019.12.31	$2,538	$141,220	$256,543	$114,895	$515,196

Aforementioned property, plant, and equipment have not had conditions of endorsement/guarantee.

h. Intangible assets

	Computer software	Trademarks	Total
Cost:			
2020.01.01	$12,301	$14,286	$26,587
Acquisition - separately acquired	4,520	-	4,520
Derecognized at the end of useful life	(8,711)	-	(8,711)
2020.12.31	$8,110	$14,286	$22,396
2019.01.01	$9,696	$-	$9,696
Acquisition - separately acquired	12,400	14,286	26,686
Derecognized at the end of useful life	(9,795)	-	(9,795)
2019.12.31	$12,301	$14,286	$26,587
Amortization and impairment:			
2020.01.01	$5,912	$-	$5,912
Amortization	7,177	-	7,177
Derecognized at the end of useful life	(8,711)	-	(8,711)
2020.12.31	$4,378	$-	$4,378
2019.01.01	$6,635	$-	$6,635
Amortization	9,072	-	9,072
Derecognized at the end of useful life	(9,795)	-	(9,795)
2019.12.31	$5,912	$-	$5,912
Net carrying amount:			
2020.12.31	$3,732	$14,286	$18,018
2019.12.31	$6,389	$14,286	$20,675

Amortization for recognition of intangible assets is as follows:

	2020	2019
Operating expenses	$7,177	$9,072

i. Other non-current assets

	2020.12.31	2019.12.31
Prepaid equipment	$190	$471
Refundable deposits	74,622	60,207
Total	$74,812	$60,678

j. Short-term loans

1) Details on short-term loans are as follows:

	Range of interest rates (%)	2020.12.31	2019.12.31
Unsecured bank loan	0.87%~1.18%	$370,000	$-

2) As of December 31, 2020 and December 31, 2019 respectively, the Company's unused short-term loan credits are NT$101,035 thousand and NT$100,000 thousand respectively.

k. Other payables

	2020.12.31	2019.12.31
Expenses payable	$201,947	$111,311
Equipment payable	17,168	18,039
Net defined benefit liability - current	37	37
Total	$218,152	$129,387

k. Bonds payable

1) Details of bonds payable are as follows:

	2020.12.31	2019.12.31
Elements of liability:		
Nominal amount of domestic convertible bond payable	$40,900	$188,700
Less: discount on domestic convertible bond payable	(317)	(4,999)
Subtotal	40,583	183,701
Less: portion maturing within 12 months	(40,583)	(183,701)
Net balance	$-	$-
Embedded derivative financial instruments - redemption rights	$-	$-
Equity element - conversion rights	$1,363	$6,290

Please refer to Note 6.20 for valuation of profit or loss for embedded derivative financial instruments - redemption rights and the recognition of interest expense from corporate bonds.

2) The Company has issued the first batch of unsecured convertible bonds on June 12, 2018 with the following issuance terms:

(A) Total issuance:	NT$300,000 thousand
(B) Date of issuance:	2018.06.12
(C) Issued price:	Issuance at par
(D) Coupon rate:	0%
(E) Duration:	June 12, 2018-June 12, 2021
(F) Repayment at maturity:	Unless the bondholders convert into ordinary shares of the company in accordance with Article 10 of the present Procedures, or exercise the right of selling under Article 19 of the present Procedures, or the Company redeems in advance or exercise redemption at securities firm in accordance with Article 18 of these Procedures, the Company will repay the converted bonds held by bondholders in cash in accordance with the denomination of the bonds when the Company's conversion of bonds expires.
(G) Conversion period:	Starting from the day after the 3-month period of issuance of this convertible bond (September 13, 2018) to the date due (June 12, 2021), except for (1) stock transfer is halted pursuant to applicable laws; (2) 15 business days before the Company's ex-dividend date for share or cash dividend distribution or ex-stock transfer date for capital increase, until the base date for right distribution, (3) capital reduction base-date to one day before the capital reduction in issuance of shares, the creditor may at any time request the Company to convert the convertible bond into ordinary shares of the Company in accordance with the provisions of the present Procedure.
(H)Conversion price and adjustments:	The price of conversion was set at NT$90.8 per share during issuance. In the event of an adjustment of the conversion price of the Company's ordinary share conversion rights or stock options in accordance with the terms of the issuance, the conversion price shall be adjusted in accordance with the formula stipulated in the terms of the issuance. Due to capital increase and surplus transfer in 2018, the Company's conversion

price adjustment was carried out in accordance with the provisions of the first batch of domestic unsecured convertible corporate bonds issuance and conversion procedures. Therefore, as of July 19, 2018, the conversion price was adjusted from NT$90.8 to NT$88.9.

Due to capital increase and surplus transfer in 2018, the Company's conversion price adjustment was carried out in accordance with the provisions of the first batch of domestic unsecured convertible corporate bonds issuance and conversion procedures. Therefore, as of September 12, 2018, the conversion price was adjusted from NT$88.9 to NT$79.8.

Due to the Company's ratio of cash dividends to ordinary shares issued in 2019 having exceeded 1.5%, the conversion price adjustment was carried out in accordance with the provisions of the first batch of domestic unsecured convertible corporate bonds issuance and conversion procedures; therefore, from July 30, 2019, the conversion price was adjusted from NT$79.8 to NT$78.6.

Due to capital increase and surplus transfer in 2019, the Company's conversion price adjustment was carried out in accordance with the provisions of the first batch of domestic unsecured convertible corporate bonds issuance and conversion procedures. Therefore, from September 1, 2019, the conversion price was adjusted from NT$78.6 to NT$69.6.

Due to capital increase and surplus transfer in 2020, the Company's conversion price adjustment was carried out in accordance with the provisions of the first batch of domestic unsecured convertible corporate bonds issuance and conversion procedures. Therefore, from September 15, 2020, the conversion price was adjusted from NT$69.6 to NT$59.2.

(I)The Company's redemption rights:

(1) The conversion of corporate bonds shall be from the day after the expiration of three months from the date of issue (September 13, 2018) to forty days before the expiration of the issuance period (May 3, 2021). When the closing price of the ordinary shares of the Company exceeds 30% (inclusive) of the conversion price for the 30th consecutive business day, the Company may send a one-month "bond recovery notice" to the bondholder by registered mail within the next 30 business days. (The aforementioned foregoing period starts from the date of the Company's letter of notice, and the expiration date of the period is the base date for the bond recovery, and the aforementioned period cannot be the conversion termination period as started in Article 9.) (The bondholder will be based on the bondholder's register on the fifth business day prior to the date of the "bond recovery notice," and for investors who subsequently obtain the conversion of corporate bonds due to trading or other reasons, they shall be notified by way of announcement.) Taipei Exchange will also be notified in writing, and the convertible bonds of the bondholders shall be recovered in cash in five business days after the bond recovery base date.

(2) The conversion of corporate bonds shall be from the day after the expiration of three months from the date of issue (September 13, 2018) to forty days before the expiration of the issuance period (May 3, 2021). If the outstanding balance of the convertible bond is less than 10% of the initial total denomination at issuance, the Company may send a one-month "bond recovery notice" to the bondholder by registered mail at any time. (The aforementioned foregoing period starts from the date of the Company's letter of notice, and the expiration date of the period is the base date for the bond recovery, and the aforementioned period cannot be the conversion termination period as started in Article 9.) The bondholder will be based on the bondholder’s register on the fifth business day prior to the date of the "bond recovery notice," and investors who subsequently obtain the conversion of corporate bonds due to trading or other reasons shall be notified by way of announcement.) Taipei Exchange will also be notified in writing, and the convertible bonds of the bondholders shall be recovered in cash in five business days after the bond recovery base date.

(3) If the creditor does not reply to the Company's share transfer agency before the bond recovery base date denoted on the "bond recovery notice" by writing (the notice is effective at the time of delivery, and takes postmark as its basis), the Company shall redeem the bonds in cash on the maturity date at nominal value.

(J)Puttable rights of bondholders:

The base date for selling the convertible bonds back in advance is the two-year issuance date (June 12, 2020) of the convertible bonds. Forty days before the base date (May 3, 2020) of put option, the Company may send a "puttable right notification" to the bondholder by registered mail. (The bondholder will be based on the bondholder's register on the fifth business day prior to the date of the "puttable option notification," and investors who subsequently obtain the conversion of corporate bonds due to trading or other reasons shall be notified by way of announcement.) Taipei Exchange will also be notified in writing, and the convertible bonds of the bondholders shall be recovered in cash in five business days after the bond recovery base date. Creditor can reply to the Company's share transfer agency before the bond puttable option date denoted on the "puttable right notification" by writing (the notice is effective at the time of delivery, and takes postmark as its basis), and request the Company to redeem the bonds held in cash by using the bond denomination plus interest compensation (101.0025% of the bond denomination for the two years, or substantial rate of return 0.50%). After accepting the puttable option request, the Company shall redeem the bond in cash within five business days after the puttable option date. If the Taipei Exchange is not in operation, the above date will be postponed to the next business day.

3) From January 1, 2020 to December 31, 2020, the declared conversion amount of the Group's first batch of unsecured convertible bonds has reached NT$147,800 thousand, and 2,290 thousand shares of ordinary shares have been converted.

As of December 31, 2020, the declared conversion amount of the Company's first batch of unsecured convertible bonds has reached NT$259,100 thousand, and 3,858 thousand shares of ordinary shares have been converted.

l. Retirement pension plan

Defined allocation plan

The Company's employee retirement method adopts the defined allocation plan pursuant to the Labor Pension Act. Pursuant to the Act, the Company is obligated to allocate no less than 6% of its employee's monthly salary as employee pension. The Company has established employee retirement method in accordance with the Act, and allocates 6% based on each employee's salary to his/her respective individual retirement account (IRA) at the Bureau of Labor Insurance.

The Company recognized defined allocation expense of NT$33,484 thousand and NT$22,855 thousand in 2020 and 2019 respectively.

Defined benefit plan

The Company's employee retirement method adopts the defined benefit plan pursuant to the Labor Standards Act. Payment of employee pension is calculated on the base points of an employee's years of service and average monthly wages when the person is permitted to retire. Two base points will be assigned for 15 years (inclusive) of service or less, and for those exceeding 15 years of service, every year will be assigned an additional base point. The maximum base points allowed is 45. The Company provides a pension fund of 2% of the total salary on a monthly basis in accordance with the Labor Standards Act, and deposits it in a designated account at the Bank of Taiwan in the name of the Labor Retirement Reserve Supervisory Committee.

The Bureau of Labor Funds, Ministry of Labor, Executive Yuan, undertakes asset allocations based on the income and expenditure of the employee retirement fund. Investment of the fund is invested in self-operated and entrusted management methods, and adopts active and passive management medium- to long-term investment strategies. The Bureau of Labor Funds takes risks including market, credit, and liquidity into consideration in setting limits and control plan for the fund so that adequate flexibility can be used toward the compensation objective without excessive risk. As of December 31, 2020, the Company's defined benefit plan is expected to allocate NT$40 thousand within the following year.

As of December 31, 2020 and December 31, 2019, the Company's defined benefit plans are expected to expire in 2039 and 2036 respectively.

The following table summarizes the costs of defined benefit plan recognized to profit or loss:

	2020	2019
Current service cost	$-	$-
Net interest from net defined benefit assets (liabilities)	40	43
Total	$40	$43

Adjustments of the present value of the defined benefit obligations and fair value of the plan assets:

	2020.12.31	2019.12.31	2019.01.01
Present value of the defined benefit obligations	$7,562	$8,558	$7,048
Fair value of plan assets	(4,100)	(3,726)	(3,355)
Other non-current liabilities - net defined benefit liabilities recorded	$3,462	$4,832	$3,693

Adjustments to the net defined benefit liabilities (assets):

	Present value of the defined benefit obligations	Fair value of plan assets	Net defined plan liabilities (assets)
2019.01.01	$7,048	$(3,355)	$3,693
Current service cost	-	-	-
Interest expense (income)	82	(39)	43
Past service cost and settlement gain or loss	-	-	-
Subtotal	7,130	(3,394)	3,736
Remeasurement of defined benefit liabilities/assets:			
Actuarial gains or losses from demographic assumptions	-	-	-
Actuarial gains or losses from financial assumptions	461	-	461
Experience-based adjustments	967	-	967
Remeasurement of defined benefit assets	-	(109)	(109)
Subtotal	1,428	(109)	1,319
Benefits paid	-	-	-
Employer allocations	-	(223)	(223)
Effects of changes in foreign exchange rates	-	-	-
2019.12.31	8,558	(3,726)	4,832
Current service cost	-	-	-
Interest expense (income)	71	(31)	40
Past service cost and settlement gain or loss	-	-	-
Subtotal	8,629	(3,757)	4,872
Remeasurement of defined benefit liabilities/assets:			
Actuarial gains or losses from demographic assumptions	-	-	-
Actuarial gains or losses from financial assumptions	565	-	565
Experience-based adjustments	(1,632)	-	(1,632)
Remeasurement of defined benefit assets	-	(119)	(119)
Subtotal	(1,067)	(119)	(1,186)
Benefits paid	-	-	-
Employer allocations	-	(224)	(224)
Effects of changes in foreign exchange rates	-	-	-
2020.12.31	$7,562	$(4,100)	$3,462

The following key assumptions are used to determine the Company's defined benefit plan:

	2020.12.31	2019.12.31
Discount rate	0.42%	0.83%
Expected rate of salary increase	2.00%	2.00%

Sensitivity analysis of every material actuarial assumption:

	2020		2019	
	Increase in defined benefit obligation	Decrease in defined benefit obligation	Increase in defined benefit obligation	Decrease in defined benefit obligation
0.5% increase in discount rate	$-	$683	$-	$686
0.5% decrease in discount rate	759	-	762	-
0.5% increase in expected salary	743	-	749	-
0.5% decrease in expected salary	-	676	-	682

The purpose of conducting the aforementioned sensitivity analysis is to analyze the possible impact of determining a defined benefit obligation when a single actuarial assumption (e.g. discount rate or expected salary) undergoes a reasonably likely change, assuming all other assumptions remain unchanged. Since some of the actuarial assumptions are related to each other, there are few separate actuarial assumptions that undergo singular changes in reality, so the analysis has its limitations.

The methods and assumptions used in the current period of sensitivity analysis are no different from the previous periods.

m. Equity

1) Ordinary shares

As of December 31, 2020 and December 31, 2019, the Company's authorized share capital is NT$600,000 thousand and has issued NT$530,659 thousand and NT$425,820 thousand in shares respectively. Each share has a par value of NT$10, and 53,065 thousand shares and 42,582 thousand shares were issued respectively. Each share has one voting right and right to receive dividend.

On June 26, 2019, the Company's Annual Shareholders' Meeting has approved the capital increase by reinvestment of surplus of NT$47,517 thousand. Upon approval of the Board of Directors on July 22, 2019, September 1, 2019 was set to be the base date of the capitalization date, and the paid-in capital after the increase is NT$413,033 thousand with par value of NT$10 at 41,303 thousand shares.

In 2019, the employee stock options issued by the Company exercised subscription rights of NT$10,214 thousand, for which 356 thousand ordinary shares were converted. Upon approval from the Board of Directors on November 11, 2019, November 11, 2019 was set to be the base date of the increase. The paid-in capital after the increase was NT$416,593 thousand with par value of NT$10 at 41,659 thousand shares.

In 2019, the first batch of unsecured convertible bonds issued by the Company exercised conversion rights of NT$111,300 thousand, for which 1,568 thousand ordinary shares were converted. The paid-in capital after the increase was NT$432,271 thousand with par value of NT$10 at 43,227 thousand shares, in which 645 thousand shares are ordinary shares. Base date of increase is still pending for the Board of Directors' approval as of December 31, 2019, so the capital is recognized as a prepaid capital.

In addition, in 2020, the first batch of unsecured convertible bonds issued by the Company exercised conversion rights of NT$147,800 thousand, for which 2,290 thousand ordinary shares were converted, and the paid-in capital after the increase was NT$530,659 thousand with part value of NT$10 at 53,066 thousand shares, in which 279 thousand shares are ordinary shares. Base date of increase is still pending for the Board of Directors' approval as of December 31, 2020, so the capital is recognized as a prepaid capital.

On June 17, 2020, the Company's Annual Shareholders' Meeting has approved the capital increase by reinvestment of surplus of NT$78,272 thousand. Upon approval of the Board of Directors on August 12, 2020, September 15, 2020 was set to be the base date of the capital increase, and the paid-in capital after the increase is NT$520,801 thousand with par value of NT$10 at 52,080 thousand shares.

2) Capital surplus

	2020.12.31	2019.12.31
Share premium of ordinary shares	$427,962	$427,962
Premium on Conversion of Convertible Bonds	223,316	95,902
Employee stock options	3,218	1,909
Stock options	1,363	6,290
Expired stock options	2,647	2,647
Total	$658,506	$534,710

According to the law, the capital reserve shall not be used except to make up for Company deficit. When the Company has no deficit, the overage of the shares issued by the par value and the capital reserve generated by the proceeds of the donation can be used to charge up the capital up to a certain percentage of the paid-up capital each year. The aforesaid capital surplus may also be distributed in cash in proportion to the original share of the shareholders. In addition, capital surplus arising from any long-term equity investment shall not be used for any purpose.

3) Appropriation of earnings and dividend policy

a) Appropriation of earnings

Pursuant to the Company's Articles of Incorporation, if surplus is available after closing the accounts, it shall be first used to pay taxes, make up past deficits, then 10% of which shall be appropriated as legal capital reserve. However, the Company is exempted from such appropriation in case the legal capital reserve has reached the Company's total capital, and the Company shall appropriate special capital reserve according to applicable laws or regulations from competent authority. The remainder of which and any accumulated retained earnings from previous years shall be appropriated as net income available for appropriation. The Board of Directors shall propose the appropriation of net income and submit for a resolution at the Shareholders' Meeting, then distribute bonus to shareholders accordingly.

b) Dividend policy

In response to economic fluctuations and to maintain a robust financial structure, the Company adopts balanced dividend policy, and the policy for future dividend distribution is as follow:

i. The Company will appropriate no less than 10% of the aforementioned distributable net income as shareholders' dividends. Nevertheless, when distributable net income is less than 10% of the paid-in capital, the Company may propose not to appropriate any bonus.

ii. In consideration of a balanced and stable dividend policy, the Company will appropriate either share or cash dividend accordingly. Appropriations of cash dividend shall be no less than 10% of the annual total dividends.

c) Legal capital reserve

Pursuant to the Company Act, legal capital reserve shall be appropriated until the total sum of which has reached the paid-in capital. Legal capital reserve shall be used toward making up for deficit. When the Company does not have past deficits, the Company may issue new shares or distribute cash with the portion of legal capital reserve that exceeds 25% of the paid-in capital.

d) Special capital reserve

After adoption of the IFRS, pursuant to Directive Letter No. 1010012865 issued by the FSC on April 6, 2012, during first-time adoption, on the conversion date, the Company's conversion adjustment of unrealized revaluation increment and cumulative conversion adjustment to the retained earnings portion due to adoption of IFRS 1 - First-time Adoption of IFRS' exemption item granted the Company the option of appropriating the same amount of special capital reserve. After adoption of IFRS in preparing financial statements, during appropriation of distributable net income, the Company appropriated the difference between the balance allocated to special capital reserve during first-time adoption of IFRS and net deductions in other equity items to the special capital reserve. Subsequently, if other shareholders' equity deduction has reversed, the reversal shall be applicable to earnings distribution.

e) During the Company's Board of Directors' Meeting on March 18, 2021, and Annual Shareholders' Meeting on June 17, 2020, the appropriations of earnings for 2020 and 2019 have been separately proposed and approved with the following details:

	Appropriation of earnings		Dividends per share (NT$)	
	2020	2019	2020	2019
Legal capital reserve	$19,550	$13,598		
Cash dividends for ordinary shares	53,471	43,484	$1.00	$0.98
Stock dividends for ordinary shares	160,414	78,272	3.00	1.80
Total	$233,435	$135,354		

Please see Note 6.19 for information on the standards of estimate and recognition of amounts of employee compensation and remunerations of the Directors.

n. Share-based payment plan

Company employees can receive share-based payment as a part of employee benefits plan. Employees provide service as the consideration for receiving equity instruments, and such transaction will be treated as equity-settled share-based payment transaction.

Employee share-based payment plan

(1) Upon approval from the FSC's Securities and Futures Bureau, the Company has issued 1,000 units of employee stock options on September 12, 2014. Each unit of equity security can be used to subscribe for 1,000 shares of the Company's ordinary shares. The Company will issue new shares when employees exercise such option. Equity security

subscriber may exercise the stock options for a certain period of time and proportion two years after the employee stock options certificate has been granted. The duration of this stock options certificate is five years.

(2) Upon approval from the FSC's Securities and Futures Bureau, the Company has issued 4,000 units of employee stock options on October 29, 2019. Each unit of equity security can be used to subscribe for 1,000 shares of the Company's ordinary shares. The Company will issue new shares when employees exercise such option. Equity security subscriber may exercise the stock options for a certain period of time and proportion two years after the employee stock option certificate has been granted. The duration of this stock option certificate is six years.

Information on the aforementioned share-based payment is as follows:

Grant date of the stock options certificate	Total units issued	Execution price per unit (NT$)
2014.10.01	835	$28.69
2014.11.01	113	$28.69
2019.12.01	1,879	$82.60
2020.10.27	2,017	$86.20

a) The following pricing model and assumptions are used toward the share-based payment plan granted:

	2014	2019	2020
Expected fluctuation rate (%)	23.38%-24.37%	16.56%-24.87%	13.86%-45.03%
Risk-free interest rate (RFR) (%)	1.12%-1.316%	0.552%-0.580%	0.158%-0.203%
Expected year of 100% stock subscription (year)	5	6	6
Weighted-average stock price (NT$)	40.48	82.60	86.20
Pricing model used	Black-Scholes	Black-Scholes	Black-Scholes

The expected duration of the option is based on historical data and current expectations and therefore may not necessarily be consistent with actual implementation. The expected volatility is the historical volatility of the period in which the hypothesis is similar to the duration of the stock options, which represents the future trend, but may not necessarily be consistent with future actual results.

b) Information on the employee stock option plan issued in 2020 and 2019:

	2020		2019	
	Number of outstanding stock options (unit)	Weighted-average execution price (NT$)	Number of outstanding stock options (unit)	Weighted-average execution price (NT$)
Outstanding stock options on January 1	1,879	$82.60	557	$28.69
Stock options granted in the current period	2,017	86.20	1,879	86.20
Stock subscriptions in the current period	-	-	(356)	-
Stock options expired in the current period	-	-	(201)	-
Outstanding stock options on December 31	3,896	$84.46	1,879	$82.60

Executable stock options on December 31	-	-
Weighted-average fair value of the stock options granted in the current period	$9.45	$0.65

c) Below is the aforementioned share-based payment plan outstanding as of December 31, 2020 and December 31, 2019:

2020.12.31	Execution price	Weighted-average remaining duration (year)
Granted on December 1, 2019	$82.60	4.92 years
Granted on October 27, 2020	$86.20	5.82 years

2019.12.31	Execution price	Weighted-average remaining duration (year)
Granted on December 1, 2019	$82.60	5.92 years

d) The expense recognized by the Company for employee share-based payment plans is shown as the following:

	2020	2019
Recognized expenses due to share-based payment transactions (all are equity delivery share-based payment)	$1,309	$66

o. Operating revenue

	2020	2019
Revenue from customer contracts		
Revenue from sale of goods	$8,592,291	$6,657,588
Revenue from provision of service	26,783	44,355
Total	$8,619,074	$6,701,943

Information regarding the Company's revenue from customer contracts is as follows:

1) Breakdown of revenue

	2020	2019
	Single department	Single department
Sales revenue	$8,592,291	$6,657,588
Service revenue	26,783	44,355
Total	$8,619,074	$6,701,943
Timing of revenue recognition:		
At a fixed point in time	$8,619,074	$6,701,943

2) Contract balance

a) Contract liability - current

	2020.12.31	2019.12.31	2019.01.01
Sales of goods	$502	$474	$598
Customer loyalty program	7,602	6,579	3,800
Total	$8,104	$7,053	$4,398

Explanations of the changes in the balance of contract liabilities in 2020 are as follows:

	Sales of goods	Customer loyalty program
Beginning balance is recognized as revenue in the current period	$(50)	$(3,755)
Estimated increase in advance payment in the current period	78	4,778

Explanations of the changes in the balance of contract liabilities in 2019 are as follows:

	Sales of goods	Customer loyalty program
Beginning balance is recognized as revenue in the current period	$(362)	$(2,268)
Estimated increase in advance payment in the current period	238	5,047

p. Estimated credit impairment loss (benefit)

	2020	2019
Operating expense - estimated credit impairment loss		
Accounts receivable	$-	$359

Please refer to Note 12 for information on credit risk.

1) Historical records of credit impairment on the Company's receivables (including notes receivable and accounts receivable) indicate that diverse types of impairment loss is not found between different groups of customers. Therefore, allowance for loss is assessed using the same group and relevant information can be found in the following:

As of December 31, 2020

		Days overdue		
	Not overdue	31-180 days	More than 181 days	Total
Total carrying amount	$571,910	$8	$48	$571,966
Rate of loss	0%	100%	100%	
Expected lifetime credit loss	(362)	(8)	(48)	(418)
Carrying Amount	$571,548	$-	$-	$571,548

As of December 31, 2019

		Days overdue		
	Not overdue (Note)	31-180 days	More than 181 days	Total
Total carrying amount	$623,661	$672	$82	$624,415
Rate of loss	0%	50%	100%	
Expected lifetime credit loss	-	(336)	(82)	(418)
Carrying amount	$623,661	$336	$-	$623,997

Note: None of the Company's notes receivable have become overdue.

2) Information on the changes in the allowances for notes receivable and accounts receivable of the Company for 2020 and 2019 is as follows:

	Notes receivable	Accounts receivable
2020.01.01	$-	$418
Recognized in the period	-	-
2020.12.31	$-	$418
2019.01.01	$-	$59
Recognized in the period	-	359
2019.12.31	$-	$418

q. Lease

1) The Company is the lessee

The Company leases real property (building and construction), and the term of lease for each contract is between 3 years to 20 years. Some of the contracts have stipulated that without the lessor's consent, a lessee may not lease out, sublease, dispose of right, or grant all or part of the leased object's use to others using other methods, or to give the right of lease to others.

The following is a description of the leases' impacts on the Company's financial position, financial performance, and cash flow:

a) Amount recognized in the balance sheet

i. Right-of-use assets

	Building and construction
Cost:	
2020.01.01	$2,729,560
Acquisition	749,921
Disposal	-
2020.12.31	$3,479,481
2019.01.01	$1,994,604
Acquisition	769,837
Disposal	(34,881)
Transfer	-
2019.12.31	$2,729,560
Depreciation and impairment:	
2020.01.01	$773,533
Depreciation	271,577
Disposal	-
2020.12.31	$1,045,110
2019.01.01	$571,004
Depreciation	211,588
Disposal	(9,059)
2019.12.31	$773,533
Carrying amount:	
2020.12.31	$ 2,434,371
2019.12.31	$1,956,027

ii. Lease liabilities

	2020.12.31	2019.12.31
Lease liabilities	$2,514,146	$2,012,385
Current	$280,837	$202,699
Non-current	$2,233,309	$1,809,686

Please refer to Note 6-20(3) Financing Costs for the Company's interest expenses for lease liabilities in 2020 and 2019; and refer to Note 12-5 Liquidity Risk Management for the analysis on the expiration of lease liabilities as of December 31, 2020 and December 31, 2019.

b) Revenues and expenses related to the lessee and lease activities

	2020	2019
Short-term lease expense	$(14,050)	$(11,005)
Revenue from sublease of right-of-use asset	28,429	27,165

As of December 31, 2020 and December 31, 2019, the Company's committed short-term lease composition is not similar to the category of the aforementioned lease target related to short-term lease expense, and related lease commitment has amounted to NT$0.

c) Cash outflow related to the lessee and lease activities

The total cash outflow related to lease of the Company in 2020 and 2019 was NT$289,114 thousand and NT$223,351 thousand respectively.

2) The Company is the lessor

The Company classifies leases in which nearly all risks and rewards associated with the ownership of the target asset will not be transferred during the lease as operating leases.

	2020	2019
Lease revenue recognized from operating lease		
Fixed lease payment	$28,429	$27,165

In signing operating lease contracts, the Company has the following total amount of undiscounted lease payment as of December 31, 2020 and December 31, 2019 and for the remaining years:

	2020	2019
Less than 1 year	$20,898	$26,352
More than 1 but no more than 2 years	21,101	26,644
More than 2 but no more than 3 years	18,778	26,741
More than 3 but no more than 4 years	16,400	24,396
More than 4 but no more than 5 years	15,760	21,832
More than 5 years	50,411	96,576
Total	$143,348	$222,541

r. The following is a compilation of employee benefits, depreciation and amortization expense by function:

Function / Characteristic	2020			2019		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expenses						
Salary expenses	$-	$602,949	$602,949	$-	$427,891	$427,891
Labor and health insurance expenses	-	64,145	64,145	-	46,800	46,800
Pension expenses	-	33,524	33,524	-	22,898	22,898
Remuneration of Directors	-	5,260	5,260	-	3,293	3,293
Other employee benefit expenses	-	45,431	45,431	-	37,897	37,897
Depreciation expenses	-	401,860	401,860	-	301,186	301,186
Amortization expenses	-	7,177	7,177	-	9,072	9,072

Note:

1. As of December 31, 2020 and December 31, 2019, the Company had 1,423 and 1,090 employees respectively, in which four of whom were Directors who do not concurrently hold positions as employees of the Company.
2. For companies whose shares are listed on the Taiwan Stock Exchange (TWSE) or the Taipei Exchange (TPEx), the following information should also be disclosed:
   (1) Average employee benefit expenses for 2020 and 2019 were NT$526 thousand and NT$493 thousand respectively.
   (2) Average employee salary expenses for 2020 and 2019 were NT$425 thousand and NT$394 thousand respectively.
   (3) Average employee salary adjustment has been 8%.
   (4) Remunerations to Supervisors for 2020 and 2019 were NT$424 thousand and NT$422 thousand respectively.
   (5) The Company's remuneration policy: on top of basic salaries, as part of the employees' compensations, the Company may distribute bonuses based on operating conditions to inspire and to retain high-performing employees. In terms of annual salary adjustments, salary adjustment items and amounts are proposed based on employees' positions and performance separately, while the Board of Directors is authorized to discuss and approve remunerations for Directors in line with the Director's level of participation in the Company's operations and value of contribution and in reference in industry practices. The Company's compensations for managers are handled in accordance with Article 29 of the Company Act.

The Company's Articles of Incorporation provide that if there is profit in the year, 3-10% of profit shall be allocated for employee compensation, and no more than 3% shall be allocated for remunerations of the Directors and Supervisors. But when accumulated loss is present, the Company shall first retain the profit to make up for deficits. The aforementioned employee compensation appropriated in shares or dividends shall be approved by a Board of Directors meeting attended by two-thirds or more of all Directors, and by a majority vote of all attending Directors, and reported to the Shareholders' Meeting. Please see the Market Observation Post System (MOPS) from the Taiwan Stock Exchange (TWSE) for information on employee compensation and remunerations of the Directors and Supervisors, as approved by the Board of Directors.

The Company estimated the pay to employees and Directors/Supervisors by 3% and 0.89% respectively based on profitability conditions. Employee compensation and remunerations of the Directors and Supervisors recognized in 2020 were NT$7,146 thousand and NT$2,120 thousand respectively. Employee compensation and remunerations of the Directors and Supervisors recognized in 2019 were NT$5,007 thousand and NT$1,485 thousand respectively. The aforementioned amounts were recorded under compensation expenses. If the Board of Directors approves of appropriation of share-based employee bonus, the closing price on the date before the Board's resolution will be used as the basis of the share distribution. If difference is found between the estimate and the actual distributions after the Board's approval, the difference will be recorded as profit or loss in the subsequent year.

On March 18, 2021, the Company's Board approved of distribution of cash-based employee compensation and remunerations of the Directors and Supervisors for 2020 of NT$7,146 thousand and NT$2,120 thousand respectively. No material difference is found between the actual distributions and the expenses recognized on the 2020 financial statements.

Actual distribution of employee compensation and remunerations of the Directors in 2019 had no material difference from the expenses recognized in financial statements.

s. Non-operating income and expenses

1) Interest income

	2020	2019
Financial assets measured at amortized cost	$566	$969

2) Other income

	2020	2019
Rental revenue	$28,429	$27,165
Other income - others	1,047	6,978
Total	$29,476	$34,143

3) Other gains and losses

	2020	2019
Gain (loss) on financial liability at fair value through profit or loss	$-	$3,639
Gains on lease modifications	-	1,129
Loss on disposal of property, plant, and equipment	(1,294)	-
Net exchange gain (loss)	(1,650)	(1,707)
Other losses	(351)	(10)
Total	$(3,295)	$3,051

4) Financing costs

	2020	2019
Interest from bank loans	$2,859	$-
Interest expense from corporate bonds	2,272	4,950
Interest from lease liabilities	26,904	20,937
Total	$32,035	$25,887

t. Components of the other comprehensive income (loss)

Other comprehensive income for the year ended December 31, 2020 is as follows:

Items that will not be reclassified to profit or loss:	Arising in the current period	Reclassification and adjustment in the current period	Subtotal	Tax benefits (expenses)	After-tax amount
Remeasurement of defined benefit plans	$1,186	$-	$1,186	$-	$1,186

Components of the other comprehensive income (loss) for year 2019 include the following:

Items that will not be reclassified to profit or loss:	Arising in the current period	Reclassification and adjustment in the current period	Subtotal	Tax benefits (expenses)	After-tax amount
Remeasurement of defined benefit plans	$(1,319)	$-	$(1,319)	$-	$(1,319)

u. Income tax

1) Major components of the 2020 and 2019 income tax expenses (gains) include the following:

Income tax recognized in profit or loss

	2020	2019
Current tax expenses (gains):		
Current tax payable	$38,779	$25,344
Adjustments in respect of current income tax of prior periods	170	88
Deferred tax expenses (gains):		
Deferred tax expenses (gains) related to initial recognition of temporary difference and its reversal	(4,315)	(1,018)
Income tax expenses (gains)	$34,634	$24,414

Income tax recognized in other comprehensive income

	2020	2019
Deferred tax expenses (gains):		
Remeasurement of defined benefit plans	$-	$-

2) Adjustments of amount of income tax expense and accounting profit multiplied by applicable tax rate as follows:

	2020	2019
Profit before tax for continuing operations	$228,945	$160,399
Tax calculated at the domestic tax rate applicable to the income in relevant country	$45,789	$32,079
Tax effects of tax-exempt income	(12,390)	(9,482)
Tax effects of non-deductible expenses	1,065	1,279
Effects on income tax from deferred tax assets/liabilities	-	450
Adjustments in respect of current income tax of prior periods	170	88
Tax expense (benefits) recognized in profit or loss	$34,634	$24,414

3) Deferred income tax asset (liabilities) balances related to the following items:

2020

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income (loss)	Directly recognized in equity	Ending balance
Temporary differences					
Allowance for inventory valuation and obsolescence loss	$179	$100	$-	$-	$279
Exchange loss (gain)	358	300	-	-	658
Deferred revenue	1,316	204	-	-	1,520
Unrealized profit on sales	1,574	3,711	-	-	5,285
Deferred tax expense/gain		$4,315	$-	$-	
Deferred net tax asset (liabilities)	$3,427				$7,742
Information stated on balance sheet is as follows:					
Deferred tax assets	$3,427				$7,742
Deferred income tax liabilities	$-				$-

2019

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income (loss)	Directly recognized in equity	Ending balance
Temporary differences					
Allowance for inventory valuation and obsolescence loss	$127	$52	$-	$-	$179
Exchange loss (gain)	105	253	-	-	358
Deferred revenue	760	556	-	-	1,316
Unrealized profit on sales	967	607	-	-	1,574
Valuation loss on financial liabilities	450	(450)	-	-	-
Deferred tax expense/gain		$1,018	$-	$-	
Deferred net tax asset (liabilities)	$2,409				$3,427
Information stated on balance sheet is as follows:					
Deferred tax assets	$2,409				$3,427
Deferred income tax liabilities	$-				$-

4) Filing and review of income tax

As of December 31, 2020, the Company's income tax filing and review conditions are as follows:

	Filing of income tax
The Company	Reviewed to 2018

v. Earnings per share (EPS)

The calculation of the basic earnings per share (EPS) is calculated by dividing the net profit attributable to holders of ordinary shares of the Company for the current year by the weighted-average number of ordinary shares outstanding in the current year.

Diluted earnings per share (Diluted EPS) is calculated by dividing the net profit attributable to holders of ordinary shares of the Company (after adjusting for the dilution effect) by the weighted-average number of ordinary shares outstanding in the current year plus all weighted-average number of ordinary shares to be issued when the potential ordinary shares with dilutive effect are converted into ordinary shares.

1) Basic EPS

	2020	2019
Net profit attributable to holders of ordinary shares of the parent company	$194,311	$135,985
Weighted-average number of ordinary shares of basic earnings per share (in 1,000 shares)	52,064	49,036
Basic EPS (NT$)	$3.73	$2.77

2) Diluted EPS

	2020	2019
Net profit attributable to holders of ordinary shares of the parent company	$194,311	$135,985
Redemption gain or loss from issuance of domestic convertible bonds	-	(3,639)
Interest from convertible bonds	2,092	4,431
Net profit attributable to holders of ordinary shares of the parent company after dilutive effect	$196,403	$136,777
Weighted-average number of ordinary shares of basic earnings per share (in 1,000 shares)	52,064	49,036
Dilutive effect:		
Employee bonus - shares (in 1,000 shares)	86	73
Employee stock options (in 1,000 shares)	458	1,361
Convertible bonds (in 1,000 shares)	1,971	3,868
Weighted-average number of ordinary shares after adjustments for dilutive effects (in 1,000 shares)	54,579	54,338
Diluted EPS (NT$)	$3.60	$2.52

There were no significant changes to other transactions in the circulation of outstanding ordinary shares or potential issuance of ordinary shares after the reporting period until the financial statements have been approved and announced.

7. Related Party Transactions

a. Related parties who have had transactions with the Company during the reporting period include the following:

Name and relationship of the related parties

Name of related party	Relations with the Company
Ivy Biotechnology Co., Ltd.	Subsidiary
Bai-Lin Logistics Co., Ltd.	Subsidiary
Da Yu Property Management Co., Ltd.	Subsidiary

b. Material transaction matters with related parties

1) Sales

	2020	2019
Bai-Lin Logistics Co., Ltd.	$2,442,721	$2,106,251

The transaction price of products sold to related party Bai-Lin Logistics Co., Ltd. by the Company were different from transactions with other customers and transaction prices could not be compared. Additionally, the payment term is to offset debts and liabilities, while payment term for regular customers ranged from credit for 60-120 days.

2) Purchase of goods

	2020	2019
Ivy Biotechnology Co., Ltd.	$415,623	$290,947

Purchases from related parties were different from transactions with other suppliers and transaction prices could not be compared. Additionally, terms of sale were credit for 30 days while the terms of sale for the average customer ranged from credit for 60-90 days.

3) Leases

a) Rent revenue

Name of related party	Nature	2020	2019
Ivy Biotechnology Co., Ltd.	Building and construction	$7,198	$7,276

4) Operating expenses

Name of related party	2020	2019
Bai-Lin Logistics Co., Ltd.	$9,514	$629

5) Accounts receivable - related parties

	2020.12.31	2019.12.31
Ivy Biotechnology Co., Ltd.	$94	$123
Bai-Lin Logistics Co., Ltd.	271,685	305,463
Less: allowance for loss	-	-
Total, net	$271,779	$305,586

6) Other receivables - related parties

	2020.12.31	2019.12.31
Ivy Biotechnology Co., Ltd.	$38,488	$6,419
Da Yu Property Management Co., Ltd.	4,099	4,932
Total	$42,587	$11,351

7) Notes payable - related parties

	2020.12.31	2019.12.31
Ivy Biotechnology Co., Ltd.	$140,825	$54,440

8) Accounts payable - related parties

	2020.12.31	2019.12.31
Ivy Biotechnology Co., Ltd.	$48,415	$32,714

9) Other payables - related parties

	2020.12.31	2019.12.31
Ivy Biotechnology Co., Ltd.	$118	$118
Bai-Lin Logistics Co., Ltd.	124	124
Total	$242	$242

10) Guarantee deposits

	2020.12.31	2019.12.31
Ivy Biotechnology Co., Ltd.	$240	$240

11) Bonuses for the Company's key managerial officers

	2020	2019
Short-term employee benefits	$15,494	$7,875
Retirement benefits	784	472
Share-based payment	310	17
Total	$16,588	$8,364

8. Assets Pledged

The Company has pledged the following assets as collateral:

	Carrying amount		
Item	2020.12.31	2019.12.31	Content of the secured liabilities
Financial asset measured after amortization - current	$24,000	$24,000	Credit card guarantee
Financial asset measured after amortization - non-current	3,000	3,000	Purchase contract guarantee
Total	$27,000	$27,000	

9. Significant Contingent Liability and Unrecognized Contract Commitments

N/A.

10. Contingent Disaster Loss

N/A.

11. Significant Post-reporting Period Matters

N/A.

12. Others

a. Categories of financial instruments

Financial assets

	2020.12.31	2019.12.31
Financial assets measured at amortized cost:		
Cash and cash equivalents	$809,527	$277,980
Financial assets measured at amortized cost	27,000	27,000
Notes receivable	4,517	2,371
Accounts receivable	295,252	316,040
Accounts receivable - related parties	271,779	305,586
Other receivables	68,776	88,436
Other receivables - related parties	42,587	11,351
Total	$1,519,438	$1,028,764

Financial liabilities

	2020.12.31	2019.12.31
Financial liabilities at amortized cost:		
Short-term loans	$370,000	$-
Accounts payable	1,521,704	1,146,040
Bonds payable (including those maturing within 12 months)	40,583	183,701
Lease liabilities	2,514,146	2,012,385
Total	$4,446,433	$3,342,126

b. Objective and policy of financial risk management

The objective of the Company's financial risk management is to manage the market risk, credit risk, and liquidity risk related to operating activities. The Company conducts the identification, valuation, and management of the aforementioned risks based on the Company's policy and risk appetite.

The Company has set up appropriate policy, procedures, and internal control in regards to the aforementioned financial risk management based on relevant standards. Material financing activities need to be reviewed by the Board of Directors in regards to relevant standards and internal control system. During implementations of financial management activities, the Company shall strictly abide by the regulations for financial risk management that have been set up.

c. Market risk

The Company's market risk is the risk of changes in fair value or cash flow from financial instruments due to market price changes. Market risk mostly includes exchange rate risk, interest rate risk, and other pricing risks (e.g. equity instruments).

In practice, very few risk variables are single-occurring, and the change in each risk variable is usually correlated. Nevertheless, the sensitivity analysis on the following risks does not take the interactions between various risk variables into consideration.

Exchange rate risk

The Company's operating activities are mostly transactions using the functional currency; therefore, exchange rate risk should not arise.

Interest rate risk

Interest rate risk is the risk of changes in fair value or future cash flow from financial instruments due to changes in market interest rate. The Company's interest rate risk mostly includes variable rate investments classified as variable rate debt instrument investments.

Sensitivity analysis for interest rate risk mostly targets interest rate exposure items after the reporting period and includes variable rate investments. It adopts the assumption that in a given accounting period, when the interest increases or decreases by 0.01%, the Company's 2020 and 2019 income will increase by NT$810 thousand and decrease by NT$270 thousand respectively.

Equity price risk

As of December 31, 2020 and December 31, 2019, the Company does not hold equity securities measured by fair value. Therefore, equity price risk does not exist.

d. Credit risk management

Credit risk refers to the risk that the counterparty is unable to fulfill contractual obligations and leads to financial loss. The Company's credit risk mostly comes from operating activities (mostly from accounts receivable and notes) and financing activities (mostly bank deposits and various financial instruments).

Each business unit of the Company follows credit risk policy, procedure, and controls in managing credit risks. The credit risk valuation of all trading counterparties comprehensively measures factors including the counterparties' financial status, credit rating, past transaction experiences, current economic environment, and the Company's internal valuations. The Company also adopts certain credit enhancement tools (e.g. prepaid sales and insurance) on a timely basis to reduce the credit risk from certain customers.

As of December 31, 2020 and December 31, 2019, with the exception of accounts receivable from subsidiary, Bai-Lin Logistics Co., Ltd., which accounts 47.50% and 48.95% of the Company's accounts receivable respectively, the Company has not had concentration of credit risk on individual customers, hence credit risk should be moderate.

The Company's financing department manages credit risk by managing bank deposits and other financial instruments in accordance with Company policy. As the Company's transaction counterparties are determined by internal control procedures and are banks with good credit and investment-grade financial institutions, the Company is not subjected to material credit risk.

The Company has adopted IFRS 9 in the valuation of expected credit loss. Receivables are measured as allowances for lifetime expected credit losses. As for the rest of the debt instrument investments that are not measured at fair value through profit and loss, the initial acquisition price is based on those with low credit risk and valuated on each balance sheet date to determine whether there has been significant increase in credit risk since initial recognition to determine the method of allowance for loss and its rate of loss.

Additionally, when evaluating financial assets that cannot be reasonably recovered, the Company will write-off the assets (for instance, if the issuer or the debtor experiences material financial difficulty or has become bankrupt).

e. Liquidity risk management

The Company maintains financial flexibility through contracts including cash and cash equivalents, convertible bonds, and leases. The following table summarizes the maturity of the payments contained in the contracts of the Company's financial liabilities. It is compiled based on the date on which the earliest possible repayment is required using its undiscounted cash flow. The amounts listed also include contracted interest. For interest cash flow paid using variable rate, its undiscounted interest is obtained through the yield curve at the end of the reporting period.

	Less than 1 year	2 to 3 years	3 to 4 years	4 to 5 years	5 years or above	Total
2020.12.31						
Short-term loans	$370,130	$-	$-	$-	$-	$370,130
Accounts payable	1,521,704	-	-	-	-	1,521,704
Bonds payable	41,310	-	-	-	-	41,310
Lease liabilities	305,527	300,356	295,085	280,159	1,442,493	2,623,620
2019.12.31						
Accounts payable	$1,146,040	$-	$-	$-	$-	$1,146,040
Bonds payable	190,592	-	-	-	-	190,592
Lease liabilities	247,996	243,853	238,391	232,569	1,221,232	2,184,041

f. Adjustments of liabilities from financing activities

Information on adjustments of liabilities in 2020:

	Short-term loans	Guarantee deposits	Lease liabilities	Total liabilities from financing activities
2020.01.01	$-	$24,947	$2,012,385	$2,037,332
Cash flow	370,000	9,655	(275,064)	104,591
Non-cash changes				
Changes in scope of lease in this period	-	-	749,921	749,921
Interest from lease liabilities	-	-	26,904	26,904
2020.12.31	$370,000	$34,602	$2,514,146	$2,918,748

Information on adjustments of liabilities in 2019:

	Guarantee deposits	Lease liabilities	Total liabilities from financing activities
2019.01.01	$9,729	$1,477,240	$1,486,969
Cash flow	15,218	(222,246)	(207,028)
Non-cash flow			
Changes in scope of lease in this period	-	736,454	736,454
Interest from lease liabilities	-	20,937	20,937
2019.12.31	$24,947	$2,012,385	$2,037,332

g. Fair value of financial instruments

1) Valuation technique and assumptions used in measuring fair value

Fair value refers to the price required or transferred to an asset in an orderly transaction between market participants on a measurement date. The Company's method and assumptions in valuating or disclosing the fair value of financial assets and financial liabilities are as follows:

a) The carrying amount of the cash and cash equivalents, account receivables, account payables and other current liabilities is a reasonable approximation of the fair value, mainly because the period of maturity of such instruments is short.

b) The fair value of financial assets and financial liabilities that are traded in active market and have standard terms and conditions are determined by reference to market quotations (e.g., listed and traded stocks and bonds).

c) For equity instruments without active market (e.g. private placement of shares in listed cabinets, shares of publicly issued companies without active markets, and shares of undisclosed companies), fair value is estimated at market value, which is the price generated by market transactions of the same or comparable equity instruments and other relevant information (e.g. lack of liquidity discount factor, similar price-to-earnings (P/E) ratio, similar price per book value or more).

d) D For debt instrument investments without active market, bank loans, bonds payable and other non-current liabilities without quotation from active market, the fair value is determined by the counterparty quotation or valuation technique, and the valuation technique is determined based on the cash flow discount analysis. Assumptions such as interest rate and discount rate are mainly based on information related to similar instruments (e.g. information such as yield curve at the Taipei Exchange, average quotation of Reuters commercial paper rate, and credit risk and more).

2) Fair value of financial instruments measured at amortized cost

Except for the following, the carrying amount of financial assets and financial liabilities measured by the Company's amortized cost is a close approximation of their fair value.

	Carrying amount	
	2020.12.31	2019.12.31
Financial liabilities:		
Bonds payable	$40,583	$183,701

	Fair value	
	2020.12.31	2019.12.31
Financial liabilities:		
Bonds payable	$40,761	$185,719

3) Fair value ranked information of financial instruments

Please refer to Note 12-9 for fair value ranked information of financial instruments.

h. Derivatives

Information on the Company's holding of derivative financial instruments that do not meet the hedge accounting and have not yet expired is as follows:

Embedded derivatives

The Company has identified embedded derivatives from issuance of convertible bonds. These have been separated from the host contract and are treated through measurement at fair value at profit or loss. Please see Note 6 for information on contracts for these transactions.

i. Ranking of fair value

1) Definition of fair value ranking

All assets and liabilities measured or disclosed at fair value are classified at their fair value rank based on the lowest rank of input that is material to the overall fair value. Input value of each rank is as follows:

Rank 1: quotation (unadjusted) of the same asset or liability from an active market can be obtained on the measurement date.

Rank 2: input value can be directly or indirectly observed for an asset or liability, except for the quotations at rank 1.

Rank 3: unobservable input value for assets and liabilities.

For assets and liabilities that are recognized in the financial statements on a repetitive basis, revaluation of their respective classification shall be required at the end of each reporting period to determine whether there has been a transfer between ranks of fair value.

2) Information on measurement of fair value ranks

As of December 31, 2020 and December 31, 2019, the Company does not have assets measured by non-repetitive fair value.

Transfer between rank 1 and rank 2 of fair value ranks

From January 1, 2020 to December 31, 2020 and January 1, 2019 to December 31, 2019, the Company's assets and liabilities measured at repetitive fair value did not experience any transfer between fair value Ranks 1 and 2.

Details on changes in repetitive fair value rank 3

For those of the Company's liabilities measured at repetitive fair value that are categorized as rank 3, adjustments from beginning to ending balance is as follows:

January 1, 2020 to December 31, 2020: no such conditions.

January 1, 2019 to December 31, 2019:

	Liabilities
	Financial instruments measured at fair value through profit or loss
2019.01.01	$3,690
Current issuance	-
Total loss recognized in this period: recognized in profit or loss (stated in "Other gains and losses")	
Recognized in profit or loss (stated in "Other gains and losses")	(3,639)
Transferred in the period	(51)
2019.12.31	$-

Among the aforementioned total losses recognized, losses related to liabilities held as of December 31, 2019 amounted to NT$0.

Information on material unobservable input in fair value rank 3

As of December 31, 2020 and December 31, 2019, the Company does not hold liabilities measured at repetitive fair value rank 3.

3) Ranked information not measured at fair value but fair value disclosure is required

As of December 31, 2020:

	Rank 1	Rank 2	Rank 3	Total
Liabilities in which only fair value is disclosed:				
Bonds payable (see Note 6.12 for details)	$-	$-	$ 40,761	$ 40,761

As of December 31, 2019:

	Rank 1	Rank 2	Rank 3	Total
Liabilities in which only fair value is disclosed:				
Bonds payable (see Note 6.12 for details)	$-	$-	$185,719	$185,719

j. Information on financial assets and financial liabilities in foreign the currency with material effect: Not applicable.

k. Capital management

The most important objective of the Company's capital management is to ensure that a healthy credit rating and positive capital ratio can be preserved to support the maximization of business management and shareholders' rights. The Company manages and adjusts capital structure based on economic conditions. We may achieve the objective of preserving and adjusting capital structure through adjusting dividend payment or issuance of new shares.

13. Notes on Disclosures

a. Information on significant transactions

1) The Company's capital financing for others: None.
2) The Company's endorsement/guarantee for others: None.
3) Marketable securities held at the end of the period (excluding investments in subsidiaries, affiliates, and joint ventures): None.
4) The Company's cumulative buy or sell of an individual marketable security of at least NT$300 million or 20% of the paid-in capital in this period: None.
5) Acquisition of individual real estate properties at costs of at least NT$300 million or 20% of the paid-in capital: None.
6) Disposal of individual real estate properties at prices of at least NT$300 million or 20% of the paid-in capital: None.
7) Purchases from and sales to related parties amounting to at least NT$100 million or exceeding 20% of paid-in capital: Please see Attachment 1.
8) Receivables from related parties amounting to at least NT$ 100 million or exceeding 20% of paid-in capital: Please see Attachment 2.
9) Derivatives transactions: None.

b. Information on reinvestments:

1) Disclosure of investee information when the Company has material influence or control over the investee company (excluding investments in Mainland China): Please see Attachment 3.

2) When the Company has control over the investee, the Company shall disclose the investee (Note 13). (I) Relevant information:

1) Capital financing for others: None.

2) Endorsement/guarantee for others: None.

3) Marketable securities held at the end of the period (excluding investments in subsidiaries, affiliates, and joint ventures): None.

4) Cumulative buy or sell of an individual marketable security of at least NT$300 million or 20% of the paid-in capital in this period: None.

5) Acquisition of individual real estate properties at costs of at least NT$300 million or 20% of the paid-in capital: None.

6) Disposal of individual real estate properties at prices of at least NT$300 million or 20% of the paid-in capital: None.

7) Purchases from and sales to related parties amounting to at least NT$100 million or exceeding 20% of paid-in capital: Please see Attachment 4.

8) Receivables from related parties amounting to at least NT$100 million or exceeding 20% of the paid-in capital: Please see Attachment 5.

9) Derivatives transactions: None.

c. Information on investments in Mainland China: None.

d. List of Substantial Shareholders

Shares / Name of substantial shareholder	Number of shares held	Shareholding ratio
Jun Wei Investment Co., Ltd.	7,383,517	13.84 %
Zhen Han Investment Co., Ltd.	6,063,106	11.36 %
Hao Cheng Investments Co., Ltd.	4,230,700	7.93 %

14. Departmental Information

The Company has already disclosed information on departments on the Consolidated Financial Statements.

ATTACHMENT 1

Great Tree Pharmacy Co., Ltd.

Purchases from and sales to related parties amounting to at least NT$ 100 million or exceeding 20% of paid-in capital
For the year ended December 31, 2020
Unit: Thousands of New Taiwan Dollars (NT$1,000)

Sales/purchase company	Name of counterparty	Relations	Transaction conditions				Terms that are different from the average transactions		Notes and accounts receivable (payable)		Remark
			Purchases (sales)	Amount	The ratio of total purchase (sales)	Credit period	Unit price	Credit period	Balance	Ratio of total accounts and notes receivable (payable)	
Great Tree Pharmacy Co., Ltd.	Bai-Lin Logistics Co., Ltd.	Subsidiary	Sales	$2,442,721	28.34%	Offset of debts and claims	No other customers for comparison	Non-affiliate: 60-120 days credit	Accounts receivable $271,685	47.88%	
Great Tree Pharmacy Co., Ltd.	Ivy Biotechnology Co., Ltd.	Subsidiary	Purchases	$415,623	6.07%	Credit 30 days	No other vendor for comparison	Non-affiliate: 60-90 days credit	Notes payable $140,825 Accounts payable $48,415	29.99% 5.81%	

ATTACHMENT 2

Great Tree Pharmacy Co., Ltd.

Receivables from related parties amounting to at least NT$ 100 million or exceeding 20% of paid-in capital:
For the year ended December 31, 2020
Unit: Thousands of New Taiwan Dollars (NT$1,000)

Company Name	Name of counterparty	Relations	Balance of accounts receivable from related party	Turnover rate	Overdue accounts receivable from related party		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Treatment		
Great Tree Pharmacy Co., Ltd.	Bai-Lin Logistics Co., Ltd.	Subsidiary	$271,685	8.46	$-	-	$257,623	$-

ATTACHMENT 3

Great Tree Pharmacy Co., Ltd.

Disclosure of investee information when the Company has material influence or control over the investee company (excluding investments in Mainland China)
Unit: Thousands of New Taiwan Dollars (NT$1,000)

Name of investing company	Investee	Location	Major operations	Initial investment amount		Ending balance			Profit (loss) of investee for the period	Investment income (loss) recognized by the Company for the period	Remark
				Ending balance for this period	Year-end in previous year	Shareholding	Ratio (%)	Carrying amount			
Great Tree Pharmacy Co., Ltd.	Ivy Biotechnology Co., Ltd.	No. 145, Chenggang 4th Street, Zhongli District, Taoyuan City.	Wholesale and retail business of foods and assorted goods, daily supplies, cleaning products, assorted drugs, health supplements, maternity and infant products, and cosmetics	$40,612	$40,612	5,900,000 shares	100.00%	$108,778	$56,668	$38,153 (Note 1)	
Great Tree Pharmacy Co., Ltd.	Bai-Lin Logistics Co., Ltd.	No. 1, Gaobian Road, Neiding Li, Zhongli District, Taoyuan City.	Wholesale and retail business, and packaging and warehousing services of foods and assorted goods, beverages, daily supplies, cleaning products and cosmetics	$2,000	$2,000	200,000 shares	100.00%	$7,660	$5,241	$5,241	
Ivy Biotechnology Co., Ltd.	Da Yu Property Management Co., Ltd.	No. 143, Chengzhang 4th Street, Zhongli District, Taoyuan City.	Management consultancy, housing and commercial building development, lease and sales, development of special zones, real estate sales and lease, and development, lease, and sales of factory buildings	$36,000	$36,000	360,000 shares	60.00%	$30,425	$(4,110)	$(2,466)	

Note 1: Includes income from investment recognized using equity method for this period of NT$56,668 thousand, write-off for lease transaction with related party NT$41 thousand, realized profit from upstream transactions in previous period of NT$7,870 thousand, and unrealized profit from upstream transactions for this period of NT$26,426 thousand.

ATTACHMENT 4

Great Tree Pharmacy Co., Ltd.

Purchases from and sales to related parties amounting to at least NT$ 100 million or exceeding 20% of paid-in capital
Unit: Thousands of New Taiwan Dollars (NT$1,000)

Sales/purchase company	Counterparty	Relations	Transaction conditions				Terms that are different from the average transactions		Notes and accounts receivable (payable)		Remark
			Purchases (sales)	Amount	The ratio of total purchase (sales)	Credit period	Unit price	Credit period	Balance	Ratio of total accounts and notes receivable (payable)	
Ivy Biotechnology Co., Ltd.	Great Tree Pharmacy Co., Ltd.	Parent company	Sales	$415,623	99.80%	Credit 30 days	No major difference with regular customer	Non-affiliate: 30-60 days credit	Notes receivable $140,825 Accounts receivable $48,415	100.00% 95.49%	
Bai-Lin Logistics Co., Ltd.	Great Tree Pharmacy Co., Ltd.	Parent company	Purchases	$2,442,721	100.00%	Offset of debts and claims	No other supplier available for comparison	No other supplier available for comparison	Accounts payable $271,685	100.00%	

ATTACHMENT 5

Great Tree Pharmacy Co., Ltd.

Receivables from related parties amounting to at least NT$ 100 million or exceeding 20% of paid-in capital:
Unit: Thousands of New Taiwan Dollars (NT$1,000)

Company Name	Name of counterparty	Relations	Balance of accounts receivable from related party	Turnover rate	Overdue accounts receivable from related party		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Treatment		
Ivy Biotechnology Co., Ltd.	Great Tree Pharmacy Co., Ltd.	Parent company	$189,240	3.01	$-	-	$51,115	$-

VI. Financial turnover difficulties occurred to the company and its affiliates in the most recent year and up to the date of publication of this Annual Report: None.

Chapter 7 Review, Analysis, and Risks of Financial Conditions and Performance

I. Financial Conditions

Comparative analysis of financial conditions

Unit: thousand NTD

Item \ Year	2020	2019	Difference	
			Amount	Percentage of change (%)
Current assets	2,746,418	1,983,207	763,211	38.48
Property, plant and equipment	669,788	569,754	100,034	17.56
Right-of-use assets	2,487,538	2,033,808	453,730	22.31
Intangible assets	18,018	20,675	(2,657)	(12.85)
Other assets	87,660	70,636	17,024	24.10
Total assets	6,009,422	4,678,080	1,331,342	28.46
Current liabilities	2,163,859	1,548,137	615,722	39.77
Non-current liabilities	2,326,018	1,907,466	418,552	21.94
Total liabilities	4,489,877	3,455,603	1,034,274	29.93
Capital	533,446	432,271	101,175	23.41
Capital surplus	658,506	534,710	123,796	23.15
Retained earnings	307,310	233,569	73,741	31.57
Non-controlling interests	20,283	21,927	(1,644)	(7.50)
Total equity	1,519,545	1,222,477	297,068	24.30

1. Reasons for items with material changes:
   Explanation of changes that reach 20% or more in the most recent 2 years and the change reaches NT$10 million:
   (1) The increase in current assets is mainly due to the increase in working capital and the increase in bank deposits due to borrowings from banks.
   (2) The increase in right-of-use assets has led to an increase in capital expenditures for store-related right-of-use assets and projects due to the continued development of stores during the current period.The increase in total assets is mainly due to the increase in cash and cash equivalents, inventory and usage assets.
   (3) The increase in current liabilities is mainly due to the increase in accounts payable due to the increase in bank loans for replenishment of working capital in the current period and the active stocking of goods for the expansion of store operations.
   (4) The increase of non current liabilities is mainly due to the increase of lease liabilities recognized in accordance with IFRS 16.
   (5) Increase in total liabilities is mostly attributable to increase in current liabilities and non current liabilities.
   (6) The increase in share capital is mainly due to the handling of surplus to capital increase, convertible corporate bonds conversion and the exercise of employee stock options in the current period.
   (7) The increase in capital reserves is mainly due to the conversion of current convertible corporate bonds.
   (8) Increase in retained earnings is mostly attributable to continued profitability in this period.
2. Impacts and future response measures: aforementioned changes do not pose material unfavorable impacts on the Company; moreover, the Company's overall performance does not contain material abnormalities and hence do not need to propose response measures.

Note: The financial information presented is consolidated information that has followed IFRS reporting standards.

II. Financial Performance

(I) Financial performance comparison/analysis table

Unit: thousand NTD

Item \ Year	2020	2019	Increases (decreases)	Ratio of change (%)
Net operating revenue	8,641,394	6,601,612	2,039,782	30.90
Operating costs	6,456,664	5,005,992	1,450,672	28.98
Net operating margin	2,184,730	1,595,620	589,110	36.92
Sales and marketing	1,959,416	1,453,249	506,167	34.83
Operating profit	225,314	142,371	82,943	58.26
Non-operating income and expenses	18,096	28,724	(10,628)	(37.00)
Income tax expenses	50,743	37,100	13,643	36.77
Net income	192,667	133,995	58,672	43.79
Other comprehensive income (loss), net	1,186	(1,319)	2,505	189.92
Total comprehensive income for the period	193,853	132,676	61,177	46.11
Explanation of changes that reach 20% or more in the most recent 2 years and the change reaches NT$10 million: (1) Increase in net operating income: mainly due to the opening of 46 stores in 2020, the gradually emerging benefits of new stores and the steady growth of revenue of the existing pharmacy. (2) Increase in operating costs: mostly attributable to increase in operating revenue and has increased accordingly. (3) Increase in operating margin: mostly attributable to increase in operating revenue and has increased accordingly. (4) Increase in operating expense: mostly attributable to increase in operating revenue, leading to increases in salary expense, rent, and water, electricity, and gas fees.				

Note: The financial information presented is consolidated information that has followed IFRS reporting standards.

(II) Estimated sales figures and references

Please see Letter to Shareholders on Pages 1~2.

(III) Possible influences and response measures to future financing and business

The Company is in the retail/wholesale channel for pharmacy management. Since we operate a variety of products, we also face competition from other pharmacies and drugstores. Under an increasingly competitive environment in the future, the Company will provide professional and well-rounded educational training for our employees to establish a professional brand value for Great Tree Pharmacy Co., Ltd. In addition, we will develop service processes with high entry barriers through our innovative senior core management team, and to differentiate ourselves from industry competitors by rapidly reproducing our successful experiences of business development.

III. Cash Flow Analysis

(I) Explanation of changes in cash flow in the most recent year and improvement plan for any lack of liquidity

Unit: NT$1,000

Cash and cash equivalents at beginning of year	Net cash flow from operating activities throughout the year	Net cash inflow (outflow) from investing and financing activities throughout the year	Cash Balance, End of Year	Remedial measures for cash deficiency	
				Investment plans	Financial plan
308,123	728,128	(200,449)	835,802	-	-

1. Analysis of changes in cash flow during the year

(1) Operating activities: mainly due to the significant growth of the sales performance in the year 2020, which improved the overall profit and increased the net cash inflow from operating activities.

(2) Investment activities: mainly due to the increase of capital expenditure caused by the expansion of store operation in the current year.

(3) Financing activities: The financing activities of the current year are net cash inflows, mainly due to the increase in bank borrowings during the current period.

2. Remedial measures for cash deficiency and liquidity analysis: not applicable.

(II) Cash liquidity analysis for the following year

Unit: NT$1,000

Cash and cash equivalents at beginning of year (Note)	Projected net cash flow from operating activities for the year	Projected cash outflow for the year	Expected Cash Balance (Deficit)	Expected remedial measures for cash deficiency	
				Investment plans	Financial plan
835,802	351,014	(213,471)	973,345	-	-

1. Analysis of next year's cash flow changes:

Operating activities: the net cash inflow was about NT$351,014,000, mainly due to the Company's continuous establishment of franchise drug bureaus, and the increase of cash inflow caused by the profit of existing drug store.

Investing activities: net cash outflow from investing activities for the year will be approximately NT$160,000,000, mostly attributable to set up of new franchise pharmacies, leading to increase expenditure related to leasehold improvements.

Financing activities: the annual net cash outflow from financing activities was about NT$53,471,000, mainly due to the payment of dividends.

2. Remedial measures for projected cash deficit and liquidity analysis: not applicable.

Note: The cash balance at the beginning of the period is the consolidated financial report verified and approved by the CPAs in 2020.

IV. Impact of Major Capital Expenditures on Corporate Finance and Business for the Most Recent Year: None.

V. Investment policy for the most recent fiscal year, the main reasons for the profits/losses generated thereby, the plan for improving profitability, and investment plans for the coming year

1. Reinvestment policy for the most recent fiscal year:

The Company has established "Procedures for Acquisition and Disposal of Assets" pursuant to the competent authority's rules, "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" as the reference for the Company's long-term investment. When investment is needed to pursue for operational growth, the investment unit will collect and coordinate information including future outlook, market status and evaluate accordingly. In addition, the Company has also established "Subsidiary Supervision and Management Procedures" and "Transaction Procedures for Related Parties, Specific Companies, and Group Enterprises" to enhance supervision and management over reinvestments. These procedures stipulate relevant standards on the information disclosure, finance, business, inventory, and financial management of reinvestments, and conduct audit procedures either periodically or from time to time.

2. Investment policy for the most recent fiscal year, the main reasons for the profits/losses generated thereby, the plan for improving profitability, and investment plans for the coming year:

March 31, 2020; Unit: NT$1,000

Reinvestment business	Shareholding ratio	Investment income or loss recognized in 2020	Major operations	Main reasons for income or loss	Improvement plan	Investment plan for the next year
Ivy Biotechnology Co., Ltd.	100.00%	38,153	Develop health supplement products	Continue to invest in new product R&D	None	None
Bai-Lin Logistics Co., Ltd.	100.00%	5,241	Product packaging and warehousing	Normal operations	None	None
Da Yu Property Management Co., Ltd.	60.00%	(2,466)	Building development	At the initial stage of establishment, mainly the administrative and operating expenses	None	None

VI. Risk Management Analysis and Evaluation in the Most Recent Fiscal Year and Up to the Date of Publication of the Annual Report:

(I) Risk management policy and organizational structure

Organizational structure of the Company's risk management:

1. Risk management implementation: carried out by managers of each department and the Audit Office.
2. Unit responsible for risk management: the Board of Directors.
3. Risk management policy:

(1) If there is any risk management issue, it shall be immediately reported to the immediate superior, the Audit Office, the General Manager, the Chairman and the Company's Board of Directors or the Audit Committee.

(2) The General Manager's Office is in charge of pre-assessment of the risks associated with strategic operations, and to follow-up on operational performance after the event, so that the Company's strategies can be aligned with our vision and achieve our operating objective.

(3) The Company has established "Internal control system" and "Implementation Details

of Internal Control" and "Self-evaluation Procedures for Internal Control System," and carry out risk control in practice through each procedure. Moreover, managers of each department rigorously monitor relevant risks and the Audit Office continuously controls and verifies the aforementioned risk items through risk evaluation. In case material violation is found or if the Company may incur material losses, a report will be immediately prepared for review and each Supervisor be notified. In addition, a Board meeting may be called immediately.

(II) Impact of interest rates and exchange rate fluctuations, as well as inflation on the Company's profit and loss, as well as future response measures:

Item	2020		2019	
	Amount	Ratio on operating revenue (%)	Amount	Ratio on operating revenue (%)
Interest income	578	0.01	1,006	0.02
Interest expense	32,870	0.38	26,942	0.41
Exchange loss	1,693	0.02	1,707	0.03

(1) Impact of interest rates on the Company's profit and loss and future response measures

The interest income of the Company and its subsidiaries was NT$578 thousand and NT$1,006 thousand for years 2020 and 2019, respectively, accounting for 0.01% and 0.02% of the operating income respectively; The interest expenses were NT$32,870 thousand and NT$26,942 thousand, respectively, accounting for 0.38% and 0.41% of the operating income, respectively. The interest expenses and interest incomes in the years 2020 and 2019 were very low in terms of the proportion to operating income, so it would not have a significant impact on the Company's operations due to changes in interest rates.

The Company's application of capital is conservative and prudent, and idle funds are mostly deposited into the demand deposit and fixed deposit in banks. These are products with relatively stable market interest rates, and in the future, the Company will continue to observe and respond to movements in interest rate accordingly, evaluate the capital stature and reduce any impacts from fluctuations in interest rates.

(2) Impact of exchange rates on the Company's profit and loss and future response measures

The exchange losses of the Company and its subsidiaries in 2020 and 2019 were NT$1,693 thousand and NT$1,707 thousand respectively, which accounted for 0.02% and 0.03% of the operating income respectively, which were very low. Moreover, the Company is a chain drugstore company in Taiwan, and the purchase and sale of goods are both dominated in NT dollars, so the exchange rate fluctuations had no significant impact on the Company.

(3) Impact of inflation on the Company's profit and loss and future response measures

According to the announcement by the Bureau of Statistics of the Executive Yuan, the consumer price index in December of 2020 was 102.71, with an annual growth of 0.05% compared with the same period last year. It shows that the domestic inflation situation was well controlled and the price index was relatively stable. Therefore, there was no general inflation problem, so it had no significant impact on the Company's profit. In addition, the Company always pays attention to the fluctuations of market prices and maintains a good relationship with suppliers, so there is no significant impact on profit and loss caused by inflation.

(III) Policies on high risk, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives trading, main reasons for the profits or losses generated thereby, and future response measures to be undertaken

(1) Policies on high risk, highly leveraged investments, main reasons for the profits or losses

generated thereby, and future response measures to be undertaken

The Company is dedicated to management of its core business and does not make high risk, highly leveraged investments

(2) Policies on loans to other parties, endorsements, guarantees, and derivatives trading, main reasons for the profits or losses generated thereby, and future response measures to be undertaken.

In the most recent year and up to the date of publication of this Annual Report, the Company has not loaned funds to others, made endorsements or guarantees, or undertaken derivative trading. Based on considerations of operational risk, the Company has already reported to the Board of Directors and approved the motion not to loan funds to others or to make endorsements or guarantees. If the Company plans to loan funds to others, make endorsements or guarantees or to undertake derivative trading in the future, relevant procedures will be carried out in accordance with the Company's "Procedures for Loaning of Funds", "Procedures for Providing Endorsements/Guarantees", and "Procedures for Acquisition and Disposal of Assets."

(IV) Future R&D projects and R&D expenditure to be invested

The Company is a professional medical and health care products chain channel operator for maternity and baby products, NHI prescription drugs, health supplements and health care products and has not established a R&D department and does not incur relevant R&D fees. Nevertheless, should needs for R&D arise due to business development in the future, the Company will hold a prudent attitude in considering whether R&D will bring synergistic effects to the Company to ensure the actual protection of shareholders' interests.

(V) Changes to local and overseas policies and laws that impact the company's financial operations and response measures

While carrying out each of the Company's business, the Company is in compliance with relevant domestic and overseas laws and monitors domestic and international policy developments and changes in legal environment at all times. We collect and provide relevant information to the management level to aid in their decision-making process to fully seize changes in the market environment. In the most recent year and as of the date of publication of this Annual Report, the Company's finances and business have not been impacted by changes in domestic and overseas policies and laws.

(VI) Technology and industry changes that impact the company's financial operations and response measures

The advancement of biotechnology enables health care and health products to be more accepted by the general public with more affordable prices. This is an important area for the Company's market development efforts. The Company is focused on continued introduction of information technology. Besides improving inventory turnover and effectively reducing operating costs, it can also enhance the management level's timely and effective decision-making and judgment and increase the Company's competitiveness.

(VII) Changes to corporate image that impact the Company's risk management and response measures

The Company has always been committed to maintaining a positive corporate image and sees needs of consumers as the primary considerations. The Company provides innovative services including free repair for electronic products and condition-less return of products within 10 days, fulfilling the Company's brand positioning of "a pharmacy you can trust" and frequently receives praises from customers, and also benefitting the Company's image. In the most recent year and up to the date of publication of this Annual

Report, the Company's crisis management was not impacted by any changes to corporate image.

(VIII) Expected benefits and possible risks of mergers and response measures

The Company does not plan to merge with other companies. Should such plans arise in the future, the Company will maintain a prudent attitude in making relevant evaluations and fully consider the synergies from the merger to ensure protection of shareholders' interests.

(IX) Expected benefits and possible risks to expand the plans and response measures

The Company is a professional medical and health care products chain channel operator for maternity and baby products, NHI prescription drugs, health supplements and health care products and is focused on expanding franchise pharmacies and product sales. The Company does not have manufacturing and does not plan to build plants. The Company plans to establish new franchise stores under a prudent attitude, fully considers whether new stores can bring synergies to the Company to ensure shareholders' interests and rights in practice.

(X) Risks resulting from consolidation of purchasing or sales operations and response measures

The Company is a professional medical and health care products chain channel operator for maternity and baby products, NHI prescription drugs, health supplements and health care products, and sources of product purchasing are dispersed throughout Taiwan and does not have consolidated purchasing. Moreover, most suppliers are well-known brands both in Taiwan and abroad and have all partnered with the Company for many years. Therefore, there are no risks resulting from purchasing concentration. Moreover, the Company sells to the general public and has no sales concentration.

(XI) Impact and risks resulted from major equity transfer or replacement of Directors, Supervisors, or shareholders holding more than 10 percent of the Company's shares, and related response measures

Company Directors, Supervisors, or shareholders holding more than 10% of the Company shares did not have major equity transfer or replacement of shares in the most recent year and up to the date of publication of the Annual Report.

(XII) Impact, risk, and response measures related to any change in governance rights in the company

In the most recent year and up to the date of publication of the Annual Report, the Company did not have changes in governance rights.

(XIII) For litigious or non-litigious incidents, please specify the material litigations that have been ruled or are in the process, non-litigious or administrative disputes for the Company and its Directors, Supervisors, general manager, substantial person in charge, major shareholders holding 10% or more of shares and affiliates, and possible material impacts on the shareholders' rights or prices of securities: None.

(XIV) Other important risks and countermeasures: the Company pays attention to information security, through information encryption, software and hardware firewall settings, and designates information personnel to regularly manage and monitor the effectiveness of the firewall, so as to ensure that the internal computer is not subject to external invasion and normal operation. The audit business report shall regularly report the information security inspection content to the Board of Directors in accordance with the audit plan, and relevant users and information managers shall receive information security education and training and advocacy regularly to enhance the awareness of information security.

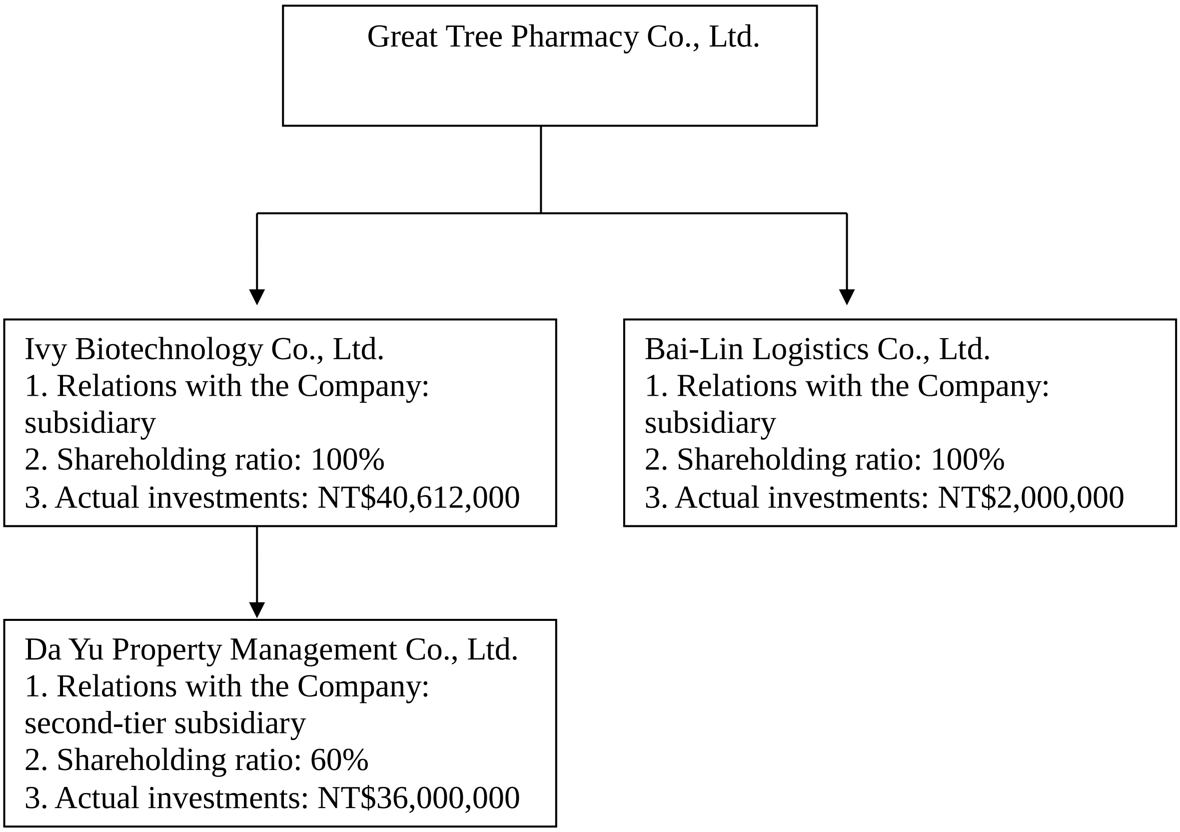
VII. Other Material Items: None.

Chapter 8 Special Notes

I. Information on Affiliates

(I) Affiliate overview

(1) Organizational structure of affiliates



(2) Basic Information of the Company's Affiliated Enterprises:

Unit: NT$1,000

Name of business	Date of incorporation (Republic of China)	Address	Paid-in capital	Major business or production	Remark
Ivy Biotechnology Co., Ltd.	2007.6.27	No. 145, Chenggang 4th Street, Zhongli District, Taoyuan City.	$59,000	Wholesale and retail of various drugs and health foods	
Bai-Lin Logistics Co., Ltd.	2016.11.30	No. 1, Gaobian Road, Neiding Li, Zhongli District, Taoyuan City.	2,000	Wholesale and retail business, packaging and warehousing	
Da Yu Property Management Co., Ltd.	2017.04.28	No. 143, Chenggang 4th Street, Zhongli District, Taoyuan City.	60,000	Real estate sales and lease	

(3) Presumptive control and affiliation in accordance with Article 369-3 of the Company Act: None.

(4) Businesses covered by operations of the affiliates: Please see "Basic information on each affiliate" for details.

(5) Information on Directors, Supervisors, and general managers of affiliates:

Name of business	Title	Name	Representative	Shares Held	Shareholding ratio (%)	Remark
Ivy Biotechnology Co., Ltd.	Chairman	Great Tree Pharmacy Co., Ltd.	Feng-Sheng Huang	59,000,000	100.00	
Bai-Lin Logistics Co., Ltd.	Chairman	Great Tree Pharmacy Co., Ltd.	Shi-Wei Ye	200,000	100.00	
Da Yu Property Management Co., Ltd.	Chairman Director Director Supervisors	Ivy Biotechnology Co., Ltd. Ivy Biotechnology Co., Ltd. Hsiu Yu Investment Co., Ltd. Shu-Yi Wu	Ming-Lung Cheng Chao-Feng Sung Wu Cheng Yu	360,000	60.00	

(6) Operation Overview of Affiliated Companies

Unit: NT$1,000

Code of each affiliate	Name of business	Capital	Total assets	Total liabilities	Net value	Operating revenue	Operating income or loss	Current profit and loss (after tax)	EPS or loss per share (after tax)
64690001	Ivy Biotechnology Co., Ltd.	59,000	285,663	152,004	133,659	416,459	43,185	56,668	9.60
64690002	Bai-Lin Logistics Co., Ltd.	2,000	292,395	284,735	7,660	2,471,752	6,545	5,241	26.20
64690003	Da Yu Property Management Co., Ltd.	60,000	109,290	58,583	50,707	1,966	(3,529)	(4,110)	(0.68)

Note: The aforementioned financial information is filled from Individual Statements that have adopted IFRS.

(II) The consolidated financial statements of affiliated companies: refer to pages 113~178 for details.

(III) Affiliate Report: Not applicable.

II. In the most recent year and up to the date of publication of the Annual Report, the processing of private offering of marketable securities and utilization of funds from private offering of securities and relevant implementation status: None.

III. Holding or Disposal of the Company's Shares by the Subsidiaries in the Most Recent Year Up to the Date of Publication of This Annual Report

IV. Other Necessary Supplements:

The Company has promised to add "in case the Company directly or indirectly forfeits capital increase to Ivy Biotech over the years in the future, or directly or indirectly disposes of its shares held in Ivy Biotech, leading the Company to lose substantial control over Ivy Biotech, a special resolution needs to be approved by the Company's Board of Directors in a meeting attended by all Independent Directors who should have expressed opinions" in the "Procedures for Acquisition and Disposal of Assets." The content of the aforementioned resolution and subsequent amendment of the Regulations shall be uploaded to the MOPS as material information to be disclosed and submitted to the Taipei Exchange in writing.

The Company has also issued a statement and amended its "Procedures for Acquisition and Disposal of Assets" on June 29, 2016 upon approval from the Shareholders' Meeting. The Company's Board meeting on December 21, 2018 has approved of the participation in cash capital increase from Ivy Biotech, and expects to issue 3,300,000 new shares with the par value of NT$10 and expects to raise NT$33 million. Registration of Ivy Biotech has been approved by the Taoyuan City Government on January 19, 2019, and paid-in capital after the current issuance will be NT$59 million. The subsidiary will continue to be 100% owned by the Company with the same shareholding status. As of the date of publication of the Annual Report, the promise has not been violated.

V. Events of considerable impact on shareholders' equity or on prices of securities as specified in Subparagraph 2, Paragraph 3 of Article 36 of the Securities and Exchange Act: None.