CHC HEALTHCARE GROUP

PARENT COMPANY ONLY

FINANCIAL STATEMENTS AND AUDIT REPORT

OF INDEPENDENT ACCOUNTANTS

DECEMBER 31, 2019 AND 2018

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

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of CHC Healthcare Group

Opinion

We have audited the accompanying parent company only balance sheets of CHC Healthcare Group (the "Company") as at December 31, 2019 and 2018, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended, in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

Basis for opinion

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China (ROC GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with this Code. We believe 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 parent company only financial statements of the current period. 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, we do not provide a separate opinion on these matters.

Key audit matters on the parent company only financial statements for the year ended December

31, 2019 were as follows:

Assessment of investments accounted for using equity method

Refer to Note 4(12) for accounting policy on investments accounted for using equity method, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to impairment assessment of investments accounted for using equity method, and Note 6(5) for details of investments accounted for using equity method.

As of December 31, 2019, the Company's subsidiary, Chiu Ho Medical System Co., Ltd. and its subsidiaries ("Chiu Ho Medical System Group"), recognised investments accounted for using equity method and investment income amounting to NT$3,568,853 thousand and NT$183,011 thousand, respectively. Because Chiu Ho Medical System Group's investments accounted for using equity method constituted 46% of the Company's total assets as of December 31, 2019, and investment income constituted 48% of the Company's profit before tax for the year ended December 31, 2019, which are significant to the Company's financial statements, we identified the assessment of investments accounted for using equity method as a key audit matter as well as the key audit matters, impairment assessment of goodwill and property, plant and equipment, included in Chiu Ho Medical System Group's financial statements. The key audit matters in relation to Chiu Ho Medical System Group's financial statements for the year ended December 31, 2019 are stated as follows:

Impairment assessment of goodwill

Description

As of December 31, 2019, Chiu Ho Medical System Group's goodwill arising from business combination amounted to NT$150,617 thousand. After identifying the smallest cash generating unit which can generate independent cash flows, Chiu Ho Medical System Group used the recoverable amount of each cash generating unit to assess whether goodwill may be impaired. Since the assumptions used by management to assess whether goodwill is impaired involve subjective judgement and have high uncertainty, we consider the impairment assessment of goodwill as a key audit matter.

Refer to Note 4(21) in the consolidated financial statements for the accounting policy on goodwill impairment, Note 5(2) in the consolidated financial statements for uncertainty of accounting estimates and assumptions in relation to goodwill impairment and Note 6(31) in the consolidated financial statements for related details.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

A. Obtained an understanding on how management identifies the objective evidence of goodwill impairment, taking into account certain factors in a consistent manner and ascertained whether management uses reliable information.

B. Obtained the report on the valuation of the subsidiary issued by an expert appointed by the management and performed the following:

   (1) Assessed the independence, objectiveness and competence by reviewing the expert's qualification.

   (2) Assessed whether the valuation model is reasonable based on our knowledge of the Chiu Ho Medical System Group's businesses and industry.

   (3) Confirmed whether the expert uses the same future cash flows relative to the budget for the next five years provided by the management.

   (4) Checked whether the comparable assets adopted in appraisal report are consistent with the actual operations.

   (5) Assessed whether the significant assumptions applied by the expert are relevant and reasonable and tested the mathematical accuracy.

Impairment assessment of property, plant and equipment

Description

Some of Chiu Ho Medical System Group's leasing businesses were not as profitable as expected due to fierce competition in the healthcare industry. The Chiu Ho Medical System Group assesses the impairment based on the estimated recoverable amounts of leasing assets (shown as property, plant and equipment) where there is an indication that they are impaired. Given that the calculation of recoverable amounts requires significant accounting estimates relying on subjective judgement and uncertainty, we consider the impairment assessment of leasehold assets using the cash-generating units as a key audit matter.

Refer to Note 4(21) in the consolidated financial statements for the accounting policy on asset impairment and Note 5(2) in the consolidated financial statements for accounting estimates and assumption uncertainty of asset impairment.

How our audit addressed the matter

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

A. Obtained an understanding on how management identifies the objective evidence of impairment, taking into account certain factors in a consistent manner and ascertained whether the management uses reliable information.

B. Obtained the asset appraisal report issued by an expert appointed by the management and performed the following:

(1) Assessed the expert's independence, objectiveness and competence by reviewing the expert's qualification.

(2) Assessed whether the valuation method is widely adopted and appropriate based on our knowledge of the Chiu Ho Medical System Group's businesses and industry.

(3) Confirmed whether the replacement cost, comparative objects and the assets' use indicated on the appraisal report are consistent with the actual operations.

(4) Assessed whether the significant assumptions applied by the expert are relevant and reasonable and tested the mathematical accuracy.

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 "Regulations Governing the Preparation of Financial Reports by Securities Issuers", and for such internal controls 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

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 it is not a guarantee that an audit conducted in accordance with ROC GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

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

A. 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. 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 controls.
B. Obtain an understanding of internal controls 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 Company's internal controls.
C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
D. 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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.
E. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or

business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the current period and are therefore the key audit matters. We describe these matters in our report unless the 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.

For and on behalf of PricewaterhouseCoopers, Taiwan

March 23, 2020

CHC HEALTHCARE GROUP
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Assets	Notes	December 31, 2019 Amount	%	December 31, 2018 Amount	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 208,236	3	$ 50,008	-
1110	Financial assets at fair value through profit or loss - current	6(2)(16)	71,369	1	53,482	1
1136	Current financial assets at amortised cost	6(4)(15)	2,998	-	-	-
1180	Accounts receivable - related parties	7	-	-	3,370	-
1200	Other receivables		916	-	-	-
1210	Other receivables due from related parties	7	289,237	4	541,975	7
1220	Current tax assets		1,342	-	2,576	-
1410	Prepayments		5,129	-	6,514	-
1470	Other current assets	8	50,098	-	-	-
11XX	**Total current assets**		629,325	8	657,925	8
	Non-current assets					
1510	Financial assets at fair value through profit or loss - non-current	6(2)(16)	-	-	492	-
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	7,356	-	14,394	-
1550	Investments accounted for using equity method	6(5)	7,076,510	91	7,010,440	90
1600	Property, plant and equipment		975	-	1,832	-
1840	Deferred tax assets	6(19)	62,074	1	49,516	1
1980	Other financial assets - non-current	8	7,000	-	57,053	1
1990	Other non-current assets		1,188	-	1,438	-
15XX	**Total non-current assets**		7,155,103	92	7,135,165	92
1XXX	**Total assets**		$ 7,784,428	100	$ 7,793,090	100

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CHC HEALTHCARE GROUP
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Liabilities and Equity	Notes	December 31, 2019 Amount	%	December 31, 2018 Amount	%
	Current liabilities					
2100	Short-term borrowings	6(6)	$ -	-	$ 180,000	3
2150	Notes payable		595	-	1,464	-
2200	Other payables		20,664	-	20,565	-
2300	Other current liabilities	6(7)(8)	1,232,291	16	929	-
21XX	**Total current liabilities**		1,253,550	16	202,958	3
	Non-current liabilities					
2530	Bonds payable	6(7)	-	-	1,177,035	15
2540	Long-term borrowings	6(8) and 8	1,368,000	18	1,440,000	18
2570	Deferred tax liabilities	6(19)	734	-	734	-
25XX	**Total non-current liabilities**		1,368,734	18	2,617,769	33
2XXX	**Total liabilities**		2,622,284	34	2,820,727	36
	Equity					
	Share capital	6(11)				
3110	Share capital - common stock		1,416,335	18	1,399,136	18
	Capital surplus	6(7)(10)(12)				
3200	Capital surplus		2,981,939	38	2,930,253	38
	Retained earnings	6(13)				
3310	Legal reserve		277,548	4	245,206	3
3320	Special reserve		363,621	5	33,211	-
3350	Unappropriated retained earnings		545,509	7	763,134	10
	Other equity	6(3)				
3400	Other equity		(387,852)	(5)	(363,621)	(4)
3500	**Treasury shares**	6(11)	(34,956)	(1)	(34,956)	(1)
3XXX	**Total equity**		5,162,144	66	4,972,363	64
	Significant contingent liabilities and unrecognised contract commitments	9				
3X2X	**Total liabilities and equity**		$ 7,784,428	100	$ 7,793,090	100

The accompanying notes are an integral part of these parent company only financial statements.

CHC HEALTHCARE GROUP
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR EARNINGS PER SHARE AMOUNTS)

	Items	Notes	2019 Amount	2019 %	2018 Amount	2018 %
4000	**Operating revenue**	6(14) and 7	$ 503,625	100	$ 435,545	100
5000	**Operating costs**	6(9)(10)(18) and 7	(99,173)	(20)	(101,775)	(23)
5900	**Gross profit**		404,452	80	333,770	77
	Non-operating income and expenses					
7010	Other income	6(15) and 7	13,790	3	3,986	1
7020	Other gains and losses	6(2)(16)	14,700	3	(21,469)	(5)
7050	Finance costs	6(17)	(50,328)	(10)	(42,188)	(10)
7000	**Total non-operating income and expenses**		(21,838)	(4)	(59,671)	(14)
7900	**Profit before income tax**		382,614	76	274,099	63
7950	Income tax benefit	6(19)	12,558	3	49,323	11
8200	**Profit for the year**		$ 395,172	79	$ 323,422	74
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)	($ 7,038)	(2)	($ 48,496)	(11)
8330	Share of other comprehensive income (loss) of subsidiary, associates and joint ventures accounted for using the equity method, components of other comprehensive income that will not be reclassified to profit or loss		(1,512)	-	5,890	1
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		(15,713)	(3)	(8,676)	(2)
8380	Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss		40	-	347	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss		(8)	-	(2,150)	-
8300	**Other comprehensive loss for the year**		($ 24,231)	(5)	($ 53,085)	(12)
8500	**Total comprehensive income for the year**		$ 370,941	74	$ 270,337	62
	Earnings per share	6(20)				
9750	Basic earnings per share		$ 2.83		$ 2.32	
9850	Diluted earnings per share		$ 2.46		$ 2.02	

The accompanying notes are an integral part of these parent company only financial statements.

CHC HEALTHCARE GROUP
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

			Capital Reserves				Retained Earnings			Other Equity Interest				
	Notes	Ordinary share	Share premium	Treasury share transactions	Employee share options	Others	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (loss) on financial assets at fair value through other comprehensive income	Unrealised gains (losses) on available-for-sale financial assets	Treasury shares	Total equity
2018														
Balance at January 1, 2018		$ 1,399,136	$ 2,830,390	$ 173	$ 56,776	$ 39,677	$ 245,206	$ 171,995	$ 203,226	($ 18,758)	$ -	($ 14,453)	$ -	$ 4,913,368
Effects of retrospective application and restatement		-	-	-	-	-	-	-	251,607	-	(291,778)	14,453	-	(25,718)
Balance at January 1 after adjustments		1,399,136	2,830,390	173	56,776	39,677	245,206	171,995	454,833	(18,758)	(291,778)	-	-	4,887,650
Profit for the year		-	-	-	-	-	-	-	323,422	-	-	-	-	323,422
Other comprehensive loss		-	-	-	-	-	-	-	-	(10,479)	(42,606)	-	-	(53,085)
Total comprehensive income (loss)		-	-	-	-	-	-	-	323,422	(10,479)	(42,606)	-	-	270,337
Appropriations of 2017 earnings	6(13)													
Cash dividends		-	-	-	-	-	-	-	(153,905)	-	-	-	-	(153,905)
Reversal of special reserve		-	-	-	-	-	-	(138,784)	138,784	-	-	-	-	-
Compensation cost of employee stock options	6(10)	-	-	-	1,207	-	-	-	-	-	-	-	-	1,207
Compensation cost of employee stock options of subsidiaries		-	-	-	2,030	-	-	-	-	-	-	-	-	2,030
Expired employee stock options		-	-	-	(7,372)	7,372	-	-	-	-	-	-	-	-
Purchase of treasury shares	6(11)	-	-	-	-	-	-	-	-	-	-	-	(34,956)	(34,956)
Balance at December 31, 2018		$ 1,399,136	$ 2,830,390	$ 173	$ 52,641	$ 47,049	$ 245,206	$ 33,211	$ 763,134	($ 29,237)	($ 334,384)	$ -	($ 34,956)	$ 4,972,363
2019														
Balance at January 1, 2019		$ 1,399,136	$ 2,830,390	$ 173	$ 52,641	$ 47,049	$ 245,206	$ 33,211	$ 763,134	($ 29,237)	($ 334,384)	$ -	($ 34,956)	$ 4,972,363
Profit for the year		-	-	-	-	-	-	-	395,172	-	-	-	-	395,172
Other comprehensive loss		-	-	-	-	-	-	-	-	(15,681)	(8,550)	-	-	(24,231)
Total comprehensive income (loss)		-	-	-	-	-	-	-	395,172	(15,681)	(8,550)	-	-	370,941
Appropriations of 2018 earnings	6(13)													
Legal reserve		-	-	-	-	-	32,342	-	(32,342)	-	-	-	-	-
Special reserve		-	-	-	-	-	-	330,410	(330,410)	-	-	-	-	-
Cash dividends		-	-	-	-	-	-	-	(250,045)	-	-	-	-	(250,045)
Conversion of convertible bonds	6(7)(11)	7,809	22,883	-	-	(779)	-	-	-	-	-	-	-	29,913
Exercise of employee stock options	6(11)	9,390	71,363	-	(47,507)	-	-	-	-	-	-	-	-	33,246
Compensation cost of employee stock options	6(10)	-	-	-	2,134	-	-	-	-	-	-	-	-	2,134
Compensation cost of employee stock options of subsidiaries		-	-	-	3,592	-	-	-	-	-	-	-	-	3,592
Expired employee stock options		-	-	-	(1,897)	1,897	-	-	-	-	-	-	-	-
Balance at December 31, 2019		$ 1,416,335	$ 2,924,636	$ 173	$ 8,963	$ 48,167	$ 277,548	$ 363,621	$ 545,509	($ 44,918)	($ 342,934)	$ -	($ 34,956)	$ 5,162,144

Note: The employees' compensation were $0 and $140, and the directors' and supervisors' remuneration were $0 and $5,600 in 2017 and 2018, respectively, which had been deducted from net income for the years.

The accompanying notes are an integral part of these parent company only financial statements.

CHC HEALTHCARE GROUP
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 382,614	$ 274,099
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation charge	6(18)	1,150	1,164
Amortisation expense	6(18)	518	583
Net (gain) loss on financial assets or liabilities at fair value through profit or loss	6(2)(16)	(17,403)	21,586
Interest expense	6(17)	37,971	26,333
Interest income	6(15)	(10,887)	(3,984)
Dividend income	6(15)	(967)	-
Compensation cost of employee stock options	6(10)	2,134	1,207
Share of profit of associates and joint ventures accounted for using equity method	6(14)	(389,625)	(326,425)
Impairment loss on non-financial assets	6(16)	2,595	-
Amortisation of discount on bonds payable	6(17)	12,357	15,855
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss - current		-	(74,900)
Accounts receivable - related parties, net		3,370	(2,359)
Other receivables		(916)	446
Prepayments		1,385	(2,310)
Other non-current assets		(268)	(109)
Changes in operating liabilities			
Notes payable		(869)	572
Accounts payable		-	(31)
Other payables		136	12,891
Other payables to related parties		-	(13,560)
Other current liabilities		(109)	14
Cash inflow (outflow) generated from operations		23,186	(68,928)
Interest received		9,625	3,232
Dividends received		248,326	3,152
Interest paid		(38,008)	(26,191)
Income tax refund (paid)		1,234	(393)
Net cash flows from (used in) operating activities		244,363	(89,128)

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CHC HEALTHCARE GROUP
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at amortised cost	6(4)	($ 2,998)	$ -
Decrease (increase) in other receivables due from related parties		254,000	(420,000)
(Increase) decrease in other current assets		(45)	30,000
Acquisition of investments accounted for using equity method	7	-	(739,503)
Proceeds from capital reduction of investments accounted for using equity method	7	60,000	376,800
Acquisition of property, plant and equipment		(293)	-
Increase in other financial assets - non-current		-	(3,251)
Net cash flows from (used in) investing activities		310,664	(755,954)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Decrease) increase in short-term loans	6(22)	(180,000)	180,000
Repayments of bonds		-	(320,100)
Proceeds from long-term debt	6(22)	-	1,440,000
Repayments of long-term debt	6(22)	-	(765,000)
Payment of cash dividends	6(13)	(250,045)	(153,905)
Exercise of employee stock options		33,246	-
Payments to acquire treasury shares	6(11)	-	(34,956)
Net cash flows (used in) from financing activities		(396,799)	346,039
Increase (decrease) in cash and cash equivalents		158,228	(499,043)
Cash and cash equivalents at beginning of year		50,008	549,051
Cash and cash equivalents at end of year		$ 208,236	$ 50,008

The accompanying notes are an integral part of these parent company only financial statements.

CHC HEALTHCARE GROUP
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANISATION

CHC Healthcare Group ("CHC" or the "Company") was establihsed in November 2009. The Company was established for the purpose of enhancing the comprehensive performance in Greater China and implementing organisational restructuring with Chiu Ho Medical System Co., Ltd. and other affliates. The Company was listed on the Taiwan Stock Exchange on October 24, 2012. The Company is primarily engaged in investment in various businesses.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These parent company only financial statements were authorised for issuance by the Board of Directors on March 23, 2020.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

New standards, interpretations and amendments endorsed by the FSC effective from 2019 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9, 'Prepayment features with negative compensation'	January 1, 2019
IFRS 16, 'Leases'	January 1, 2019
Amendments to IAS 19, 'Plan amendment, curtailment or settlement'	January 1, 2019
Amendments to IAS 28, 'Long-term interests in associates and joint ventures'	January 1, 2019
IFRIC 23, 'Uncertainty over income tax treatments'	January 1, 2019
Annual improvements to IFRSs 2015-2017 cycle	January 1, 2019

Except for the following, the above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1 and IAS 8, 'Disclosure Initiative-Definition of Material'	January 1, 2020
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7, 'Interest rate benchmark reform'	January 1, 2020

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2021
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2022

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

A. Except for the following items, these parent company only financial statements have been prepared under the historical cost convention:

(a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

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

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The parent company only financial statements are presented in New Taiwan Dollars, which is the Company's functional and The Company's presentation currency.

A. Foreign currency transactions and balances

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

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

(c) All foreign exchange gains and losses are presented in the statement of comprehensive income within "other gains or losses".

B. Translation of foreign operations

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

(a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

(b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

(c) All resulting exchange differences are recognised in other comprehensive income.

(4) Classification of current and non-current items

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

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

(b) Assets held mainly for trading purposes;

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

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

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
   (a) Liabilities that are expected to be paid off within the normal operating cycle;
   (b) Liabilities arising mainly from trading activities;
   (c) Liabilities that are to be paid off within twelve months from the balance sheet date;
   (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

Cash equivalents refer to short-term highly liquid investments that are readily convertible to known amount of cash and subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitment in operations are classified as cash equivalents.

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

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

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

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

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

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

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

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

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

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

(8) <u>Financial assets at amortised cost</u>

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

(9) <u>Accounts and notes receivable</u>

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

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

(10) <u>Impairment of financial assets</u>

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

(11) <u>Derecognition of financial assets</u>

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

(12) <u>Investments accounted for using equity method – subsidiaries</u>

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

B. Unrealized gains or losses occurred from the transactions between the Company and subsidiaries have been offset. The accounting policies of the subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise loss proportionately to its ownership.

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

E. According to “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, profit and other comprehensive income in the parent company only financial statements should be the same as profit and other comprehensive income attributable to shareholders of the parent in the consolidated financial statements, and the equity in the parent company only financial statements should be the same as the equity attributable to shareholders of the parent in the consolidated financial statements.

(13) Property, plant and equipment

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

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

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

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

The estimated useful lives of property, plant and equipment are as follows:

Transportation equipment	5 years
Other equipment	2 ~ 5 years

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

Effective 2019

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

(15) Leased assets/ operating leases (lessee)

Prior to 2019

Payments made under an operating lease (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the lease term.

(16) Impairment of non-financial assets

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

(17) Borrowings

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

(18) Notes and accounts payable

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

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

(19) Convertible bonds

Convertible bonds issued by the Company contain conversion options (that is, the bondholders have the right to convert the bonds into the Company's common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Company classifies the bonds payable upon issuance as a financial asset, a financial liability or an equity instrument in accordance with the contract terms. They are accounted for as follows:

A. The embedded call options and put options are recognised initially at net fair value as 'financial assets or financial liabilities at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognised as 'gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss'.

B. The host contracts of bonds are initially recognised at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortised in profit or loss as an adjustment to 'finance costs' over the period of circulation using the effective interest method.

C. The embedded conversion options which meet the definition of an equity instrument are initially recognised in 'capital surplus-share options' at the residual amount of total issue price less the amount of financial assets or financial liabilities at fair value through profit or loss and bonds payable as stated above. Conversion options are not subsequently remeasured.

D. Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.

E. When bondholders exercise conversion options, the liability component of the bonds (including bonds payable and 'financial assets or financial liabilities at fair value through profit or loss') shall be remeasured on the conversion date. The issuance cost of converted common shares is the total book value of the abovementioned liability component and 'capital surplus - share options'.

(20) Derecognition of financial liabilities

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

(21) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(22) Employee benefits

A. Short-term employee benefits

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

B. Pensions

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

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

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

(23) Employee share-based payment

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

B. The grant date of the share-based payment arrangements is the date that the subscription price and shares are determined.

(24) Income tax

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

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

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

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

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

(25) Treasury share

Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(26) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(27) Revenue recognition

A. Investment revenue

The Company recognises share of profit or loss of subsidiaries and associates generated after acquisition in revenue or cost.

B. Sales of services

(a) The Company provided administrative resources and management services to subsidiaries, and the revenue will have to be recognised based on the stage of completion at the balance sheet date.

(b) If the outcome of providing services cannot be estimated reliably, revenue is recognised only to the extent that costs incurred are likely to be recoverable. If the incurred costs are likely to be recovered, revenue is recognised to the extent that costs incurred are likely to be recoverable; if the incurred costs are not likely to be recovered, revenue shall not be recognised, and the incurred costs shall be recognised in expenses.

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

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

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

Except for the accounting estimations (detailed in (2) below, the management does not make any judgement that significant affect the recognised amounts in parent company only financial statements when applying the Company's accounting polices.

(2) Critical accounting estimates and assumptions

The Company makes accounting estimates in applying reasonable expectation concerning future events. However, assumptions and estimates may differ from the actual results. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

Impairment assessment of investments accounted for using equity method

The Company assesses the impairment of an investment accounted for using equity method as soon as there is any indication that it might have been impaired and its carrying amount cannot be recovered. The Company assesses the recoverable amount of an investment accounted for under the equity method based on the present value of the Company's share of expected future cash flows of the investee, and analyses the reasonableness of related assumptions.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2019	December 31, 2018
Cash on hand	$ -	$ 3
Checking accounts and demand deposits	108,236	50,005
Time deposits	100,000	-
	$ 208,236	$ 50,008

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

B. The Company classified restricted cash and cash equivalents pledged to others as other current assets and other non-current financial assets. Please refer to Note 8 for details.

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

Items	December 31, 2019	December 31, 2018
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	$ 74,900	$ 74,900
Non-hedging derivatives (Redemption rights to the third domestic issuance of secured convertible corporate bonds)	284	-
Valuation adjustment	(3,815)	(21,418)
	$ 71,369	$ 53,482

Items	December 31, 2019	December 31, 2018
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Non-hedging derivatives		
(Redemption rights to the third domestic issuance of secured convertible corporate bonds)	$ -	$ 292
Valuation adjustment	-	200
	$ -	$ 492

For the years ended December 31, 2019 and 2018, net gain (loss) on financial assets at fair value through profit or loss was $17,403 and ($21,586), respectively, shown as 'other gains and losses'.

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

Items	December 31, 2019	December 31, 2018
Non-current items:		
Listed stocks		
Swissray Global Healthcare Holding Ltd.	$ 340,215	$ 340,215
Valuation adjustment	(332,859)	(325,821)
	$ 7,356	$ 14,394

A. The Company has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $7,356 and $14,394 as at December 31, 2019 and 2018, respectively.

B. The Company recognised ($7,038) and ($48,496) in other comprehensive loss for fair value change for the years ended December 31, 2019 and 2018, respectively.

(4) Financial assets at amortised cost

Items	December 31, 2019	December 31, 2018
Current items:		
Time deposits	$ 2,998	$ -

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	Years ended December 31,	
	2019	2018
Interest income	$ 15	$ -

B. The Company's financial assets at amortised cost are time deposits in banks. Banks that the Company transacted with all have high credit quality.

C. As of December 31, 2019, no financial assets at amortised cost held by the Company were pledged to others.

(5) Investments accounted for using equity method

	December 31, 2019	December 31, 2018
Chiu Ho Medical System Co., Ltd.	$ 3,568,853	$ 3,395,576
Tomorrow Medical System Co., Ltd.	570,480	522,515
Chiu Ho Scientific Co., Ltd.	142,954	133,829
Chiu Ho Biotech Co., Ltd.	349,687	378,298
Shin-Ho Instruments Co., Ltd.	7,931	15,068
Tong-Lin Instruments Co., Ltd.	486,998	497,563
Hua Lin Instruments Co., Ltd.	634,486	696,442
Hsin Lin Biotech Co., Ltd.	76,750	110,487
E Century Healthcare Corporation	814,635	838,041
CHC Healthcare (BVI) Limited	423,736	422,621
	$ 7,076,510	$ 7,010,440

Details of the Company's subsidiaries are provided in Note 4(3) of the Company's consolidated financial statements as of and for the year ended December 31, 2019.

(6) Short-term borrowings

Type of borrowings	December 31, 2019	December 31, 2018
Bank borrowings		
Credit borrowings	$ -	$ 180,000
Interest rate range	-	1.05%~1.13%

For the years ended December 31, 2019 and 2018, the Company has no collateral pledged for short-term borrowings.

(7) Bonds payable

	December 31, 2019	December 31, 2018
Bonds payable	$ 1,169,700	$ 1,200,000
Less: Discount on bonds payable	(10,229)	(22,965)
	1,159,471	1,177,035
Less: Current portion or exercise of put options (shown as 'other current liabilities')	(1,159,471)	-
	$ -	$ 1,177,035

A. The terms of the second domestic secured convertible bonds issued by the Company are as follows:

(a) The Company issued the second domestic secured convertible bonds totalling $1,000,000 with zero coupon rate as approved by the regulatory authority. The bonds mature three years from the issue date (November 10, 2015 ~ November 10, 2018) and will be redeemed in cash at face value at the maturity date. The bonds were listed on the Taipei Exchange on November 10, 2015.

(b) The bondholders have the right to request Taiwan Depository & Clearing Corporation ("TDCC") through the security dealers for conversion of the bonds into common shares of the Company during the period from the date after one month of the bonds issue to the maturity date, except for the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.

(c) The conversion price of the bonds is set up based on the pricing model in the terms of the bonds, and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price on the issue date is NT$58.8 (in dollars). On December 21, 2015, July 16, 2016, July 16, 2017, and July 15, 2018, the Company adjusted the conversion price per share to NT $58.4, NT $56.2, NT $54.9, and NT $53.1 (in dollars), respectively, according to the rules described above.

(d) The bondholders have the right to require the Company to redeem any bonds at the price of the bonds' face value plus 1% of the face value as interests upon two years from the issue date.

(e) The Company may repurchase all the bonds outstanding in cash at the bonds' face value at any time after the following events occur: (i) the closing price of the Company's common shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after one month of the bonds issue to 40 days before the maturity date, or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the date after one months of the bonds issue to 40 days before the maturity date.

(f) Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.

(g) On November 10, 2015, the Company signed a corporate bond issuance guarantee agreement with Chinatrust Commercial Bank. Under the terms of the agreement, the Company will periodically submit a financial assurance letter to Chinatrust Commerical Bank, indicating whether the Company has achieved the required financial ratios based on the annual and semi-annual consolidated financial statements as follows:

a. Current ratio must be 120% or higher.

b. Debt ratio must equal to or less than 100%.

Further, on August 17, 2018, the Company negotiated with Chinatrust Commercial Bank for the amendment of the guarantee covenants. The Company will periodically submit a financial assurance letter to the banks, indicating whether the Company has achieved the required financial ratios based on the annual and semi-annual consolidated financial statements as follows:

a. Current ratio must be 100% or higher.

b. Debt ratio must equal to or less than 150%.

c. Interest coverage ratio must be 3 or higher.

d. Tangible net assets must be $4,000,000 or higher.

If the Company fails to meet any of the requirements stated above, Chinatrust Commercial Bank will determine whether there has been a breach of contract.

(h) The convertible bonds matured on November 10, 2018, and were redeemed in the amount of \$320,100 by cash. The Company transferred the forfeited stock options of \$8,835 to capital surplus-forfeited stock options (shown as capital surplus-others).

B. The terms of the third domestic secured convertible bonds issued by the Company are as follows:

(a) The Company issued the third domestic secured convertible bonds totalling \$1,200,000 with zero coupon rate as approved by the regulatory authority. The bonds mature three years from the issue date (November 2, 2017 ~ November 2, 2020) and will be redeemed in cash at face value at the maturity date. The bonds were listed on the Taipei Exchange on November 2, 2017.

(b) The bondholders have the right to request TDCC through the security dealers for conversion of the bonds into common shares of the Company during the period from the date after three month of the bonds issue to the maturity date, except for the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.

(c) The conversion price of the bonds is set up based on the pricing model in the terms of the bonds, and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price on the issue date is NT\$42 (in dollars). On July 15, 2018 and July 15, 2019, the Company adjusted the conversion price per share to NT\$40.6 and NT\$38.8 (in dollars), respectively, according to the rules described above.

(d) The Company may repurchase all the bonds outstanding in cash at the bonds' face value at any time after the following events occur: (i) the closing price of the Company's common shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after three months of the bonds issue to 40 days before the maturity date, or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the date after one month of the bonds issue to 40 days before the maturity date.

(e) Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.

(f) On August 17, 2018, the Company signed a corporate bond issuance guarantee agreement with Chinatrust Commercial Bank. Under the terms of the agreement, the Company will periodically submit a financial assurance letter to the banks, indicating whether the Company has achieved the required financial ratios based on the annual and semi-annual consolidated financial statements as follows:

a. Current ratio must be 100% or higher.

b. Debt ratio must equal to or less than 150%.

c. Interest coverage ratio must be 3 or higher.

d. Tangible net assets must be $4,000,000 or higher.

If the Company fails to meet any of the requirements stated above, Chinatrust Commercial Bank will determine whether there has been a breach of contract.

(g) As of December 31, 2019, the convertible bonds totalling $30,300 (face value) had been converted into 781 thousand shares of common stock.

C. Regarding the third issuance of secured convertible bonds, the equity conversion options amounting to $30,063 were separated from the liability component and were recognised in ‘capital surplus - others’ in accordance with IAS 32 as of December 31, 2019. The call and put options embedded in bonds payable were separated from their host contracts and were recognised in ‘financial assets or liabilities at fair value through profit or loss’ in net amount in accordance with IAS 39 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts. The effective interest rates of the bonds payable after such separation ranged between 0.7362%~0.8489%.

D. Information on assets pledged as collateral for corporate bonds is provided in Note 8.

(8) Long-term borrowings

Type of borrowings	Borrowing period	Repayment term	December 31, 2019	December 31, 2018
Bank borrowings				
Secured borrowings	2018.11.29~ 2023.11.29	The first day of the repayment of principal is the day after 24 months from the initial date of borrowing. Principal is payable in 7 installments semi-annually	$ 1,440,000	$ 1,440,000
Less: Current portion (shown as 'other current liabilities')			(72,000)	-
			$ 1,368,000	$ 1,440,000
Interest rate			1.797%	1.797%

A. In July 2015, the Company, Chiu Ho Medical System Co., Ltd., and Medlink Healthcare Limited signed a syndicated loan agreement in the amount of $3,300,000 with a group of lenders led by First Commercial Bank and agreed to the following terms:

(a) Before each credit line expires, the borrower is required to draw down at least 80% of the available credit limit. If this required amount is not fully drawn down, the borrower must pay a fee, equal to 0.15% of the difference between the actual drawdown amount and the required amount, to the agency bank after the expiration of all credit lines. The agency bank will then distribute this fee among the syndicate lenders according to the share of credit risk each lender bears.

(b) Loan funds must be used for a specified purpose.

(c) The Company will periodically submit a financial assurance letter to the banks, indicating whether the Company has achieved the required financial ratios based on the annual and semi-annual consolidated financial statements as follows:

i. Current ratio must be 100% or higher.

ii. Debt ratio must equal to or less than 150%.

iii. Interest coverage ratio must be 3 or higher.

iv. Tangible net assets must be $3,800,000 or higher.

If the Company fails to meet any of the requirements stated above, remedial measures, such as capital increase, must be taken to address the issue before the financial reporting date of the next annual or half-year consolidated financial statements. If the issue is resolved with the remedial measures, it is not considered a breach of contract. However, the Company is required to pay a fee, equal to 0.1% of the unpaid principal balance on the audit date, to the agency bank, who will distribute this fee among the syndicate lenders.

The financial ratios derived from the aforementioned consolidated financial statements of the Company are in compliance with the requirements specified in the syndicated loan agreement.

(d) The Company's direct and/or indirect ownership percentage of Chiu Ho Medical System Co., Ltd., Hua Lin Instruments Co., Ltd., Tong-Lin Instruments Co., Ltd., E Century Healthcare Corporation, Chiu Ho Biotech Co., Ltd. and Chiu Ho Scientific Co., Ltd. must be at least 66.67%, and the Company must maintain control over the operations of these subsidiaries. The shares of the aforementioned subsidiaries necessary to maintain the required minimum ownership percentage cannot be pledged or transferred to a third party, nor can they be placed in a trust.

(e) The Company's direct and/or indirect ownership percentage of its investment holding company in Myanmar and Medlink Healthcare Limited must be at least 70%, and the Company must maintain control over the operations of these subsidiaries. The shares of the aforementioned subsidiaries necessary to maintain the required minimum ownership percentage cannot be pledged or transferred to a third party, nor can they be placed in a trust.

(f) The Company's direct and/or indirect ownership percentage of Hsing-Yeh Biotechnology Co., Ltd must be 100%, and the Company must maintain control over the operations of the subsidiary. The shares of the aforementioned subsidiary necessary to maintain the required ownership percentage cannot be pledged or transferred to a third party, nor can they be placed in a trust. However, these restrictions do not apply if Hsing-Yeh Biotechnology Co., Ltd. merges with the Company and is dissolved.

If the Company fails to meet this requirement, First Commercial Bank will determine whether there has been a breach of contract and, if necessary, call a meeting with all the syndicate lenders to discuss the matter.

The financial ratios derived from the aforementioned consolidated financial statements of the Company meet the requirements specified in the syndicated loan agreement.

In July 2017, the Company cancelled an unused credit line of $1,600,000, which was part of the syndicated loan agreement led by First Commercial Bank.

In November 2018, the Company fully paid in advance the outstanding principal.

B In November 2018, the Company and Tomorrow Medical System Co., Ltd. signed a syndicated loan agreement in the amount of $2,440,000 with a group of lenders led by First Commercial Bank and agreed to the following terms:

(a) If the actual drawn amount is less than 80% of each available borrowing facility, the difference shall be imposed at a rate of 0.15% as a commitment fee at the end of the limit on borrowing facilities. The commitment fee shall be paid in full to the lead bank within 5 trading days after the end of the limit on borrowing facilities. Subsequently, the lead bank shall pay the commitment fee to syndicated banks based on its committed ratio.

(b) Loan funds must be used for a specified purpose.

(c) The Company will periodically submit a financial assurance letter to the banks, indicating whether the Company has achieved the required financial ratios based on the annual and semi-annual consolidated financial statements as follows:

i. Current ratio must be 100% or higher.

ii. Debt ratio must equal to or less than 150%.

iii. Interest coverage ratio must be 3 or higher.

iv. Tangible net assets must be $4,000,000 or higher.

If the Company fails to meet any of the requirements stated above, remedial measures, such as capital increase, must be taken to address the issue before the financial reporting date of the next annual or half-year consolidated financial statements. If the issue is resolved with the remedial measures, it is not considered a breach of contract. However, the Company is required to pay a fee, equal to 0.1% of the unpaid principal balance on the audit date, to the agency bank, who will distribute this fee among the syndicate lenders.

(d) The Company shall directly/ indirectly hold a 100% equity interest in Tomorrow Medical System Co., Ltd., Hsing-Yeh Biotechnology Co., Ltd., Medlink Healthcare Limited and Chiu Ho Medical System Co., Ltd., and directly/indirectly hold at least a 66.67% equity interest in Hua Lin Instruments Co., Ltd., Tong-Lin Instruments Co., Ltd., E Century Healthcare Corporation, Chiu Ho Biotech Co., Ltd. and Chiu Ho Scientific Co., Ltd., respectively, and the Company has control over those companies' operations. Above equity interests can not be pledged or transferred to the third party in any assumption or method as well as trust.

If the Company fails to meet this requirement, First Commercial Bank will determine whether there has been a breach of contract and, if necessary, call a meeting with all the syndicate lenders to discuss the matter.

C. Information on assets pledged as collateral for long-term borrowings is provided in Note 8.

(9) Pensions

A. The Company has established a defined contribution pension plan (the "New Plan") under the

Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

B. The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2019 and 2018 were $1,893 and $1,853, respectively.

(10) Share-based payment

A. As of December 31, 2019, the Company's share-based payment transactions are as follows:

Type of arrangement	Grant date	Quantity granted (in thousands of shares)	Contract period	Vesting conditions
Employee stock options-101	2012.8.31	1,280	7 years	Note
Employee stock options-106	2018.4.13	738	7 years	Note

Note: After two years from the grant date, employees are allowed to exercise their stock options according to the vesting schedule and proportion specified in the plan.

B. Details of the share-based payment arrangements are as follows:

	2019		2018	
Stock options	No. of options (in thousands of shares)	Weighted-average exercise price (in dollars)	No. of options (in thousands of shares)	Weighted-average exercise price (in dollars)
Options outstanding at January 1	1,071	$ 34.33	333	$ 37.40
Options granted	-	-	738	34.50
Options forfeited	(4)	34.81	-	-
Options exercised	(329)	35.41	-	-
Options outstanding at December 31	738	31.90	1,071	34.33
Options exercisable at December 31	-		333	

C. For the year ended December 31, 2019, the weighted-average stock price of stock options on exercise dates was NT$43.52 (in dollars). For the year ended December 31, 2018, no stock options were exercised.

D. The expiry date and exercise price of stock options outstanding at balance sheet date are as follows:

		December 31, 2019		December 31, 2018	
Issue date approved	Expiry date	No. o f shares (in thousands of shares)	Exercise price (in dollars)	No. of shares (in thousands of shares)	Exercise price (in dollars)
2012.8.31	2019.8.30	-	$ -	333	$ 36.2
2018.4.13	2025.4.12	738	31.9	738	33.4

E. The fair value of stock options is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit (in dollars)
Employee stock options-101	2012.8.31	$ 85.06	$ 44.0	40.44%	5.25 years	0%	1.00%	$48.23~ $51.29
		(Note 1)		(Note 2)				
Employee stock options-106	2018.4.13	$ 34.50	$ 34.5	30.02%	5.25 years	0%	0.75%	$8.46~ $10.91

Note 1: Estimated using the market approach with necessary adjustments, the price of the common shares of the Company that have no controlling rights and cannot be traded in the open market was NT$85.06 (in dollars) on the grant date.

Note 2: Expected price volatility is estimated based on the historical stock prices of comparable companies.

F. Expenses incurred on the Company's share-based payment transactions are shown below:

	Years ended December 31,	
	2019	2018
Equity-settled	$ 2,134	$ 1,207

G. On July 15, 2019 and July 15, 2018, the exercise prices of employee stock options-101 and employee stock options-106 were adjusted to NT$34.6, NT$31.9, NT$36.2 and NT$33.4 (in dollars), respectively, according to the rules of the employee stock option plan. The adjustment of exercise prices had no significant impact on the fair value of the aforementioned stock options.

(11) Share capital

A. As of December 31, 2019, the Company's authorised capital was $2,500,000, consisting of 250 million shares of ordinary stock, and the paid-in capital was $1,416,335 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding are as follows:

		(In thousands of shares)
	2019	2018
At January 1	138,914	139,914
Employee stock options exercised	939	-
Bonds payables converted	781	-
Shares retired	-	(1,000)
At December 31	140,634	138,914

B. Treasury shares

(a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:

		December 31, 2019		December 31, 2018	
Name of company holding the shares	Reason for reacquisition	Number of shares	Carrying amount	Number of shares	Carrying amount
The Company	To be reissued to employees	1,000,000	$ 34,956	1,000,000	$ 34,956

(b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.

(c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

(d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within three years from the reacquisition date and shares not reissued within the three-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

(12) Capital surplus

A. Pursuant to Paragraph 4, Article 30 of the Business Mergers and Acquisitions Act, if a company becomes a wholly-owned subsidiary of another company through a share exchange, its undistributed earnings become part of the capital surplus of the acquiring company (parent company). Therefore, if the increase in the investment holding company's capital surplus is from the undistributed earnings of the subsidiary before the share exchange, this amount can be distributed as cash dividends or capitalised. Moreover, the proportion that can be capitalised is not subject to the restrictions set forth in Article 8 of the Securities and Exchange Act Enforcement Rules. In addition, according to Tai-Cai-Rong-Yi-Zi No. 0910016280, such increase in capital surplus was not generated by the holding company's business operations and thus will not affect the remuneration of directors and supervisors and bonuses of employees. As of December 31, 2019, capital surplus that is attributable to the undistributed earnings of Chiu Ho Medical System Co., Ltd. and other associates before share exchanges amounted to $44,390.

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

C. Please refer to Note 6(10) for information on capital surplus - employee stock options.

(13) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve unless legal reserve equals the authorised share capital. Special reserve is then appropriated or reversed in accordance with related regulations. At least 50% of the remainder, if any, and accumulated undistributed earnings from prior years is distributable under the stockholders' resolution at their meeting as proposed by the Board of Directors.

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

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

D. The proposal on 2018 and 2017 earnings appropriation which were resolved at the shareholders' meeting on June 12, 2019 and June 11, 2018, respectively, are as follows:

	Years ended December 31,			
	2018		2017	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 32,342		$ -	
Special reserve	330,410		-	
Reversal of special reserve	-		(138,784)	
Cash dividends	250,045	$ 1.8	153,905	$ 1.1
	$ 612,797		$ 15,121	

The aforementioned earnings appropriations for the years ended December 31, 2018 and 2017 were in agreement with the amounts resolved by the Board of Directors during its meetings held on March 22, 2019 and March 21, 2018, respectively, and the ex-dividend dates resolved in the same meetings were July 15, 2019 and July 15, 2018, respectively. For more information on the aforementioned earnings appropriations proposed by the Board of Directors and resolved by the shareholders, please go to the Market Observation Post System website maintained by the Taiwan Stock Exchange.

E. The appropriations for 2019 as resolved by the Board of Directors on March 23, 2020 are as follows:

	Year ended December 31, 2019	
	Amount	Dividends per share (in dollars)
Legal reserve	$ 39,517	
Special reserve	24,231	
Cash dividends	281,267	$ 2
	$ 345,015	

F. For the information relating to employees' compensation and directors' and supervisors' remuneration, please refer to Note 6(17).

(14) Operating revenue

	Years ended December 31,	
	2019	2018
Investment revenue	$ 389,625	$ 326,425
Revenue from customer contracts		
Timing of revenue recognition-over time - internal customers - management service revenue	114,000	109,120
	$ 503,625	$ 435,545

(15) Other income

	Years ended December 31,	
	2019	2018
Interest income:		
Interest income from bank deposits	$ 92	$ 409
Interest income from financial assets measured at amortised cost	15	-
Other interest income	10,780	3,575
Dividend income	967	-
Other income	1,936	2
	$ 13,790	$ 3,986

(16) Other gains and losses

	Years ended December 31,	
	2019	2018
Foreign exchange (losses) gains	($ 103)	$ 117
Net gains (losses) on financial assets and liabilities at fair value through profit or loss	17,403	(21,586)
Impairment of investments accounted for using equity method	(2,595)	-
Other loss	(5)	-
	$ 14,700	($ 21,469)

(17) Finance costs

	Years ended December 31,			
	2019		2018	
Interest expense				
Bank borrowings	$	28,034	$	14,437
Convertible bonds		12,357		15,855
Others		9,937		11,896
	$	50,328	$	42,188

(18) Expenses by nature

	Years ended December 31,			
	2019		2018	
Employee benefit expense	Operating Cost	Operating Expense	Operating Cost	Operating Expense
Wages and salaries	$ 59,930	$ -	$ 59,120	$ -
Employee stock options	2,134	-	1,207	-
Labour and health insurance fees	3,833	-	3,839	-
Pension costs	1,893	-	1,853	-
Directors' remuneration	6,195	-	6,273	-
Other personnel expenses	1,640	-	1,496	-
Depreciation charge	1,150	-	1,164	-
Amortisation expense	518	-	583	-
	$ 77,293	$ -	$ 75,535	$ -

A. As of December 31, 2019 and 2018, the Company had 47 and 49 employees, excluding 5 and 5 directors, respectively.

B. A company whose stock is listed for trading on the stock exchange or over-the-counter securities exchange shall additionally disclose the following information:

(a) Average employee benefit expense in current year was $1,653 ((Total employee benefit expense in current year–Total directors' compensation in current year)/(Number of employees in current year–Number of non-employee directors in current year)).

Average employee benefit expense in previous year was $1,534 ((Total employee benefit expense in previous year–Total directors' compensation in previous year)/ (Number of employees in previous year – Number of non-employee directors in previous year)).

(b) Average employee salaries in current year was $1,478 (Total employee salaries in current year / (Number of employees in current year - Number of non-employee directors in current year)).

Average employee salaries in previous year was $1,371 (Total employee salaries in previous year / (Number of employees in previous year - Number of non-employee directors in previous year)).

(c) Adjustments of average employee salaries was 7.8% ((Average employee salaries in current year- Average employee salaries in previous year)/ Average employee salaries in previous year).

C. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year (i.e. profit before tax less profit margin before the appropriation of employees' compensation and directors' and supervisors' remuneration), after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall not be lower than 0.05% for employees' compensation and shall not be higher than 5% for directors' and supervisors' remuneration.

   The aforementioned employees' compensation and directors' and supervisors' remuneration requires the approval from the majority of the directors attending a board meeting, with more than two thirds of all directors in attendance, and must be reported to the shareholders.

   Employees' compensation is distributed in the form of shares or cash, and the recipients may include employees of affiliates who meet certain conditions. The distribution plan is set by the Chairman.

D. For the years ended December 31, 2019 and 2018, employees' compensation was accrued at $195 and $140, respectively; directors' and supervisors' remuneration was accrued at $5,600 for both years. The aforementioned amounts were recognised in salary expenses.

   Employees' compensation of $140 and directors' and supervisors' remuneration of $5,600 for 2018 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2018 financial statements.

   Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved at the meeting of Board of Directors and approved by shareholders at their meeting will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(19) Income tax

A. Income tax benefit

(a) Components of income tax benefit:

	Years ended December 31, 2019	Years ended December 31, 2018
Current tax		
Current tax on profits for the year	$ -	$ -
Prior year income tax overestimation	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of temporary differences	(12,558)	(49,419)
Impact of change in tax rate	-	96
Income tax benefit	($ 12,558)	($ 49,323)

(b) Reconciliation between income tax benefit and accounting profit

	Years ended December 31,	
	2019	2018
Tax calculated based on profit before tax and statutory tax rate	$ 76,522	$ 54,820
Expenses disallowed by tax regulation	4,868	8,046
Tax exempt income by tax regulation	(78,039)	(59,527)
Temporary differences not recognised as deferred tax assets	-	(5,758)
Taxable loss not recognised as deferred tax assets	-	630
Change in assessment of realisation of deferred tax assets	(15,909)	(47,630)
Impact of change in tax rate	-	96
Income tax benefit	($ 12,558)	($ 49,323)

(c) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Years ended December 31,	
	2019	2018
Currency translation differences	$ -	($ 2,091)

B. Amounts of deferred tax assets or liabilities as a result of temporary differences and tax losses are as follows:

	Year ended December 31, 2019			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
- Deferred tax assets:				
Temporary differences				
Unrealised exchange loss	$ 47	$ 21	$ -	$ 68
Unused compensated absences	55	(7)	-	48
Currency translation differences	-	-	-	-
Taxable loss	49,414	12,544	-	61,958
	49,516	12,558	-	62,074
- Deferred tax liabilities:				
Temporary differences				
Effects of business combination	(734)	-	-	(734)
	$ 48,782	$ 12,558	$ -	$ 61,340

	Year ended December 31, 2018			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
- Deferred tax assets:				
Temporary differences				
Unrealised exchange loss	$ 63	($ 16)	$ -	$ 47
Unused compensated absences	18	37	-	55
Currency translation differences	2,091	-	(2,091)	-
Taxable loss	-	49,414	-	49,414
	2,172	49,435	(2,091)	49,516
- Deferred tax liabilities:				
Temporary differences				
Effects of business combination	(625)	(109)	-	(734)
	$ 1,547	$ 49,326	($ 2,091)	$ 48,782

C. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2019				
Year incurred	Amount filed/assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2018	$ 309,790	$ 309,790	$ -	2028

December 31, 2018				
Year incurred	Amount filed/assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2018	$ 247,071	$ 247,071	$ -	2028

D. The amounts of deductible temporary differences that were not recognised as deferred tax assets are as follows:

	December 31, 2019	December 31, 2018
Deductible temporary differences	$ 82,286	$ 83,505

E. The Company's income tax returns through 2017 have been assessed and approved by the Tax Authority.

F. Under the amendments to the Income Tax Act which was promulgated by the President of the Republic of China on February 7, 2018, the Company's applicable income tax rate was raised from 17% to 20% effective from January 1, 2018. The Company has assessed the impact of the change in income tax rate.

(20) Earnings per share

	Year ended December 31, 2019		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 395,172	139,707	$ 2.83
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 395,172	139,707	
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	401	
Employees' compensation	-	6	
Convertible bonds	22,728	29,769	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 417,900	169,883	$ 2.46

	Year ended December 31, 2018		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 323,422	139,651	$ 2.32
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 323,422	139,651	
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options (Note)	-	-	
Employees' compensation	-	5	
Convertible bonds	27,919	34,679	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 351,341	174,335	$ 2.02

Note: Not included due to antidilutive effect.

Because employees' compensation may be distributed in the form of shares, the calculation of diluted earnings per share assumes that employees' compensation would be distributed entirely in shares. These dilutive potential common shares are included in the weighted average number of outstanding shares when calculating diluted earnings per share. When calculating basic earnings per share, shares issued as part of employees' compensation are included in the weighted average number of outstanding shares only if the number of such shares have been confirmed and resolved by the shareholders. Shares issued as part of employees' compensation are not considered bonus shares, therefore no retrospective adjustment is applied when calculating basic and diluted earnings per share.

(21) Supplemental cash flow information

Information on financing activities with no cash flow effects is provided in Note 6(7).

(22) Changes in liabilities from financing activities

	Short-term borrowings	Long-term borrowings	Total liabilities from financing activities
January 1, 2019	$ 180,000	$ 1,440,000	$ 1,620,000
Changes in cash flow from financing activities	(180,000)	-	(180,000)
December 31, 2019	$ -	$ 1,440,000	$ 1,440,000

	Short-term borrowings	Long-term borrowings	Total liabilities from financing activities
January 1, 2018	$ -	$ 765,000	$ 765,000
Changes in cash flow from financing activities	180,000	675,000	855,000
December 31, 2018	$ 180,000	$ 1,440,000	$ 1,620,000

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The Company's stocks are held by the public, so it has neither an ultimate parent company nor ultimate controlling party.

(2) Names of related parties and relationship

Names of related parties	Relationship with the Company
Chiu Ho Medical System Co., Ltd.	Subsidiary
Tomorrow Medical System Co., Ltd.	Subsidiary
Chiu Ho Scientific Co., Ltd. (Note 2)	Subsidiary
Chiu Ho Biotech Co., Ltd.	Subsidiary
Ho-Shin Instruments Co., Ltd. (Note 2)	Subsidiary
Shin-Ho Instruments Co., Ltd.	Subsidiary
Tong-Lin Instruments Co., Ltd.	Subsidiary

Names of related parties	Relationship with the Company
Hua Lin Instruments Co., Ltd.	Subsidiary
Hsin Lin Biotech Co., Ltd.	Subsidiary
E Century Healthcare Corporation	Subsidiary
J. Ab Beauty Co., Ltd. (Note 1)	Subsidiary
CHC Healthcare (BVI) Limited	Subsidiary
Medlink Healthcare Limited	Subsidiary
Hsing-Yeh Biotechnology Co., Ltd.	Subsidiary
SenCare Healthcare Company	Subsidiary
CHC Healthcare (HK) Limited	Subsidiary

Note 1: The shareholders resolved to dissolve the Company's subsidiary, J. Ab Beauty Co., Ltd., at their meeting on April 20, 2018. Consequently, the Company no longer controls J. Ab Beauty Co., Ltd. thereafter. The liquidation of J. Ab Beauty Co., Ltd. was completed on July 23, 2019.

Note 2: The Company's subsidiary, Ho-Shin Instruments Co., Ltd., was merged into Chiu Ho Scientific Co., Ltd. on December 12, 2018, with Chiu Ho Scientific Co., Ltd. as the surviving company. Under the merger, the Company held a 100% equity interest in Chiu Ho Scientific Co., Ltd. As this merger was made in line with the group restructuring, there is no significant impact to the parent company's shareholder's equity.

(3) Significant transactions and balances with related parties

A. Management service revenues (shown as ' Operating revenue ')

	Years ended December 31,	
	2019	2018
Sales of services		
Chiu Ho Medical System Co., Ltd.	$ 44,640	$ 39,600
Tomorrow Medical System Co., Ltd.	16,080	12,360
Hua Lin Instruments Co., Ltd.	11,160	11,880
E Century Healthcare Corporation	12,720	13,320
Hsing-Yeh Biotechnology Co., Ltd.	10,200	12,720
Others	19,200	19,240
	$ 114,000	$ 109,120

Management service revenue pertains to revenue arising from administrative resources, technical consultation on medical practices and management services rendered by the Company to related parties and the prices and payment terms are decided by both parties.

B. Rent expenses (shown as ' Operating costs ')

Lease objects	Lessors	Leasing period	Years ended December 31, 2019	2018
Land and Buildings	Chiu Ho Medical System Co., Ltd.	2019.1.1~2019.12.31	$ 840	$ 1,080
	Chiu Ho Scientific Co., Ltd.	2018.1.1~2018.12.31	480	390
			$ 1,320	$ 1,470

The Company paid rent monthly.

C. Accounts receivable from related parties

	December 31, 2019	December 31, 2018
Accounts receivable		
Chiu Ho Medical System Co., Ltd.	$ -	$ 3,370

(a) The Company's accounts receivable were neither past due nor impaired so the counterparties of the Company's accounts receivable has good credit quality.

(b) As of December 31, 2019 and 2018, financial assets were not past due.

(c) As of December 31, 2019 and 2018, the maximum exposure to credit risk of accounts receivable is the carrying amount.

D. Other receivables due from related parties

Loans to related parties

	December 31, 2019	December 31, 2018
Tomorrow Medical System Co., Ltd.	$ 191,874	$ 301,189
Chiu Ho Medical System Co., Ltd.	-	180,059
Others	96,994	60,358
	$ 288,868	$ 541,606

Interest income

	Years ended December 31, 2019	2018
Chiu Ho Medical System Co., Ltd.	$ 3,597	$ 59
Tomorrow Medical System Co., Ltd.	5,641	2,292
Chiu Ho Scientific Co., Ltd.	656	233
Others	886	991
	$ 10,780	$ 3,575

The loans lent to subsidiaries are repayable within 1 year and the interest rate is at 2% per annum for both years ended December 31, 2019 and 2018.

E. Others

(a) Capital increase of subsidiaries

	Year ended December 31, 2018					
Company name	Capital increase price per share (in dollars)		Total transaction amount		Percentage of ownership before capital increase	Percentage of ownership after capital increase
Chiu Ho Medical System Co., Ltd.	$	10	$	637,500	100%	100%
Chiu Ho Scientific Co., Ltd.		10		31,431	100%	100%
CHC Healthcare (BVI) Limited		415,127		70,572	100%	100%
			$	739,503		

For the year ended December 31, 2019, the Company had no additional investment in subsidiaries.

(b) Proceeds from capital reduction of subsidiaries

	Year ended December 31, 2019			Year ended December 31, 2018		
Company name	Percentage of capital reduction	Total transaction amount		Percentage of capital reduction	Total transaction amount	
Chiu Ho Scientific Co., Ltd.	-	$	-	40.32%	$	50,000
Chiu Ho Biotech Co., Ltd.	10.81%		40,000	11.90%		50,000
Hua Lin Instruments Co., Ltd.	-		-	20.11%		140,000
Hsin Lin Biotech Co., Ltd.	20%		20,000	-		-
E Century Healthcare Corporation	-		-	14.89%		105,000
		$	60,000		$	345,000

F. Endorsements and guarantees provided to related parties

(a) As of December 31, 2019 and 2018, the balances of financial guarantees provided by the Company to other subsidiaries as collateral for bank borrowings are as follows.

	December 31, 2019		December 31, 2018	
Chiu Ho Medical System Co., Ltd.	$	1,792,000	$	1,917,145
Tomorrow Medical System Co., Ltd.		1,520,000		1,460,000
Others		351,980		457,099
	$	3,663,980	$	3,834,244

(b) As of December 31, 2019 and 2018, the Company and its subsidiary, Tomorrow Medical System Co., Ltd., signed a syndicated loan agreement with First Commercial Bank, and the total syndicated loan amounted to $2,440,000. This syndicated loan is jointly guaranteed by the Company and the Company's chairman, Mr. Pei-Lin Lee, and pledged the land and buildings of the subsidiary, Hsing-Yeh Biotechnology Co., Ltd., as collateral.

(4) Key management compensation

	Years ended December 31,	
	2019	2018
Salaries and other short-term employee benefits	$ 32,001	$ 31,696
Post-employment benefits	216	279
Share-based payments	607	343
	$ 32,824	$ 32,318

8. PLEDGED ASSETS

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

	Book value		
Asssets	December 31, 2019	December 31, 2018	Purpose
Time deposits (shown as 'other current assets')	$ 50,098	$ -	Performance guarantee
Time deposits (shown as 'other financial assets-non-current')	-	50,053	Performance guarantee
Reserve account (shown as 'other financial assets-non-current')	7,000	7,000	Collateral for long-term borrowings
	$ 57,098	$ 57,053	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

Except for significant commitment and guarantees and endorsements provided to related parties described in Notes 6(7)(8) and 7(3)F, the Company has no other significant commitments and contingencies.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Financial instruments by category:

	December 31, 2019	December 31, 2018
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 71,369	$ 53,974
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	$ 7,356	$ 14,394
Financial assets at amortised cost		
Cash and cash equivalents	$ 208,236	$ 50,008
Financial assets at amortised cost	2,998	-
Accounts receivable (including related parties)	-	3,370
Other receivables (including related parties)	290,153	541,975
Other financial assets	57,490	57,445
	$ 558,877	$ 652,798
Financial liabilities		
Financial liabilities at amortised cost		
Short-term borrowings	$ -	$ 180,000
Notes payable	595	1,464
Other payables (including related parties)	20,664	20,565
Bonds payable (including current portion)	1,159,471	1,177,035
Long-term borrowings (including current portion)	1,440,000	1,440,000
	$ 2,620,730	$ 2,819,064

B. Financial risk management policies

(a) The Company's activities expose it to a variety of financial risks, including market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial position and financial performance.

(b) Risk management is carried out by the Company treasury department under policies approved by the Board of Directors. The Company treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as credit risk.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Company conducts business worldwide and imports state-of-the-art medical equipment and supplies from various countries and is therefore exposed to foreign exchange rate risk from multiple foreign currencies, primarily the US dollar. Foreign exchange rate risk arises from net investments in foreign operations.

ii. The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2019			Year ended December 31, 2019 Sensitivity analysis	
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Extent of variation	Effect on profit or loss
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:NTD	$ 119	29.98	$ 3,568	1%	$ 36
Non-monetary items					
USD:NTD	14,134	29.98	423,736		

	December 31, 2018			Year ended December 31, 2018 Sensitivity analysis	
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Extent of variation	Effect on profit or loss
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:NTD	$ 124	30.72	$ 3,809	1%	$ 38
Non-monetary items					
USD:NTD	13,757	30.72	422,621		

iii. The total exchange gain (loss), including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2019 and 2018, amounted to ($103) and $117, respectively.

Price risk

i. The Company is exposed to equity price risk from its investments classified on the consolidated balance sheet either as financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income. The Company is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Company has set stop-loss points and therefore does not expect to incur significant losses from equity price risk.

ii. The Company's investments in equity securities comprise domestic and foreign listed and unlisted stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 10% with all other variables held constant, post-tax profit for the years ended December 31, 2019 and 2018 would have increased/decreased by $7,137 and $5,348, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by $736 and $1,439, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

i. The Company's interest rate risk arises from long-term borrowings. Long-term borrowings issued at variable rates expose the Company to cash flow interest rate risk, which is partially offset by cash and cash equivalents held at variable rates. The Company's borrowings at variable rates are primarily denominated in NTD.

ii. If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, profit, net of tax for the year ended December 31, 2019 and 2018 would have decreased/increased by $14,400 and $14,400, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(b) Credit risk

i. The Company provides endorsements and guarantees based on the Company policies and procedures on endorsements and guarantees, either to subsidiaries. No collateral is requested for the endorsements and guarantees as the Company can control the credit risk of the subsidiary. The maximum credit risk is the guaranteed amount.

ii. All of the Company's accounts receivable are from its subsidiaries, no loss allowance for accounts receivable was recognised by the Company.

iii. On December 31, 2019 and 2018, the provision matrix is as follows:

December 31, 2019	Expected loss rate	Total book value	Loss allowance
Not past due	0%	$ -	$ -

December 31, 2018	Expected loss rate	Total book value	Loss allowance
Not past due	0%	$ 3,370	$ -

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the

Company's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets.

ii. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the expected or contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

December 31, 2019	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Notes payable	$ 595	$ -	$ -
Other payables (including related parties)	20,450	-	-
Bonds payable and embedded derivative instruments	1,159,471	-	-
Long-term borrowings (including current portion)	97,629	167,395	1,261,752

Non-derivative financial liabilities:

December 31, 2018	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Short-term borrowings	$ 180,037	$ -	$ -
Notes payable	1,464	-	-
Other payables (including related parties)	20,315	-	-
Bonds payable and embedded derivative instruments	-	1,177,035	-
Long-term borrowings (including current portion)	25,735	97,416	1,429,147

(3) Fair value information

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

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

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

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investment in equity investment without active market is included in Level 3.

B. The carrying amount of a financial instrument not measured at fair value is a reasonable approximation of its fair value. Such financial instruments include cash and cash equivalents, accounts receivable (including those from related parties), other receivables (including those from related parties), other financial assets, short-term borrowings, notes payable, other payables, long-term borrowings (including the portion due within one year or one business cycle) and bonds payable (including the portion due within one year or one business cycle).

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

(a) The related information of the nature of the assets and liabilities is as follows:

December 31, 2019	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 71,299	$ -	$ -	$ 71,299
Derivative instruments	-	-	70	70
Financial assets at fair value through other comprehensive income				
Equity securities	7,356	-	-	7,356
	$ 78,655	$ -	$ 70	$ 78,725

December 31, 2018	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 53,482	$ -	$ -	$ 53,482
Derivative instruments	-	-	492	492
Financial assets at fair value through other comprehensive income				
Equity securities	14,394	-	-	14,394
	$ 67,876	$ -	$ 492	$ 68,368

(b) The methods and assumptions the Company used to measure fair value are as follows:

i. Listed stocks are instruments whose fair values are measured using quoted market prices (that is, Level 1). The quoted market prices used for these stocks are the closing prices on the balance sheet date.

ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes.

D. For the years ended December 31, 2019 and 2018, there was no transfer between Level 1 and Level 2.

E. The following chart is the movement of Level 3 for the years ended December 31, 2019 and 2018.

	Derivative financial instruments	
	2019	2018
At January 1	$ 492	$ 660
Gains and losses recognised in other comprehensive income	(422)	(168)
At December 31	$ 70	$ 492

F. For the years ended December 31, 2019 and 2018, there was no transfer into or out from Level 3.

G. Financial accounting department is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions and performing reviews regularly.

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

	Fair value at December 31, 2019	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Hybrid instrument:					
Convertible bond	$ 70	Binomial Model	Volatility Discount rate	25.71% 0.7383%	The higher the volatility, the higher the fair value; The higher the discount rate, the lower the fair value

	Fair value at December 31, 2018	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Hybrid instrument:					
Convertible bond	$ 492	Binomial Model	Volatility Discount rate	23.27% 0.7839%	The higher the volatility, the higher the fair value; The higher the discount rate, the lower the fair value

I. The Company has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. For financial assets and financial liabilities classified as Level 3, an increase or decrease in their valuation parameter by 1% would have no material impact on gain or loss and other comprehensive income as at December 31, 2019 and 2018.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

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

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

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

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

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

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

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

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 5.

I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Notes 6(2)(7), and 12(3).

J. Significant inter-company transactions during the reporting periods: None exceeds 100 million.

(2) Information on investees

Information of investee companies (not including investees in Mainland China)：Please refer to table 6.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 7.

B. Limits on investments in Mainland China: Please refer to table 7.

C. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None exceeds 100 million.

14. SEGMENT INFORMATION

None.

CHC Healthcare Group

Loans to others

For the year ended December 31, 2019

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2019	Balance at December 31, 2019	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 2)	Ceiling on total loans granted (Note 3)	Footnote
													Item	Value			
0	The Company	Chiu Ho Medical System Co., Ltd.	Other receivables	Y	$ 480,000	$ 130,000	$ -	2%	Short-term financing	$ -	Operation	$ -	None	$ -	$ 516,214	$ 2,064,857	
0	The Company	Chiu Ho Scientific Co., Ltd.	Other receivables	Y	100,000	80,000	30,000	2%	Short-term financing	-	Operation	-	None	-	516,214	2,064,857	
0	The Company	Tong-Lin Instruments Co., Ltd.	Other receivables	Y	60,000	-	-	2%	Short-term financing	-	Operation	-	None	-	516,214	2,064,857	
0	The Company	Hua Lin Instruments Co., Ltd.	Other receivables	Y	15,000	-	-	2%	Short-term financing	-	Operation	-	None	-	516,214	2,064,857	
0	The Company	E Century Healthcare Corporation	Other receivables	Y	20,000	-	-	2%	Short-term financing	-	Operation	-	None	-	516,214	2,064,857	
0	The Company	Tomorrow Medical System Co., Ltd.	Other receivables	Y	490,000	390,000	190,000	2%	Short-term financing	-	Operation	-	None	-	516,214	2,064,857	
0	The Company	Chiu Ho Biotech Co., Ltd.	Other receivables	Y	10,000	-	-	2%	Short-term financing	-	Operation	-	None	-	516,214	2,064,857	
0	The Company	Medlink Healthcare Limited	Other receivables	Y	100,000	50,000	31,000	2%	Short-term financing	-	Operation	-	None	-	516,214	2,064,857	
0	The Company	Hsing-Yeh Biotechnology Co., Ltd.	Other receivables	Y	80,000	50,000	35,000	2%	Short-term financing	-	Operation	-	None	-	516,214	2,064,857	
0	The Company	Chiu Ho (CHINA) Medical Technology Co., Ltd.	Other receivables	Y	31,600	-	-	2%	Short-term financing	-	Operation	-	None	-	516,214	2,064,857	
1	Chiu Ho Scientific Co., Ltd.	High-End Vision Eye Center	Other receivables	Y	5,000	4,500	4,500	2.5%	Business transaction	5,760	-	-	None	-	5,760	57,181	
2	Hsing-Yeh Biotechnology Co., Ltd.	Yeezen General Hospital	Other receivables	Y	177,000	174,000	174,000	2.5%	Business transaction	225,403	-	-	None	-	200,533	401,067	
4	CHC Healthcare (HK) Limited	Chiu Ho (CHINA) Medical Technology Co., Ltd.	Other receivables	Y	7,900	-	-	2%	Short-term financing	-	Operation	-	None	-	7,944	15,889	
						$ 878,500	$ 464,500										

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

(1) The Company is ‘0’.

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

Note 2: (1) In accordance with the Company's lending policies and procedures, the credit limit for each type of borrower is set as follows:

A. For borrowers with which the Company has a business relationship, the individual loan amount cannot exceed the total transaction amount with the Company in the most recent year.

B. For borrowers with short-term financing needs, the individual loan amount cannot exceend 10% of the Company's net assets according to the most recent financial statements.

(2) In accordance with the lending policies and procedures of the Company's subsidiary, the credit limit for each type of borrower is set as follows:

A. For borrowers with which the subsidiary has a business relationship, the individual loan amount cannot exceed the total transaction amount with the subsidiary in the most recent year.

B. The total loan amount granted to a single party cannot exceed 20% of the subsidiary's net assets according to the most recent financial statements.

Note 3: (1) Limit on total loans granted by the Company: Total loan amount cannot exceed 40% of the Company's net assets according to the most recent financial statements.

(2) Limit on total loans granted by the Company's subsidiary: Total loan amount cannot exceed 40% of the subsidiary's net assets according to the most recent financial statements.

CHC Healthcare Group

Provision of endorsements and guarantees to others

For the year ended December 31, 2019

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed: Company name	Party being endorsed/guaranteed: Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2019	Outstanding endorsement/ guarantee amount at December 31, 2019	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 4)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 5)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 5)	Provision of endorsements/ guarantees to the party in Mainland China (Note 5)	Footnote
0	The Company	Chiu Ho Medical System Co., Ltd.	2	$ 10,324,288	$ 1,922,000	$ 1,792,000	$ 434,950	$ -	34.71%	$ 15,486,432	Y	N	N	
0	The Company	Tomorrow Medical System Co., Ltd.	2	10,324,288	1,520,000	1,520,000	682,550	-	29.45%	15,486,432	Y	N	N	
0	The Company	Chiu Ho Scientific Co., Ltd.	2	10,324,288	335,905	294,980	31,051	-	5.71%	15,486,432	Y	N	N	
0	The Company	E Century Healthcare Corporation	2	10,324,288	57,000	57,000	28,037	-	1.10%	15,486,432	Y	N	N	
0	The Company	Guangzhou Chiuho Medical System Co., Ltd.	2	10,324,288	101,354	-	-	-	0.00%	15,486,432	Y	N	Y	
0	The Company	Medlink Healthcare Limited	2	10,324,288	50,000	-	-	-	0.00%	15,486,432	Y	N	N	
1	Hsing-Yeh Biotechnology Co., Ltd.	The Company	3	2,005,335	828,236	828,236	828,236	828,236	82.60%	3,008,002	N	Y	N	
1	Hsing-Yeh Biotechnology Co., Ltd.	Tomorrow Medical System Co., Ltd.	4	2,005,335	575,164	575,164	299,085	575,164	57.36%	3,008,002	N	N	N	
2	Chiu Ho (CHINA) Medical Technology Co., Ltd.	Guangzhou Chiuho Medical System Co., Ltd.	4	250,319	43,500	43,050	-	-	34.40%	$ 375,478	N	N	Y	
						$ 5,110,430	$ 2,303,909	$ 1,403,400						

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1) The Company is ‘0’.

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

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

(1) Having business relationship.

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

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

(4) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.

(5) Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.

(6) Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

(7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: (1) In accordance with the Company's policies and procedures on endorsements and guarantees, the endorsement or guarantee amount for a single party cannot exceed 200% of the Company's net assets according to the most recent financial statements.

(2) In accordance with the policies and procedures on endorsements and guarantees provided by the Company's subsidiary, the endorsement or guarantee amount for a single party cannot exceed 200% of the subsidiary's net assets according to the most recent financial statements.

(3) In accordance with the Company's policies and procedures on endorsements and guarantees, the total endorsement or guarantee amount for a single party provided by the Company and its subsidiaries cannot exceed 200% of the Company's net assets according to the most recent financial statements.

Note 4: (1) In accordance with the Company's policies and procedures on endorsements and guarantees, the total endorsement and guarantee amount provided to external parties cannot exceed 300% of the Company's net assets according to the most recent financial statemetns.

(2) In accordance with policies and procedures on endorsements and guarantees provided by Company's subsidiary, the total endorsement and guarantee amount provided to external partines cannot exceed 300% of the subsidiary's net assets according to the most recent financial statements.

(3) In accordance with the Company's policies and procedures on endorsements and guarantees, the total endorsement and guarantee amount provided to external parties by the Company and its subsidiaries cannot exceed 300% of the net assets of the Company according to the most recent financial statements.

Note 5: Fill in ‘Y’ for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

CHC Healthcare Group

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

December 31, 2019

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

				As of December 31, 2019				
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value	Footnote
The Company	Stocks–China Isotope & Radiation Corporation	-	Financial asset at fair value through profit or loss-current	880,000	$ 71,299	1.10%	$ 71,299	
The Company	Stocks–Swissray Global Healthcare Holding Ltd.	The Company's chairman and the investee's chairman are the same person	Financial assets at fair value through other comprehensive income - non-current	1,988,100	7,356	4.67%	7,356	
Chiu Ho Medical System Co., Ltd.	Stocks–Huede Healthtech Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	200,000	-	6.50%	-	
Chiu Ho Medical System Co., Ltd.	Stocks–AESolution Biomedical Co., Ltd.	The Company's chairman and the investee's chairman are the same person	Financial assets at fair value through other comprehensive income - non-current	855,400	31,325	6.69%	31,325	

CHC Healthcare Group

Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more

For the year ended December 31, 2019

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote （Note 2）
Hsing-Yeh Biotechnology Co., Ltd.	Yeezen General Hospital	Substantive related party	Sale of goods	$ 225,404	97%	6 months	-	-	$ 229,726	85%	Note

Note 1: Sales amount includes rental revenue.
Note 2: Notes and accounts receivable include lease payments receivable.

CHC Healthcare Group

Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more

December 31, 2019

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2019	Turnover rate	Overdue receivables Amount	Overdue receivables Action taken	Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
Hsing-Yeh Biotechnology Co., Ltd.	Yeezen General Hospital	Substantive related party	Notes and accounts receivable (including lease payments receivable): $229,726	0.96	$ 95,238	In collection	$ 41,931	$ -

CHC Healthcare Group

Information on investees

For the year ended December 31, 2019

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2019	Initial investment amount: Balance as at December 31, 2018	Shares held as at December 31, 2019: Number of shares	Shares held as at December 31, 2019: Ownership (%)	Shares held as at December 31, 2019: Book value	Net profit (loss) of the investee for the year ended December 31, 2019	Investment income (loss) recognised by the Company for the year ended December 31, 2019	Footnote
The Company	Chiu Ho Medical System Co., Ltd.	Taiwan	Medical instrument sale, leasing and services	$ 2,380,988	$ 2,380,988	308,000,000	100.00%	$ 3,568,853	$ 181,786	$ 183,011	Subsidiary
The Company	Tomorrow Medical System Co., Ltd.	Taiwan	Medical instrument sale, leasing and services	163,484	163,484	45,800,000	100.00%	570,480	48,184	48,184	Subsidiary
The Company	Chiu Ho Scientific Co., Ltd.	Taiwan	Ophthalmic equipment sale, leasing and services	151,422	151,422	9,853,841	100.00%	142,954	20,699	20,699	Subsidiary
The Company	Chiu Ho Biotech Co., Ltd.	Taiwan	Medical instrument leasing	317,182	357,182	33,000,000	100.00%	349,687	11,669	11,678	Subsidiary
The Company	Shin-Ho Instruments Co., Ltd.	Taiwan	Medical instrument leasing	9,171	9,171	300,000	100.00%	7,931	(612)	(612)	Subsidiary
The Company	Tong-Lin Instruments Co., Ltd.	Taiwan	Medical instrument leasing	371,183	371,183	40,000,000	100.00%	486,998	39,392	39,435	Subsidiary
The Company	Hua Lin Instruments Co., Ltd.	Taiwan	Medical instrument leasing	521,815	521,815	55,600,000	100.00%	634,486	19,561	19,561	Subsidiary
The Company	Hsin Lin Biotech Co., Ltd.	Taiwan	Medical instrument leasing	85,929	105,929	8,000,000	100.00%	76,750	(10,754)	(10,754)	Subsidiary
The Company	E Century Healthcare Corporation	Taiwan	Medical instrument leasing	556,151	556,151	60,000,000	100.00%	814,635	61,594	61,594	Subsidiary
The Company	CHC Healthcare (BVI) Limited	British Virgin Islands	Holdings and indirect investments	522,432	522,432	940	100.00%	423,736	16,829	16,829	Subsidiary (Note 1)
CHC Healthcare (BVI) Limited	CHC Healthcare (HK) Limited	Hong Kong	Medical instrument sale, leasing and services	3,891	3,987	100,000	100.00%	39,653	(184)	(141)	Subsidiary

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2019	Initial investment amount: Balance as at December 31, 2018	Shares held as at December 31, 2019: Number of shares	Shares held as at December 31, 2019: Ownership (%)	Shares held as at December 31, 2019: Book value	Net profit (loss) of the investee for the year ended December 31, 2019	recognised by the Company for the year ended December 31, 2019	Footnote
Chiu Ho Medical System Co., Ltd.	Medlink Healthcare Limited	Taiwan	Medical instrument sale	$ 1,545,300	$ 1,545,300	154,125,000	100.00%	$ 1,595,689	$ 41,335	$ 41,335	Subsidiary
Chiu Ho Medical System Co., Ltd.	SenCare Healthcare Company	Taiwan	Consulting service and elderly residence	194,000	194,000	19,400,000	65.99%	191,792	(50)	(33)	Subsidiary
Chiu Ho Medical System Co., Ltd.	PT CHC Medika Indonesia	Indonesia	Medical instrument leasing	2,768	-	1,275	100.00%	670	(2,138)	(2,138)	Subsidiary (Note 1)
Medlink Healthcare Limited	Hsing-Yeh Biotechnology Co., Ltd.	Taiwan	Medical instrument sale and leasing ; drug sale	1,513,464	1,513,464	93,600,000	100.00%	1,626,203	46,870	42,327	Subsidiary
Hsing-Yeh Biotechnology Co., Ltd.	CHENG-HSIN Biotechnology Co., Ltd.	Taiwan	Management consulting services and retail sales of food products and drugs	12,000	12,000	1,200,000	40.00%	277	(2,582)	(1,033)	Associate
SenCare Healthcare Company	CHC Long-term Care Corporation	Taiwan	Long-term care services	31,040	-	-	97.00%	31,001	(40)	(39)	Subsidiary (Note 2)

Note 1: Indirect investment company is organised as a limited liability company.
Note 2: Investee was organised as an associate.

CHC Healthcare Group

Information on investments in Mainland China

For the year ended December 31, 2019

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2019	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2019		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2019	Net income of investee for the year ended December 31, 2019	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2019 (Note 2)	Book value of investments in Mainland China as of December 31, 2019	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2019	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Guangzhou Chiuho Medical System Co., Ltd.	Medical instrument sale, leasing and services	$ 284,893	(2) Indirect investment through CHC(BVI), a wholly-owned subsidiary of the Company	$ 284,893	$ -	$ -	$ 284,893	$ 22,363	100%	$ 22,243	$ 250,235	$ -	
Chiu Ho (CHINA) Medical Technology Co., Ltd.	Medical instrument sale, leasing and services	226,182	(2) Indirect investment through CHC(BVI), a wholly-owned subsidiary of the Company	226,182	-	-	226,182	(5,211)	100%	(5,211)	125,160	-	

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2019	Investment amount approved by the Investment Commission of the Ministry of Economic affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 3)
CHC Healthcare (BVI) Limited	$ 511,075	$ 659,577	$ 3,190,403

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

(1) Directly invest in a company in Mainland China.

(2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.

(3) Others

Note 2: Income (loss) recognised based on financial statements audited by independent auditors

Note 3: Disclosed in accordance with the investment limits set forth in Jin-Shen-Zi No. 09704604680, issued by the Investment Comission of MOEA on August 29, 2008

Note 4: The Company invested in the investees in Mainland China, including Neusoft CHC Medical Service Co., Ltd. and Dalian Neusoft Kangrui Jiuhe Medical Management Co., Ltd. through an existing company in Mainland China. Due to the existing company in Mainland China is a holding company, therefore it shall first submit an application for approval from Investment Commission of the Ministry of Economic Affairs (MOEA) for its reinvestments, but the approval from MOEA are not required for other investments.

CHC HEALTHCARE GROUP
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Statement 1

Items	Description	Amount
Checking accounts		$ 593
Demand deposits - NTD		107,068
Demand deposits - USD	USD $19,182 (Note), at exchange rate of 29.98	575
Time deposits		100,000
		$ 208,236

(Note) Foreign currency is expressed in dollars.

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CHC HEALTHCARE GROUP
STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS-CURRENT
DECEMBER 31, 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Statement 2

							Fair value			
Name	Summary	Number of shares (per thousand shares)	Face value (Note 1)	Total amount	Interest rate	Acquisition cost	Unit price (Note 2)	Total amount	Changes in fair value attributable to credit risk changes	Note
Equity securities - China Isotope & Radiation Corporation	Hong Kong-listed stocks	880	1	$ 74,900	-	$ 74,900	$ 81.02	$ 71,299	$ -	
Derivative financial instruments	Redemption of convertible bonds	-	-	-	-	-	-	70	-	
				$ 74,900		$ 74,900		$ 71,369	$ -	

Note 1: Expressed in Hong Kong dollars.

Note 2: Expressed in New Taiwan dollars.

CHC HEALTHCARE GROUP
STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME-NON-CURRENT
YEAR ENDED DECEMBER 31, 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Statement 3

	Opening balance		Additions		Reductions		Ending balance		
Name	Number of shares (per thousand shares)	Amount	Number of shares (per thousand shares)	Amount	Number of shares (per thousand shares)	Amount	Number of shares (per thousand shares)	Amount	Pledged to others as collateral
Swissray Global Healthcare Holding Ltd.	1,988	$ 340,215	-	$ -	-	$ -	1,988	$ 340,215	None
Valuation adjustment		(325,821)		-		(7,038)		(332,859)	
		$ 14,394		$ -		($ 7,038)		$ 7,356	

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CHC HEALTHCARE GROUP
STATEMENT OF INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
YEAR ENDED DECEMBER 31, 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Statement 4

		Opening balance		Additions (Note 1)		Reductions (Note 2)		Ending balance		As of December 31, 2018	Market price or value per share		
Name	Investment types	Number of shares (per thousand shares)	Amount	Number of shares (per thousand shares)	Amount	Number of shares (per thousand shares)	Amount	Number of Shares (per thousand shares)	Amount	Ownership (%)	Price	Total price	Pledged to others as collateral
Chiu Ho Medical System Co., Ltd.	Ordinary share	299,340	$3,395,576	8,660	$ 185,770	-	($ 12,493)	308,000	$ 3,568,853	100%	-	$ 3,576,781	None
Tomorrow Medical System Co., Ltd.	Ordinary share	43,200	522,515	2,600	48,630	-	(665)	45,800	570,480	100%	-	570,480	None
Chiu Ho Scientific Co., Ltd.	Ordinary share	9,854	133,829	-	21,118	-	(11,993)	9,854	142,954	100%	-	142,954	None
Chiu Ho Biotech Co., Ltd.	Ordinary share	37,000	378,298	-	11,678	(4,000)	(40,289)	33,000	349,687	100%	-	349,687	None
Shin-Ho Instruments Co., Ltd.	Ordinary share	300	15,068	-	-	-	(7,137)	300	7,931	100%	-	7,931	None
Tong-Lin Instruments Co., Ltd.	Ordinary share	40,000	497,563	-	39,435	-	(50,000)	40,000	486,998	100%	-	487,313	None
Hua Lin Instruments Co., Ltd.	Ordinary share	55,600	696,442	-	19,561	-	(81,517)	55,600	634,486	100%	-	634,486	None
Hsin Lin Biotech Co., Ltd.	Ordinary share	10,000	110,487	-	-	(2,000)	(33,737)	8,000	76,750	100%	-	76,750	None
E Century Healthcare Corporation	Ordinary share	60,000	838,041	-	61,594	-	(85,000)	60,000	814,635	100%	-	809,359	None
CHC (BVI)	Ordinary share	0.94	422,621	-	16,828	-	(15,713)	0.94	423,736	100%	-	423,736	None
			$7,010,440		$ 404,614		($ 338,544)		$ 7,076,510			$ 7,079,477	

Note 1: Includes investment income arising from investments accounted for using equity method, employee share options and changes in exchange differences on translation of foreign financial statements and changes in stock dividends from subsidiaries.

Note 2: Includes investment loss arising from investments accounted for using equity method, subsidiaries' cash dividends paid to the parent company, shares returned from reduction in subsidiaries, employee share options, adjustments on unrealized gain or loss on equity instrument at fair value through other comprehensive income and changes in exchange differences on translation of foreign financial statements.

CHC HEALTHCARE GROUP
STATEMENT OF BONDS PAYABLE
DECEMBER 31, 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Statement 5

				Amount						
Bonds	Trustees	Issuance date	Interest rate	Total amount	Converted amount	Balance at December 31, 2019	Unamortised discounts	Carrying value	Repayment	Pledged to others as collateral
Third domestic secured convertible bonds	Yuanta Commercial Bank	2017.11.2	0%	$ 1,200,000	($ 30,300)	$ 1,169,700	($ 10,229)	$ 1,159,471	Please refer to Note 6 (7)	Yes
Less: Bonds payable, current portion or exercise of put options (shown as 'other current liabilities')								(1,159,471)		
								$ -		

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CHC HEALTHCARE GROUP
STATEMENT OF OPERATING COSTS
YEAR ENDED DECEMBER 31, 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Statement 6

Items	Amount	Notes
Wages and salaries	$ 62,064	
Directors' remuneration	6,195	
Cost of services	9,162	
Other expenses	21,752	None of the balances of each remaining item is greater than 5% of this account balance.
	$ 99,173	

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