

Annual Shareholders' Meeting **MEETING AGENDA**

泰昇國際(控股)有限公司

TAISUN INT'L (HOLDING) CORP.



Meeting Date & Time :
Tuesday, June 29th, 2021 / 10:00 AM

This English version is only a translation of the Chinese version. If there is any inconsistency or discrepancy between the Chinese and English versions, the Chinese version shall prevail for all intents and purposes.

2021

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TAISUN INT'L (HOLDING) CORP.
Meeting Procedures of 2021 Regular Shareholders Meeting

I. Announcing meeting in session

II. Chairman's address

III. Matters to be reported

IV. Report Items

V. Matters for discussion

VI. Elections

VII. Other Proposals

VIII. Special motions

IX. Adjournment

TAISUN INT’L (HOLDING) CORP.

Agenda of 2021 Regular Shareholders Meeting

Time: June 29 (Tuesday), 2021, 10:00 AM

Venue: No. 95-13, Sec. 2, Zhongxiao E. Rd., Zhongzheng Dist., Taipei City
100, Taiwan (R.O.C.) (Meeting Room, 13F, Mega Securities Building)

I. Announcing meeting in session

II. Chairman's address

III. Matters to be reported

Case 1: 2020 Business Report.

Case 2: Audit Committee’s Review Report of 2020 Business Report and Financial Statements

Case 3: Distribution of Employee Bonus and Remunerations to Directors in 2020.

Case 4: Report on Endorsements, Guarantees Made and Funds Lent to Others Ended December 31, 2020.

Case 5: Amendment to the “Ethical Code of Conduct.”

IV. Report Items

Case 1: Ratification of the 2020 consolidated financial statements, Business Report and final accounts.

Case 2: Ratification of the distribution of earnings of the Company in 2020.

V. Matters for discussion 1

Case 1: A motion for partial amendment to the Company's “Rules of Procedures Governing Shareholders’ Meeting.”

Case 2: A motion for partial amendment to the Company's “Procedures for Election of Directors.”

VI. Elections

N/A

VII. Other Proposals

N/A

VIII. Special motions

IX. Adjournment

Three. Matters to be reported

Case 1:

Summary: 2020 Business Report.

Description: Please refer to the 2020 Business Report (Attachment I).

Case 2:

Summary: Audit Committee's Review Report of 2020 Business Report and Financial Statements.

Description: Please refer to the report on 2020 Business Report and Financial Statements (Attachment II).

Case 3:

Summary: Distribution of Employee Bonus and Remunerations to Directors in 2020.

Description: TAISUN's net income after tax in 2020 was NT\$391,080,112. Now, it is proposed to distribute NT\$10,970,000 as employee bonus and NT\$880,000 as remunerations to directors and supervisors as stated in the "Articles of Incorporation"; after this proposal is ratified at the board meeting and shareholders meeting, the Chairman will be authorized to make such distribution based on the amounts duly decided.

Case 4:

Summary: Report on Endorsements, Guarantees Made and Funds Lent to Others Ended December 31, 2020.

Description: (I) The company did not make endorsements/guarantees in 2020.
(II) The company did not have loaning of funds in 2020.

Case 5:

Summary: Amendment to the “Ethical Code of Conduct.”

Descriptions: In coordination with the laws promulgated by the competent authority(ies) to satisfy the Company’s needs in its business operations, it is proposed to partially amend the Company’s “Ethical Code of Conduct” For more details of the contents in amendment in comparison, please refer to (Attachment III).

Four. Report Items

Case 1: (proposed by the Board of Directors)

Summary: Ratification of the 2020 consolidated financial statements, Business Report and final accounts.

Description: 1. The 2020 consolidated financial statements, business reports and final accounts (Attachment IV) of TAISUN and subsidiaries were audited in writing and attested by Yu-Hsiu Su and Su-Huan Yu, CPAs of Deloitte Taiwan. The business reports were also reviewed by the Audit Committee, with a review report issued accordingly.

2. These documents are hereby presented for ratification.

Resolution:

Case 2: (proposed by the Board of Directors)

Summary: Ratification of the distribution of earnings of the Company in 2020.

Description: 1. In 2020, TAISUN's net income after tax was NT\$391,080,112, and the ending distributable earnings was NT\$713,911,883. It is proposed to allocate the cash dividends to shareholders, i.e. NT\$6.0 per share and NT\$235,620,000 in total as stated in TAISUN's "Articles of Incorporation".

2. TAISUN's 2020 Earnings Appropriation Statement (Attachment V) is hereby presented for examination.

3. The Chairman is authorized to make separate decisions on the date of distribution of cash dividends and other matters not covered herein as actually scheduled.

4. These documents are presented for ratification.

Resolution:

Five. Matters for discussion

Case 1: (proposed by the Board of Directors)

Summary: A motion for partial amendment to the Company's "Rules of Procedures Governing Shareholders' Meeting."

Descriptions: 1. In coordination with the laws promulgated by the competent authority(ies) to satisfy the Company's need in business operation, it is proposed to partially amend the Company's "Rules of Procedures Governing Shareholders' Meetings" For more details of the contents in amendment in comparison, please refer to (Attachment VI).

2. This proposal is presented for resolution.

Resolution:

Case 2: (proposed by the Board of Directors)

Summary: A motion for partial amendment to the Company's "Procedures for Election of Directors."

Descriptions: 1. In coordination with the laws promulgated by the competent authority(ies) to satisfy the Company's need in business operation, it is proposed to partially amend the Company's "Procedures for Election of Directors" For more details of the contents in amendment in comparison, please refer to (Attachment VII).

2. This proposal is presented for resolution.

Resolution:

Six. Elections

N/A

Seven. Other Proposals

N/A

Eight. Special motions

Nine. Adjournment

[Attachment I] 2020 Business Report

Dear Ladies and gentlemen,

2020 was an unusual year as the Covid-19 pandemic brought several unprecedented challenges to our business. Although the prime consumption was hit badly, our sales were slightly affected, and the operating income has hit a record high. I cannot thank our employees, customers, business partners, as well as supporting shareholders and Board of Members more than enough for the results. On behalf of the Company, I would like to express the sincerest gratefulness to the shareholders and each member of our staff for the supports and hard work. The operation condition for 2020 and the future business plans and goals are as follows:

I. 2020 Operation Results

Through the great effort from our management teams and employees, our 2020 revenue amounted NT\$1,895,124 thousand, a decline of 4.16% comparing to NT\$1,977,366 thousand in 2019. Net operation income went up by 12.76% to NT\$355,198 thousand from NT\$ 315,009 in the previous year. Net income grew by 13.30% to NT\$391,080 thousand from NT\$345,164 thousand, and EPS reached NT\$9.96. The decrease in revenue reflected impacts brought about by Covid-19, which weakened consumption in our key markets, mainly the major economies from Southeast Asian countries. Moreover, the NTD appreciating against the USD also dented our top and bottom lines. Thanks to our effective control over raw material cost and the continuous cost optimization plan, we managed to boost the gross and operating margins and increase net income by more than 13%.

II. Budget implementation status

No financial budget or forecast was previously published in 2020.

III. Review of receipts, expenditures, profitability, and R&D activities

(1) In terms of receipts and expenditures: Total net cash inflow from the operating activities was NT\$282,184 thousand in 2020, mainly due to the profit growth. Net cash outflow from investment activities was NT\$197,215 thousand, mainly due to the transfer of the Company capital to time deposits with the banks. Net cash inflow from financing activities was NT\$181,867 thousand, mainly due to new short-term bank borrowings for dividend payment.

(2) Profitability

Return to assets: 14.61%

Return to shareholders' equity: 22.18%

Net income margin: 20.64%

Earnings per share: NT\$9.96

(3) In terms of R&D: Apart from continuous improving the core technologies and upgrading the existing product lines, upheld the concepts of sustainable developments and going-green principles and brought about more green product options to our customers via exploring environmental-friendly production materials procedures. Moreover, our R&D activities will stay concentrated in this field, as we believe that this trend will keep dominating the diaper and associated personal hygiene industries for future developments and benefit our market expansion to different new markets.

IV. 2021 Business Plan

(1) Operation Guidelines

1. A five-year business strategy will be planned and implemented to outline operational directions and targets for each business unit, in order to enlarge business scale and become a market leader.

2. Push product launch for new-generation products to bring up competitiveness and strive for opportunities in blue ocean market.

3. Establish modern channels and E-commerce systems to cater to and grasp key trends in ASEAN market.
 4. Continue to develop exporting market while screening other potential markets to add in future growing momentum.
 5. Look for opportunities for business acquisition or alliances to bring up competitive edges and tap in new markets.
 6. Reinforce the implementation of corporate governance to enhance operation transparency and management efficiency to assure shareholders' benefits.
 7. Uphold green sustainability and carry out corporate social responsibilities for bringing up brand image, employee morality and winning investors' recognition while giving back to the society.
- (2) Sales volume forecast and the basis thereof
We provide no 2021 financial forecasts to the public.
- (3) Important production and sales policies
1. Actively explore selling channels in Vietnam with the focus in mid-north regions while monitoring market trends via digitalized sales management tools.
 2. Develop a dedicated team to develop modern selling channels and E-commerce system to cater the distribution trend in the market.
 3. Bring up online sales percentage and push for new product launches.
 4. Develop export market while assessing potential markets.
 5. Upgrade production procedures and materials continuously for better competitiveness.

V. Business Outlook

Despite the easing pandemic, impacts to the consumer market continue to last. Our strategies for the post-pandemic era are as followed:

(1) Transformation to digitalized operation

Restrain measures have largely limited mobilization on people and goods, indicating the importance of digitalized management on production and selling. As such, the Company will keep pushing digital transformation to strengthen internal operational efficiency and online sales for brand promotion and channel expansion to cater to the needs of future consumers.

(2) Supply chain management reinforcement

In light of supply chain chaos brought by global lockdown, we started to reexamine and reinforce the existing supply chain management to implement upgraded inspection. Apart from regular vendor and supply analyses, we will also further diversify our supplying vendors and material origins to avoid unpredictable supplying chain risks.

(3) Strategic investment and integration

Up and downstream integration or investment will be another highlight in our future operation. We will pursue greater integration or investment opportunities, whether with key material suppliers upwardly or strategic channels downwardly, to increase competitive edges, lower operation risks, and bring up operation revenue and profitability.

We will welcome the 20th anniversary of the Company this year. To continue further, our management with each member of their teams will stand by our motto "Growing Together" to share the business fruit with society and the shareholders. Looking forward, we want to have a strong foothold in Asia and aim globally by shouldering the tasks of offering innovative and high-quality products to the customers. Moreover, we will operate under the beliefs of "outstanding," "sustainability," and "integrity" to take up the social and environmental responsibilities to meet up the high expectation from our shareholders.

We wish you all good health and success in your career!

Chairman: Chao-Jung Tai



TAISUN INT'L (HOLDING) CORP.
Audit Committee's Review Report

The board of directors was approved to submit TAISUN's 2020 Business Report and consolidated financial statements; Yu-Hsiu Su and Su-Huan Yu, CPAs of Deloitte Taiwan, were retained by the board of directors to audit the consolidated financial statements and have issued an audit report relating to the financial statements. The aforesaid business report and financial statements have been audited by the Audit Committee and have complied with relevant regulations. Therefore, they are hereby presented for verification in accordance with Article 14 of the "Securities and Exchange Act" and Article 219 of the "Company Act".

Best Regards

2021 Regular Shareholders Meeting

TAISUN INT'L (HOLDING) CORP.



Member of the Auditor Committee: Shang-Wu Yu



Member of the Auditor Committee: Chao-Huang Hsieh

Member of the Audit Committee: Ming-Han Chen



Member of the Auditor Committee: Kuei Fen Ho



March 12, 2021

[Attachment III] Table for comparison of “Ethical Code of Conduct” before and after amendments

| After amendment | Existing clauses | Description |
|---|---|--|
| <p>Article 1 Purpose and basis To provide guidance to directors, supervisors and executive officers (including president or its equivalent, vice president or its equivalent, senior vice president or its equivalent, finance department manager, accounting department manager, and other managing personnel authorized to sign on behalf of the company) of the Company so their conduct will conform to ethical standards, and to let stakeholders of the company have better understanding of the ethical standards adopted by the company, it is necessary for the Company to adopt a code of ethics and professional conduct, and these Guidelines are provided for this purpose.</p> | <p>Article 1 Purpose and basis To provide guidance to directors, supervisors and executive officers (including president or its equivalent, vice president or its equivalent, senior vice president or its equivalent, finance department manager, accounting department manager, and other managing personnel authorized to sign on behalf of the company) of the Company so their conduct will conform to ethical standards, and to let stakeholders of the company have better understanding of the ethical standards adopted by the company, it is necessary for the Company to adopt a code of ethics and professional conduct, and these Guidelines are provided for this purpose.</p> | <p>The company has set up an Audit Committee but without a supervisor appointed; therefore, the clauses related to the supervisory are deleted accordingly.</p> |
| <p>Article 2 The Company can set its own code of ethics and professional conduct in view of its conditions and needs; however, its shall include at least the following eight topics: (1) Avoiding conflicts of interest: A conflict of interest occurs when a person’s private interest interferes or may interfere with the company’s interest as a whole. For example, a conflict arises when a director or executive officer of the company is unable to perform his/her work objectively and effectively due to his/her personal interest, or when he/she, his/her spouse or relative within second degree of kinship receives undue benefits as a result of his position in the company. The company should pay particular attention to loans or guarantees of obligations provided to businesses that have any affiliation with the aforesaid persons, or major asset transactions, or business dealings (purchases and sales) with businesses that have any affiliation with the aforesaid persons. When the actions of the aforementioned personnel are in conflict with the company’s best interests, the responsible directors and</p> | <p>Article 2 The Company can set its own code of ethics and professional conduct in view of its conditions and needs; however, its shall include at least the following eight topics: (1) Avoiding conflicts of interest: A conflict of interest occurs when a person’s private interest interferes or may interfere with the company’s interest as a whole. For example, a conflict arises when a director, <u>supervisor</u> or executive officer of the company is unable to perform his/her work objectively and effectively due to his/her personal interest, or when he/she, his/her spouse, <u>parents, children</u> or relative within second degree of kinship receives undue benefits as a result of his position in the company. The company should pay particular attention to loans or guarantees of obligations provided to businesses that have any affiliation with the aforesaid persons, or major asset transactions, or business dealings (purchases and sales) with businesses that have any affiliation with the aforesaid persons. When the actions of the aforementioned personnel are in conflict with the company’s best</p> | <p>The company has set up an Audit Committee but without a supervisor appointed; therefore, the clauses related to the supervisory are deleted accordingly.</p> <p>Considering that the parents and children are relatives within the second degree of kinship; therefore, the text is simplified accordingly. °</p> |

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| <p>managerial officers should voluntarily explain the potential conflict of interest with the company, if any.</p> <p>(2) Avoiding opportunities for self-dealing: The company should prevent its directors or executive officers from: (1) Seeking opportunities for personal interest with the use of company assets, information, or the duties and functions they performed; (2) Obtaining personal gain by using company property or information or taking advantage of their positions; (3) Competing with the company. When the company has an opportunity for profit, it is the responsibility of the directors and managerial officers to maximize the reasonable and proper benefits that can be obtained by the company.</p> <p>(3) Confidentiality: The directors and managerial officers of the company shall be bound by the obligation to maintain the confidentiality of any information regarding the company itself or its suppliers and customers, except when authorized or required by law to disclose such information. Confidential information includes any undisclosed information that, if exploited by a competitor or disclosed, could result in damage to the company or the suppliers and customers.</p> <p>(4) Fair dealing: Directors and Managers shall treat the customers for purchase and sale, competitors, and the employees of the Company fairly, and shall not manipulate, conceal, and use in foul means of the information being accessed to by virtue of the duties of functions they performed, present misstatement on materiality, or engaged in any other forms of unfair trade for purpose of getting illicit benefits.</p> <p>(5) Protection and proper use of company assets: All directors and managerial officers have the responsibility to safeguard company assets and to ensure that they</p> | <p>interests, the responsible directors, <u>supervisors</u>, and managerial officers should voluntarily explain the potential conflict of interest with the company, if any.</p> <p>(2) Avoiding opportunities for self-dealing: The company should prevent its directors, <u>supervisor</u> or executive officers from: (1) Seeking opportunities for personal interest with the use of company assets, information, or the duties and functions they performed; (2) Obtaining personal gain by using company property or information or taking advantage of their positions; (3) Competing with the company. When the company has an opportunity for profit, it is the responsibility of the directors, <u>supervisors</u>, and managerial officers to maximize the reasonable and proper benefits that can be obtained by the company.</p> <p>(3) Confidentiality: The directors, <u>supervisors</u>, and managerial officers of the company shall be bound by the obligation to maintain the confidentiality of any information regarding the company itself or its suppliers and customers, except when authorized or required by law to disclose such information. Confidential information includes any undisclosed information that, if exploited by a competitor or disclosed, could result in damage to the company or the suppliers and customers.</p> <p>(4) Fair dealing: Directors, <u>supervisors</u>, and managerial officers shall treat all suppliers and customers, competitors, and employees fairly, and may not obtain improper benefits through manipulation, nondisclosure, or misuse of the information learned by virtue of their positions, or through misrepresentation of important matters, or through other unfair trading practices.</p> <p>(5) Protection and proper use of company assets: All directors, <u>supervisors</u>, and managerial officers have the responsibility to safeguard company</p> | |
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| <p>can be effectively and lawfully used for official business purposes; any theft, negligence in care, or waste of the assets will all directly impact the company's profitability.</p> <p>(6) Compliance with laws and regulations</p> <p>The company should promote compliance with the Securities and Exchange Act and other laws and regulations.</p> <p>(7) Encouraging the reporting of any illegal or unethical behavior:</p> <p>The Company should enhance the promotion of ethical concepts and encourage employees to report any discovered or suspected violations of law, regulations or ethical codes of conduct to executive officers, internal auditors or other appropriate personnel. To encourage employees to report such violations, the company is required to adopt a concrete whistle-blowing system, <u>allow anonymous reporting</u>, and ensure that employees know that the company will do everything it can to protect the safety of <u>informants</u>, in order to safeguard whistle-blowing employees from retaliation.</p> <p>(8) Disciplinary actions:</p> <p>In the event a director or executive officer acts or omits to act in a manner that violates the code of ethical conduct, the company shall impose disciplinary action as provided in the code, and promptly post related information on the Market Observation Post System, including the date and circumstances of the violation, the code violated, and actions taken by the company. The company furthermore shall set up a related appeal system to provide the violator means of redress.</p> <p>Article 3: Exemption applicability procedures</p> <p>The code of ethical conduct set forth by the company should provide that any waiver of the Code of Conduct to Directors and Supervisors shall be granted by the Board with disclosure on the MOPS of the date of resolution of the Board for the waiver, the adverse opinion or qualified opinion of</p> | <p>assets and to ensure that they can be effectively and lawfully used for official business purposes; any theft, negligence in care, or waste of the assets will all directly impact the company's profitability.</p> <p>(6) Compliance with laws and regulations</p> <p>The company should promote compliance with the Securities and Exchange Act and other laws and regulations.</p> <p>(7) Encouraging the reporting of any illegal or unethical behavior:</p> <p>The Company should enhance the promotion of ethical concepts and encourage employees to report any discovered or suspected violations of law, regulations or ethical codes of conduct to <u>supervisors</u>, executive officers, internal auditors or other appropriate personnel. The company should formulate a specific reporting system to encourage employees to report violations and let employees know that the company will do its best to protect the safety of the <u>informant</u> and free from retaliation.</p> <p>(8) Disciplinary actions:</p> <p>In the event a director, <u>supervisor</u> or executive officer acts or omits to act in a manner that violates the code of ethical conduct, the company shall impose disciplinary action as provided in the code, and promptly post related information on the Market Observation Post System, including the date and circumstances of the violation, the code violated, and actions taken by the company. The company furthermore shall set up a related appeal system to provide the violator means of redress.</p> <p>Article 3: Exemption applicability procedures</p> <p>The code of ethical conduct set forth by the company should provide that any waiver of the Code of Conduct to Directors, <u>supervisor</u> or executive officers shall be granted by the Board with disclosure on the MOPS of the date of resolution of the Board for the waiver, the adverse opinion or</p> | <p>An anonymous reporting is permitted according to Article 23 of the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies;” therefore, the relevant text is amended accordingly.</p> <p>The company has set up an Audit Committee but without a supervisor appointed; therefore, the clauses related to the supervisory are deleted accordingly.</p> |
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| <p>the Independent Directors, the duration of waiver, the reason for waiver and the applicable standard for the waiver so that the Shareholders' Meeting could evaluate if the decision of the Board is appropriate. This will be essential for the control of unauthorized or suspicious waiver and guarantee a due procedure for the waiver of the Code of Conduct for the protection of the Company.</p> <p>Article 5: Implementation The Code of Ethical Conduct should be implemented with the approval of the board of directors and reported in the shareholders' meeting, so is the amendment. Date of enactment: The enactment on December 31, 2014 as resolved by the board of directors simultaneously. <u>The first enactment on February 26, 2021 as resolved by the board of directors simultaneously.</u></p> | <p>qualified opinion of the Independent Directors, the duration of waiver, the reason for waiver and the applicable standard for the waiver so that the Shareholders' Meeting could evaluate if the decision of the Board is appropriate. This will be essential for the control of unauthorized or suspicious waiver and guarantee a due procedure for the waiver of the Code of Conduct for the protection of the Company.</p> <p>Article 5: Implementation The ethical corporate management best practice principles shall be implemented after the board of directors grants the approval, and shall be sent to the <u>supervisors</u> and reported at a shareholders' meeting. The same procedure shall be followed when the principles have been amended. Date of enactment: <u>The first enactment</u> on December 31, 2014 as resolved by the board of directors simultaneously.</p> | <p>The company has set up an Audit Committee but without a supervisor appointed; therefore, the clauses related to the supervisory are deleted accordingly. The 1st amendment date is added.</p> |
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[Attachment IV] Table for comparison of “Rules of Procedure for Shareholder Meetings” before and after amendments

| After amendment | Existing clauses | Description |
|--|--|--|
| <p>Article 3 Paragraph 1, 2, 3 omitted. Matters pertaining to election or discharge of directors, alteration of the Articles of Incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the Company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, dissolution, merger, spin-off, or any matters as set forth in Paragraph 1, Article 185 hereof shall be itemized in the causes or subjects to be described and the essential contents shall be explained in the notice to convene a meeting of shareholders, and shall not be brought up as extemporary motions.</p> <p>Omitted hereinafter.</p> | <p>Article 3 Paragraph 1, 2, 3 omitted. Matters pertaining to election or discharge of directors and supervisors, alteration of the Articles of Incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, dissolution, merger, spin-off, or any matters as set forth in Paragraph I, Article 185 hereof shall be itemized in the causes or subjects to be described and the essential contents shall be explained in the notice to convene a meeting of shareholders, and shall not be brought up as extemporary motions; <u>the essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the company, and such website shall be indicated in the above notice.</u></p> <p>Omitted hereinafter.</p> | <p>Adjust the method of announcement in line with the regulations.</p> |
| <p>Article 9 Paragraph 1 omitted. The chairperson should announce the commencement of meeting as soon as it is due <u>and at the same time announce the number of non-voting shares and the number of shares present and other related information.</u> However, if current attendants represent less than half of the Company's outstanding shares, the chairperson may announce to</p> | <p>Article 9 Paragraph 1 omitted. The chairperson should announce the commencement of meeting as soon as it is due. However, if current attendants represent less than half of the Company's outstanding shares, the chairperson may announce to postpone the meeting up to two times, for a period totaling no more than one hour. If the attending shareholders represent</p> | <p>To improve corporate governance and maintain shareholders' interests, Paragraph 2 is amended.</p> |

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| <p>postpone the meeting up to two times, for a period totaling no more than one hour. If the attending shareholders represent more than one-thirds but less than half of outstanding shares after two postponements, the chairperson shall announce adjournment.</p> <p>Omitted hereinafter.</p> | <p>more than one-thirds but less than half of outstanding shares after two postponements, the chairperson shall announce adjournment.</p> <p>Omitted hereinafter.</p> | |
| <p>Article 14</p> <p>Shareholder meetings that involve election of directors shall proceed according to the Company's election policy. Results of the election, including the list of elected directors and the final tally, must be announced on-site, <u>the names of those not elected as directors and the number of votes received.</u></p> <p>Paragraph 2 omitted.</p> | <p>Shareholder meetings that involve election of directors <u>and supervisors</u> shall proceed according to the Company's election policy. Results of the election, including the list of elected directors <u>and supervisors</u> and the final tally, must be announced on-site.</p> | <p>To improve corporate governance and maintain shareholders' interests, Paragraph 1 is amended.</p> |

[Attachment V] Table for comparison of “Procedures for Election of Directors”
before and after amendments

| After amendment | Existing clauses | Description |
|--|--|--|
| <p>Article 5 Election of directors shall proceed according to the nomination system described in Article 192-1 of the Company Act.</p> <p>When the number of directors falls below five due to the dismissal of a director for any reason, the Company shall hold a by-election to fill the vacancy at its next shareholders meeting. When the number of directors falls short by one-third of the total number prescribed by the articles of incorporation, the company shall convene a special shareholders meeting within 60 days of the occurrence of that fact to hold a director by-election.</p> <p>If the number of independent directors does not meet the requirements of the proviso in Article 14-2, Subparagraph 1 of the Securities and Exchange Act, a by-election shall be held at the next shareholders meeting to fill the vacancy. When all the independent directors are dismissed, a special shareholders meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.</p> | <p>Article 5 Election of directors shall proceed according to the nomination system described in Article 192-1 of the Company Act. <u>To facilitate proper review regarding directors' eligibility, academic/career background and conditions described in Article 30 of the Company Act, no documentary proof other than those mentioned in the Act shall be used. The outcome of the review needs to be presented to shareholders, and will be used as reference to choose the suitable directors.</u></p> <p>When the number of directors falls below five due to the dismissal of a director for any reason, the Company shall hold a by-election to fill the vacancy at its next shareholders meeting. When the number of directors falls short by one-third of the total number prescribed by the articles of incorporation, the company shall convene a special shareholders meeting within 60 days of the occurrence of that fact to hold a director by-election.</p> <p>If the number of independent directors does not meet the requirements of the proviso in Article 14-2, Subparagraph 1 of Securities Exchange Act, <u>the relevant provisions of Taiwan Stock Exchange “Corporation Rules Governing Review of Listings, or the Standards for Determining Unsuitability for GTSM Listing under Article 10, Subparagraph 1 of the GreTai Securities Market Rules Governing the Review of Securities for Trading on the GTSM” Subparagraph 8,</u> an election of directors should be held in the most recent shareholders’ meeting. When all independent directors were dismissed, the Company shall have an extraordinary shareholders’ meeting held within 60 days from the date of the event occurred.</p> <p><u>If a director is dismissed for reasons, causing the quorum of the board of</u></p> | <p>Modified Paragraph 1 due to the amendment to Article 192-1 of the Company Act, simplifying the process of director nomination.</p> <p>Paragraph 2 remains unchanged.</p> <p>Pursuant to Jin-Guan-Zheng-Fa-Zhi No. 1070345233 Letter, in which public and OTC companies are required to appoint independent directors, Paragraph 3 is adjusted.</p> <p>It is already stipulated in Paragraph 2 of this</p> |

| | | |
|--|---|---|
| <p>in addition to the number of voting rights allotted.</p> <p>Article <u>11</u> The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation, including the list of persons elected as directors and the numbers of votes with which they were elected, shall be announced by the chair on the site. All ballots used in the above election shall be sealed, signed and held in proper custody for at least one year. However, if a shareholder raises a litigious claim against the Company according to Article 189 of the "Company Act", the abovementioned documents must be retained until the end of the litigation.</p> <p>Article <u>12</u> The board of directors of the Company shall issue notifications to the persons elected as directors.</p> <p>Article <u>13</u> These procedures will be implemented after being approved in the shareholders' meeting, same as the amendment.</p> | <p><u>do not match the shareholder registry; or where the candidate is a non-shareholder, the written name and ID card number</u> do not match the candidate's identity proof.</p> <p>5. There are other words other than <u>the account name (name) of the candidate, or shareholder account number</u> and the distributed voting weights.</p> <p>6. <u>The candidate's name written in the ballot coincides with another shareholder, but no shareholder account number or ID card number is provided for identification.</u></p> <p>Article <u>12</u> The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation, including the list of persons elected as directors and the number of votes with which they were elected, shall be announced by the chairman on site. All ballots used in the above election shall be sealed, signed and held in proper custody for at least one year. However, if a shareholder raises a litigious claim against the Company according to Article 189 of the "Company Act", the abovementioned documents must be retained until the end of the litigation.</p> <p>Article <u>13</u> The board of directors of the Company shall issue notifications to the persons elected as directors.</p> <p>Article <u>14</u> These procedures will be implemented after being approved in the shareholders' meeting, same as the amendment.</p> | <p>of this Article is adjusted accordingly. Pursuant to Jin-Guan-Zheng-Jiao-Zi No. 1080311451 Order dated April 25, 2019, the election of directors and supervisors at all public and OTC companies should adopt the nomination system from 2021. Shareholders should elect the directors from the candidates. Accordingly, Subparagraphs 4 and 5 of this Article are adjusted, and Subparagraph 6 is deleted.</p> <p>Adjusted the number of article due to the deletion of Article 10. Text amendment.</p> <p>Adjusted the number of article due to the deletion of Article 10.</p> <p>Adjusted the number of article due to the deletion of Article 10.</p> |
|--|---|---|

[Attachment VI] CPA Review Report and Consolidated Financial Statements of 2020

Deloitte.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Taisun Int'l (Holding) Corp.

Opinion

We have audited the accompanying consolidated financial statements of Taisun Int'l (Holding) Corp. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in

our audit of the consolidated financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the Group's consolidated financial statements for the year ended December 31, 2020 is stated as follows:

Key Audit Matter: Occurrence of Domestic Sales

Revenue recognition is presumed to have significant audit risk in accordance with the auditing standards. The Group continues to actively promote sales in Vietnam. As the domestic sales revenue is significant to the consolidated financial statements, the occurrence of domestic sales is regarded as a key audit matter.

The main audit procedures performed in respect of the abovementioned key audit matter are as follows:

1. We understood, evaluated and tested the effectiveness of the design and implementation of the internal control system that is related to revenue recognition.
2. We obtained the sales details of the domestic customers for the year ended December 31, 2020, sample tested the selected sales transaction and traced to its original purchase order from customer, the delivery order and the invoice, and agreed the amount to the book to ensure the occurrence of the sales.
3. We obtained the sales returns details of the domestic customers for the subsequent period, sample tested the related sales returns supporting document and reviewed the reasonableness of the cause of such sales returns.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of

assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in

extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Yu-Shiou Su and Su-Huan You.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 12, 2021

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

TAISUN INT'L (HOLDING) CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars or U.S. Dollars)

| ASSETS | 2020 | | | 2019 | | |
|--|---------------------|-------------------|------------|---------------------|------------------|------------|
| | NTD | USD | % | NTD | USD | % |
| CURRENT ASSETS | | | | | | |
| Cash and cash equivalents (Note 6) | \$ 415,500 | \$ 14,589 | 14 | \$ 161,945 | \$ 5,402 | 6 |
| Financial assets at fair value through other comprehensive income - current (Note 7) | - | - | - | 24,252 | 809 | 1 |
| Financial assets at amortized cost - current (Note 8) | 1,473,360 | 51,733 | 49 | 1,278,261 | 42,637 | 50 |
| Notes receivable | - | - | - | 232 | 8 | - |
| Trade receivables (Note 9) | 49,123 | 1,725 | 2 | 74,295 | 2,478 | 3 |
| Other receivables | 35,622 | 1,251 | 1 | 34,657 | 1,156 | 1 |
| Inventories (Note 10) | 391,517 | 13,747 | 13 | 249,052 | 8,307 | 10 |
| Other current assets (Note 14) | 45,005 | 1,579 | 1 | 67,139 | 2,236 | 3 |
| Total current assets | 2,410,127 | 84,624 | 80 | 1,889,833 | 63,033 | 74 |
| NON-CURRENT ASSETS | | | | | | |
| Property, plant and equipment (Note 12) | 409,383 | 14,375 | 14 | 487,662 | 16,267 | 19 |
| Right-of-use assets (Note 13) | 130,000 | 4,565 | 4 | 145,040 | 4,838 | 6 |
| Other intangible assets | 961 | 34 | - | 576 | 19 | - |
| Deferred tax assets (Note 21) | 7,240 | 254 | - | 7,354 | 245 | - |
| Prepayments for equipment | 15,486 | 544 | 1 | 23,255 | 776 | 1 |
| Other non-current assets (Note 14) | 21,611 | 759 | 1 | 4,295 | 144 | - |
| Total non-current assets | 584,681 | 20,531 | 20 | 668,182 | 22,289 | 26 |
| TOTAL | <u>\$ 2,994,808</u> | <u>\$ 105,155</u> | <u>100</u> | <u>\$ 2,558,015</u> | <u>\$ 85,322</u> | <u>100</u> |
| LIABILITIES AND EQUITY | | | | | | |
| CURRENT LIABILITIES | | | | | | |
| Short-term borrowings (Note 15) | \$ 989,281 | \$ 34,736 | 33 | \$ 604,254 | \$ 20,155 | 24 |
| Trade payables | 118,348 | 4,155 | 4 | 114,595 | 3,822 | 5 |
| Other payables (Note 16) | 69,003 | 2,422 | 2 | 71,598 | 2,388 | 3 |
| Current tax liabilities (Note 21) | 8,729 | 307 | - | 7,719 | 257 | - |
| Lease liabilities - current (Note 13) | 5,051 | 177 | - | 5,813 | 194 | - |
| Other current liabilities | 9,924 | 352 | 1 | 10,858 | 362 | - |
| Total current liabilities | 1,200,336 | 42,149 | 40 | 814,837 | 27,178 | 32 |
| NON-CURRENT LIABILITIES | | | | | | |
| Deferred income tax liabilities (Note 21) | 1 | - | - | 101 | 3 | - |
| Lease liabilities - non-current (Note 13) | 1,655 | 58 | - | 6,831 | 228 | - |
| Guarantee deposits received | 1,122 | 39 | - | 1,181 | 39 | - |
| Total non-current liabilities | 2,778 | 97 | - | 8,113 | 270 | - |
| Total liabilities | 1,203,114 | 42,246 | 40 | 822,950 | 27,448 | 32 |
| EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY | | | | | | |
| (Note 18) | | | | | | |
| Ordinary shares | 392,700 | 12,667 | 13 | 392,700 | 12,667 | 15 |
| Capital surplus | 653,216 | 21,364 | 22 | 653,216 | 21,364 | 26 |
| Retained earnings | | | | | | |
| Legal reserve | 118,562 | 3,920 | 4 | 84,046 | 2,756 | 3 |
| Special reserve | 130,284 | 4,332 | 4 | 91,193 | 3,013 | 4 |
| Unappropriated earnings | 713,912 | 22,829 | 24 | 644,195 | 20,444 | 25 |
| Other equity | (216,980) | (2,203) | (7) | (130,285) | (2,370) | (5) |
| Total equity | 1,791,694 | 62,909 | 60 | 1,735,065 | 57,874 | 68 |
| TOTAL | <u>\$ 2,994,808</u> | <u>\$ 105,155</u> | <u>100</u> | <u>\$ 2,558,015</u> | <u>\$ 85,322</u> | <u>100</u> |

Note: These consolidated financial statements were originally presented in U.S. dollars. For the purpose of comparison, the consolidated balance sheets have been subsequently translated to New Taiwan dollars at an exchange rate of NT\$28.48:US\$1 and NT\$29.98:US\$1 as of December 31, 2020 and 2019, respectively. Since the par value of shares is NT\$10, the historical exchange rate of the issue date in the Company's Articles of Incorporation is used to calculate the shares.

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

TAISUN INT'L (HOLDING) CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars or U.S. Dollars, Except Earnings Per Share)

| | 2020 | | | 2019 | | |
|--|-------------------|------------------|------------|-------------------|------------------|------------|
| | NTD | USD | % | NTD | USD | % |
| SALES (Note 19) | \$ 1,895,124 | \$ 64,135 | 100 | \$ 1,977,366 | \$ 63,968 | 100 |
| COST OF GOODS SOLD (Note 20) | <u>1,211,324</u> | <u>40,994</u> | <u>64</u> | <u>1,364,686</u> | <u>44,147</u> | <u>69</u> |
| GROSS PROFIT | <u>683,800</u> | <u>23,141</u> | <u>36</u> | <u>612,680</u> | <u>19,821</u> | <u>31</u> |
| OPERATING EXPENSES (Note 20) | | | | | | |
| Selling and marketing expenses | 223,570 | 7,566 | 12 | 190,263 | 6,155 | 9 |
| General and administrative expenses | 87,650 | 2,966 | 4 | 91,897 | 2,973 | 5 |
| Research and development expenses | 16,791 | 568 | 1 | 15,418 | 499 | 1 |
| Expected credit loss | <u>591</u> | <u>20</u> | <u>-</u> | <u>93</u> | <u>3</u> | <u>-</u> |
| Total operating expenses | <u>328,602</u> | <u>11,120</u> | <u>17</u> | <u>297,671</u> | <u>9,630</u> | <u>15</u> |
| PROFIT FROM OPERATIONS | <u>355,198</u> | <u>12,021</u> | <u>19</u> | <u>315,009</u> | <u>10,191</u> | <u>16</u> |
| NON-OPERATING INCOME AND EXPENSES | | | | | | |
| Interest income (Note 20) | 100,305 | 3,395 | 6 | 72,739 | 2,353 | 4 |
| Other income (Note 20) | 91 | 3 | - | 1,576 | 51 | - |
| Other gains (Note 20) | 1,268 | 42 | - | 1,838 | 59 | - |
| Finance costs (Note 20) | <u>(14,595)</u> | <u>(494)</u> | <u>(1)</u> | <u>(10,884)</u> | <u>(352)</u> | <u>-</u> |
| Total non-operating income and expenses | <u>87,069</u> | <u>2,946</u> | <u>5</u> | <u>65,269</u> | <u>2,111</u> | <u>4</u> |
| PROFIT BEFORE INCOME TAX | 442,267 | 14,967 | 24 | 380,278 | 12,302 | 20 |
| INCOME TAX EXPENSE (Note 21) | <u>51,187</u> | <u>1,732</u> | <u>3</u> | <u>35,114</u> | <u>1,136</u> | <u>2</u> |
| NET PROFIT FOR THE YEAR | <u>391,080</u> | <u>13,235</u> | <u>21</u> | <u>345,164</u> | <u>11,166</u> | <u>18</u> |
| OTHER COMPREHENSIVE INCOME (LOSS) | | | | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | | | | |
| Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income | (3,940) | (133) | - | 648 | 21 | - |
| Exchange differences on translation to the presentation currency | (91,530) | - | (5) | (40,498) | - | (2) |
| Items that maybe reclassified subsequently to profit or loss: | | | | | | |
| Exchange differences on translating the financial statements of foreign operations | <u>4,493</u> | <u>150</u> | <u>-</u> | <u>1,259</u> | <u>41</u> | <u>-</u> |
| Other comprehensive income (loss) for the year, net of income tax | <u>(90,977)</u> | <u>17</u> | <u>(5)</u> | <u>(38,591)</u> | <u>62</u> | <u>(2)</u> |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | <u>\$ 300,103</u> | <u>\$ 13,252</u> | <u>16</u> | <u>\$ 306,573</u> | <u>\$ 11,228</u> | <u>16</u> |
| NET PROFIT ATTRIBUTABLE TO: | | | | | | |
| Owners of the Company | <u>\$ 391,080</u> | <u>\$ 13,235</u> | <u>21</u> | <u>\$ 345,164</u> | <u>\$ 11,166</u> | <u>17</u> |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO: | | | | | | |
| Owners of the Company | <u>\$ 300,103</u> | <u>\$ 13,252</u> | <u>16</u> | <u>\$ 306,573</u> | <u>\$ 11,228</u> | <u>16</u> |

(Continued)

TAISUN INT'L (HOLDING) CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars or U.S. Dollars, Except Earnings Per Share)

| | 2020 | | | 2019 | | |
|---|----------------|----------------|---|----------------|----------------|---|
| | NTD | USD | % | NTD | USD | % |
| EARNINGS PER SHARE (Note 22) | | | | | | |
| From continuing and discounted operations | | | | | | |
| Basic | <u>\$ 9.96</u> | <u>\$ 0.34</u> | | <u>\$ 8.79</u> | <u>\$ 0.28</u> | |
| Diluted | <u>\$ 9.94</u> | <u>\$ 0.34</u> | | <u>\$ 8.77</u> | <u>\$ 0.28</u> | |

Note: These consolidated financial statements were originally presented in U.S. dollars. For the purpose of comparison, the consolidated statements of comprehensive income have been subsequently translated to New Taiwan dollars at an average exchange rate of NT\$29.549:US\$1 and NT\$30.912:US\$1 for the years ended December 31, 2020 and 2019, respectively. Since the par value of shares is NT\$10, the historical exchange rate of the issue date in the Company's Articles of Incorporation is used to calculate the shares.

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

(Concluded)

TAISUN INT'L (HOLDING) CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

| | Ordinary Shares (Note 18) | | Capital Surplus | Retained Earnings (Note 18) | | | Other | | Total Equity |
|--|---------------------------|-------------------|-------------------|-----------------------------|-------------------|-------------------------|--|---|---------------------|
| | Shares (In Thousands) | Share Capital | | Legal Reserve | Special Reserve | Unappropriated Earnings | Exchange Differences on Translating the Financial Statements of Foreign Operations | Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income | |
| BALANCE AT JANUARY 1, 2019 | 39,270 | \$ 392,700 | \$ 653,216 | \$ 54,177 | \$ 112,024 | \$ 515,697 | \$ (89,982) | \$ (1,209) | \$ 1,636,623 |
| Appropriation of 2018 earnings | | | | | | | | | |
| Legal reserve | - | - | - | 29,869 | - | (29,869) | - | - | - |
| Special reserve | - | - | - | - | (20,831) | 20,831 | - | - | - |
| Cash dividends distributed by the Company | - | - | - | - | - | (208,131) | - | - | (208,131) |
| Net profit for the year ended December 31, 2019 | - | - | - | - | - | 345,164 | - | - | 345,164 |
| Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax | - | - | - | - | - | - | (39,239) | 648 | (38,591) |
| Total comprehensive income (loss) for the year ended December 31, 2019 | - | - | - | - | - | 345,164 | (39,239) | 648 | 306,573 |
| Disposal of investments in equity instruments at fair value through other comprehensive income | - | - | - | - | - | 503 | - | (503) | - |
| BALANCE AT DECEMBER 31, 2019 | 39,270 | 392,700 | 653,216 | 84,046 | 91,193 | 644,195 | (129,221) | (1,064) | 1,735,065 |
| Appropriation of 2019 earnings | | | | | | | | | |
| Legal reserve | - | - | - | 34,516 | - | (34,516) | - | - | - |
| Special reserve | - | - | - | - | 39,091 | (39,091) | - | - | - |
| Cash dividends distributed by the Company | - | - | - | - | - | (243,474) | - | - | (243,474) |
| Net profit for the year ended December 31, 2020 | - | - | - | - | - | 391,080 | - | - | 391,080 |
| Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax | - | - | - | - | - | - | (87,037) | (3,940) | (90,977) |
| Total comprehensive income (loss) for the year ended December 31, 2020 | - | - | - | - | - | 391,080 | (87,037) | (3,940) | 300,103 |
| Disposal of investments in equity instruments at fair value through other comprehensive income | - | - | - | - | - | (4,282) | - | 4,282 | - |
| BALANCE AT DECEMBER 31, 2020 | <u>39,270</u> | <u>\$ 392,700</u> | <u>\$ 653,216</u> | <u>\$ 118,562</u> | <u>\$ 130,284</u> | <u>\$ 713,912</u> | <u>\$ (216,258)</u> | <u>\$ (722)</u> | <u>\$ 1,791,694</u> |

Note: These consolidated financial statements were originally presented in U.S. dollars. For the purpose of comparison, the consolidated statements of changes in equity have been subsequently translated to New Taiwan dollars at an average exchange rate of NT\$29.549:US\$1 and NT\$30.912:US\$1 for the years ended December 31, 2020 and 2019, respectively. Since the par value of shares is NT\$10, the historical exchange rate of the issue date in the Company's Articles of Incorporation is used to calculate the shares.

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

TAISUN INT'L (HOLDING) CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of U.S. Dollars)

| | Ordinary Shares (Note 18) | | Capital Surplus | Retained Earnings (Note 18) | | | Other | | Total Equity |
|--|---------------------------|------------------|------------------|-----------------------------|-----------------|-------------------------|--|---|------------------|
| | Shares (In Thousands) | Share Capital | | Legal Reserve | Special Reserve | Unappropriated Earnings | Exchange Differences on Translating the Financial Statements of Foreign Operations | Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income | |
| BALANCE AT JANUARY 1, 2019 | 39,270 | \$ 12,667 | \$ 21,364 | \$ 1,794 | \$ 3,684 | \$ 16,190 | \$ (2,376) | \$ (39) | \$ 53,284 |
| Appropriation of 2018 earnings | | | | | | | | | |
| Legal reserve | - | - | - | 962 | - | (962) | - | - | - |
| Special reserve | - | - | - | - | (671) | 671 | - | - | - |
| Cash dividends distributed by the Company | - | - | - | - | - | (6,638) | - | - | (6,638) |
| Net profit for the year ended December 31, 2019 | - | - | - | - | - | 11,166 | - | - | 11,166 |
| Other comprehensive income for the year ended December 31, 2019, net of income tax | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>41</u> | <u>21</u> | <u>62</u> |
| Total comprehensive income for the year ended December 31, 2019 | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>11,166</u> | <u>41</u> | <u>21</u> | <u>11,228</u> |
| Disposal of investments in equity instruments at fair value through other comprehensive income | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>17</u> | <u>-</u> | <u>(17)</u> | <u>-</u> |
| BALANCE AT DECEMBER 31, 2019 | 39,270 | 12,667 | 21,364 | 2,756 | 3,013 | 20,444 | (2,335) | (35) | 57,874 |
| Appropriation of 2019 earnings | | | | | | | | | |
| Legal reserve | - | - | - | 1,164 | - | (1,164) | - | - | - |
| Special reserve | - | - | - | - | 1,319 | (1,319) | - | - | - |
| Cash dividends distributed by the Company | - | - | - | - | - | (8,217) | - | - | (8,217) |
| Net profit for the year ended December 31, 2020 | - | - | - | - | - | 13,235 | - | - | 13,235 |
| Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>150</u> | <u>(133)</u> | <u>17</u> |
| Total comprehensive income (loss) for the year ended December 31, 2020 | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>13,235</u> | <u>150</u> | <u>(133)</u> | <u>13,252</u> |
| Disposal of investments in equity instruments at fair value through other comprehensive income | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(150)</u> | <u>-</u> | <u>150</u> | <u>-</u> |
| BALANCE AT DECEMBER 31, 2020 | <u>39,270</u> | <u>\$ 12,667</u> | <u>\$ 21,364</u> | <u>\$ 3,920</u> | <u>\$ 4,332</u> | <u>\$ 22,829</u> | <u>\$ (2,185)</u> | <u>\$ (18)</u> | <u>\$ 62,909</u> |

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

TAISUN INT'L (HOLDING) CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars or U.S. Dollars)

| | 2020 | | 2019 | |
|---|----------------|--------------|----------------|---------------|
| | NTD | USD | NTD | USD |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Profit before income tax | \$ 442,267 | \$ 14,967 | \$ 380,278 | \$ 12,302 |
| Adjustments for: | | | | |
| Depreciation expenses | 98,052 | 3,318 | 93,157 | 3,013 |
| Amortization expenses | 525 | 18 | 529 | 17 |
| Finance costs | 14,595 | 494 | 10,884 | 352 |
| Interest income | (100,305) | (3,395) | (72,739) | (2,353) |
| Dividend income | (91) | (3) | (1,576) | (51) |
| Loss on disposal of property, plant and equipment | - | - | 651 | 21 |
| Expected credit loss | 591 | 20 | 93 | 3 |
| Allowance for inventory valuation and obsolescence loss | 2,246 | 76 | 1,886 | 61 |
| Gain on lease modifications | - | - | (115) | (4) |
| Changes in operating assets and liabilities | | | | |
| Notes receivable | 236 | 8 | 155 | 5 |
| Trade receivables | 21,659 | 733 | (20,927) | (677) |
| Other receivables | 89 | 3 | (1,917) | (62) |
| Inventories | (162,992) | (5,516) | 32,303 | 1,045 |
| Other current assets | 19,413 | 657 | (18,517) | (599) |
| Trade payables | 9,840 | 333 | 17,527 | 567 |
| Other payables | 2,423 | 82 | 7,450 | 241 |
| Other current liabilities | (295) | (10) | 6,182 | 200 |
| Cash generated from operations | 348,253 | 11,785 | 435,304 | 14,081 |
| Interest paid | (16,004) | (542) | (10,083) | (326) |
| Income tax paid | (50,065) | (1,694) | (40,339) | (1,305) |
| Net cash generated from operating activities | <u>282,184</u> | <u>9,549</u> | <u>384,882</u> | <u>12,450</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Purchases from sale of financial assets at fair values through other comprehensive income | - | - | (12,519) | (405) |
| Proceeds from financial assets at fair values through other comprehensive income | 19,672 | 676 | 3,837 | 128 |
| Purchases from sale of financial assets at amortized cost | (268,778) | (9,096) | (711,409) | (23,014) |
| Payments for property, plant and equipment | (34,201) | (1,157) | (60,445) | (1,956) |

(Continued)

TAISUN INT'L (HOLDING) CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars or U.S. Dollars)

| | 2020 | | 2019 | |
|---|-------------------|------------------|-------------------|-----------------|
| | NTD | USD | NTD | USD |
| Increase in other non-current assets | \$ (18,173) | \$ (615) | \$ (10,015) | \$ (324) |
| Payments for intangible assets | 1 | - | (153) | (5) |
| Increase in prepayments for equipment | 6,737 | 228 | (48,686) | (1,575) |
| Interest received | 97,436 | 3,297 | 60,641 | 1,962 |
| Dividends received | <u>91</u> | <u>3</u> | <u>1,576</u> | <u>51</u> |
| Net cash used in investing activities | <u>(197,215)</u> | <u>(6,664)</u> | <u>(777,173)</u> | <u>(25,138)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Proceeds from short-term borrowings | 430,854 | 14,581 | 393,386 | 12,726 |
| Refunds of guarantee deposits received | - | - | (1,607) | (52) |
| Repayment of the principal portion of lease liabilities | (5,513) | (187) | (5,250) | (168) |
| Dividends paid to owners of the Company | <u>(243,474)</u> | <u>(8,217)</u> | <u>(208,131)</u> | <u>(6,638)</u> |
| Net cash generated from financing activities | <u>181,867</u> | <u>6,177</u> | <u>178,398</u> | <u>5,868</u> |
| EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES | | | | |
| | <u>(13,281)</u> | <u>125</u> | <u>2,409</u> | <u>64</u> |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | 253,555 | 9,187 | (211,484) | (6,756) |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | <u>161,945</u> | <u>5,402</u> | <u>373,429</u> | <u>12,158</u> |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | <u>\$ 415,500</u> | <u>\$ 14,589</u> | <u>\$ 161,945</u> | <u>\$ 5,402</u> |

Note: These consolidated financial statements were originally presented in U.S. dollars. For the purpose of comparison, the consolidated statements of cash flows have been subsequently translated to New Taiwan dollars at an average exchange rate of NT\$29.549:US\$1 and NT\$30.912:US\$1 for the years ended December 31, 2020 and 2019, respectively. Since the par value of shares is NT\$10, the historical exchange rate of the issue date in the Company's Articles of Incorporation is used to calculate the shares.

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

(Concluded)

TAISUN INT'L (HOLDING) CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars or U.S. Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Taisun Int'l (Holding) Corp. (the "Company") was incorporated in the Cayman Islands in February 2014 for the purpose of organizational restructuring for initial public offering and application for listing on the Taiwan Stock Exchange (TWSE). Based on the equity exchange agreement, the Company completed the organizational restructuring on December 31, 2014 and became the holding company of all of the consolidated entities.

The Company and the subsidiaries (collectively, the "Group") mainly manufacture and sell baby diapers, baby pants, adult diapers, sanitary napkins and wet wipes.

The Company's shares have been listed on the TWSE since January 2017.

The functional currency of the Company is the U.S. dollar. For greater comparability and consistency of financial reporting, the consolidated financial statements are presented in New Taiwan dollars and U.S. dollars, since the Company's shares are listed on the TWSE.

The exchange rates were NT\$29.549:US\$1 and NT\$29.98:US\$1 as of December 31, 2020 and December 31, 2019, respectively, and the average exchange rates for the year were NT\$28.48:US\$1 and NT\$30.912:US\$1, respectively. The share capital in New Taiwan dollars was calculated at the par value of NT\$10, the historical exchange rate on the issue date as stated in the Company's Articles of Incorporation.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on March 12, 2021.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)
- h.
- i. Except for the following, the initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group's accounting policies:

- Amendments to IAS 1 and IAS 8 "Definition of Material"

The Group adopted the amendments starting from January 1, 2020. The threshold of materiality that could influence users has been changed to "could reasonably be expected to influence". Accordingly, disclosures in the consolidated financial statements do not include immaterial information that may obscure material information.

- b. The IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting from 2021

| New IFRSs | Effective Date Announced by IASB |
|--|---|
| Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9” | Effective immediately upon promulgation by the IASB |
| Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform - Phase 2” | January 1, 2021 |
| Amendment to IFRS 16 “Covid-19-Related Rent Concessions” | June 1, 2020 |
| <ul style="list-style-type: none"> Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform - Phase 2” <p>“Interest Rate Benchmark Reform - Phase 2” primarily amends IFRS 9, IFRS 7 and IFRS 16 to provide practical relief from the impact of the interest rate benchmark reform.</p> <p><u>Changes in the basis for determining contractual cash flows as a result of interest rate benchmark reform</u></p> | |

The changes in the basis for determining contractual cash flows of financial assets, financial liabilities or lease liabilities are accounted for by updating the effective interest rate at the time the basis is changed, provided the changes are necessary as a direct consequence of the reform and the new basis is economically equivalent to the previous basis.

- c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

| New IFRSs | Effective Date Announced by IASB (Note 1) |
|--|--|
| “Annual Improvements to IFRS Standards 2018-2020” | January 1, 2022 (Note 2) |
| Amendments to IFRS 3 “Reference to the Conceptual Framework” | January 1, 2022 (Note 3) |
| Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture” | To be determined by IASB |
| IFRS 17 “Insurance Contracts” | January 1, 2023 |
| Amendments to IFRS 17 | January 1, 2023 |
| Amendments to IAS 1 “Classification of Liabilities as Current or Non-current” | January 1, 2023 |
| Amendments to IAS 1 “Disclosure of Accounting Policies” | January 1, 2023 (Note 6) |
| Amendments to IAS 8 “Definition of Accounting Estimates” | January 1, 2023 (Note 7) |
| Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use” | January 1, 2022 (Note 4) |
| Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract” | January 1, 2022 (Note 5) |

j.

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

Note 2: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively to annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

k.

Note 7: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

1) Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

The amendments stipulate that when the Group sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when the Group loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when the Group sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group’s interest as an unrelated investor in the associate or joint venture, i.e., the Group’s share of the gain or loss is eliminated. Also, when the Group loses control of a subsidiary that does not contain a business but retains significant influence or joint control over an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group’s interest as an unrelated investor in the associate or joint venture, i.e., the Group’s share of the gain or loss is eliminated.

2) Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”

The amendments clarify that for a liability to be classified as non-current, the Group shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Group will exercise that right. The amendments also clarify that, if the right to defer settlement is subject to compliance with specified conditions, the Group must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date.

The amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Group’s own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Group’s own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32 “Financial Instruments: Presentation”, the aforementioned terms would not affect the classification of the liability.

1.

3) Annual Improvements to IFRS Standards 2018-2020

Several standards, including IFRS 9 “Financial Instruments”, were amended in the annual improvements. IFRS 9 requires the reporting entity to compare the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, with that of the cash flows under the original financial liability when there is an exchange or modification of debt instruments. The new terms and the original terms are substantially different if the difference between those discounted present values is at least 10%. The amendments to IFRS 9 clarify that the only fees that should be included in the above assessment are those fees paid or received between the borrower and the lender.

m.

4) Amendments to IFRS 3 “Reference to the Conceptual Framework”

The amendments replace the references to the Conceptual Framework of IFRS 3 and specify that the acquirer shall apply IFRIC 21 “Levies” to determine whether the event that gives rise to a liability for a levy has occurred at the acquisition date.

5) Amendments to IAS 16 “Property, Plant and Equipment: Proceeds before Intended Use”

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of those items is measured in accordance with IAS 2 “Inventories”. Any proceeds from selling those items and the cost of those items are recognized in profit or loss in accordance with applicable standards.

The amendments are applicable only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021. The Group will restate its comparative information when it initially applies the aforementioned amendments.

6) Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”

The amendments specify that when assessing whether a contract is onerous, the “cost of fulfilling a contract” includes both the incremental costs of fulfilling that contract (for example, direct labor and materials) and an allocation of other costs that relate directly to fulfilling contracts (for example, an allocation of depreciation for an item of property, plant and equipment used in fulfilling the contract).

The Group will recognize the cumulative effect of the initial application of the aforementioned amendments in the retained earnings at the date of the initial application.

n. Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

o.

p. The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

- b. Basis of preparation
 - q.
 - r. The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.
 - s.
 - t. The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:
 - 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
 - 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
 - 3) Level 3 inputs are unobservable inputs for an asset or liability.
- c. Classification of current and non-current assets and liabilities
 - u.
 - v. Current assets include:
 - 1) Assets held primarily for the purpose of trading;
 - 2) Assets expected to be realized within 12 months after the reporting period; and
 - 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.
 - w. Current liabilities include:
 - 1) Liabilities held primarily for the purpose of trading;
 - 2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
 - 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period. 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.
 - x. Assets and liabilities that are not classified as current are classified as non-current.
 - y.
- d. Basis of consolidation
 - z. The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries, including structured entities).
 - aa.
 - bb. Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.
 - cc.
 - dd. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.
 - ee.

- ff. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- gg.
- hh. Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.
- ii.
- jj. See Note 11 and Table 4 for detailed information on subsidiaries (including percentages of ownership and main businesses).
- e. Foreign currencies
- kk.
- ll. In preparing the financial statements of each individual entity in the Group, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.
- mm.
- nn. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period.
- oo.
- pp. Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which cases, the exchange differences are also recognized directly in other comprehensive income.
- qq.
- rr. Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.
- ss.
- tt. For the purpose of presenting consolidated financial statements, the functional currencies of the Company and the Company's foreign operations (including subsidiaries, associates, joint ventures and branches in other countries that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.
- uu.
- vv. On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.
- ww.
- xx. In relation to a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to the non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.
- yy.

f. Inventories

zz.

aaa. Inventories consist of raw materials, merchandise and finished goods and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

bbb.

g. Property, plant and equipment

ccc.

ddd. Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss.

eee.

fff. Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. If a lease term is shorter than the assets' useful lives, such assets are depreciated over the lease term. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

ggg.

hhh. On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

iii.

h. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Impairment of property, plant and equipment, right-of-use asset, intangible assets other than goodwill and assets related to contract costs

jjj.

kkk. At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

lll.

mmm. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

nnn.

ooo. The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the

resulting impairment loss recognized in profit or loss.

ppp.

qqq. Before the Group recognizes an impairment loss from assets related to contract costs, any impairment loss on inventories, property, plant and equipment and intangible assets related to the contract applicable under IFRS 15 shall be recognized in accordance with applicable standards. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

rrr.

sss. When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

ttt.

j. Financial instruments

uuu.

vvv. Financial assets and financial liabilities are recognized when an entity in the Group becomes a party to the contractual provisions of the instruments.

www.

xxx. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement category

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial assets are mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends, interest earned and remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 24: Financial Instruments.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, financial assets at amortized cost, notes receivable, trade receivables and other receivables, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial asset that has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial asset.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets and contract assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Group always recognizes lifetime expected credit losses (ECLs) for notes receivable, trade receivables and other receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The impairment loss of the abovementioned financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

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

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

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

- Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when such financial liabilities are either held for trading or are designated as at FVTPL.

Financial liabilities held for trading are stated at fair value, and any gains or losses on such financial liabilities are recognized in other gains or losses/any interest paid on such financial liabilities is recognized in finance costs; any remeasurement gains or losses on such financial liabilities are recognized in other gains or losses.

b) Derecognition of financial liabilities

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

k. Revenue recognition

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zzz. The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

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bbbb. Sales of goods is recognized as revenue when the customer obtains the right of goods. When the goods are delivered to the customer's specific location, the performance obligation is satisfied.

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dddd. Revenue from the sales of goods is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Allowances for sales returns and liabilities for returns are recognized to provisions at the time of sale based on the seller's reliable estimate of future returns and based on past experience and different contract conditions.

l. Leasing

eeee. At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

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gggg. For a contract that contains a lease component and non-lease components, the Group allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

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- The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. However, if leases transfer ownership of the underlying assets to the Group by the end of the lease terms or if the costs of right-of-use assets reflect that the Group will exercise a purchase option, the Group depreciates the right-of-use assets from the commencement dates to the end of the useful lives of the underlying assets.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

m. Borrowing costs

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jjjj. Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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llll. Other than that which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

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n. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost and net interest on the net defined benefit liabilities are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

3) Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Group can no longer withdraw the offer of the termination benefit or when the Group recognizes any related restructuring costs.

o. Taxation

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

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1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

When a current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Group considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

6. CASH AND CASH EQUIVALENTS

| | December 31 | |
|---|--------------------|-------------------|
| | 2020 | 2019 |
| <u>New Taiwan dollars</u> | | |
| Cash on hand | \$ 301 | \$ 353 |
| Checking accounts and demand deposits | 108,375 | 32,875 |
| Cash equivalents (investments with original maturities of less than 3 months) | | |
| Time deposits | <u>306,824</u> | <u>128,717</u> |
| | <u>\$ 415,500</u> | <u>\$ 161,945</u> |
| <u>U.S. dollars</u> | | |
| Cash on hand | \$ 11 | \$ 12 |
| Checking accounts and demand deposits | 3,805 | 1,097 |
| Cash equivalents (investments with original maturities of less than 3 months) | | |
| Time deposits | <u>10,773</u> | <u>4,293</u> |
| | <u>\$ 14,589</u> | <u>\$ 5,402</u> |

The market rate intervals of cash in the bank at the end of the reporting period were as follows:

| | December 31 | |
|-----------------|--------------------|-------------|
| | 2020 | 2019 |
| Demand deposits | 0.00%-0.20% | 0.10%-0.30% |
| Time deposits | 0.20%-3.50% | 2.06%-5.50% |

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

| | December 31 | |
|---|--------------------|------------------|
| | 2020 | 2019 |
| <u>New Taiwan dollars</u> | | |
| <u>Current</u> | | |
| Investments in equity instruments at FVTOCI | <u>\$ -</u> | <u>\$ 24,252</u> |
| | | (Continued) |

| | December 31 | |
|---|--------------------|-------------|
| | 2020 | 2019 |
| <u>Current</u> | | |
| Domestic investments | | |
| Listed shares and emerging market shares | | |
| Ordinary shares - Sanitar Co., Ltd. | \$ - | \$ 2,424 |
| Ordinary shares - King's Town Bank | - | 5,025 |
| Ordinary shares - China Steel Corporation | - | 4,780 |
| | - | 12,229 |
| Foreign investments | | |
| Listed shares and emerging market shares | | |
| Ordinary shares - Vietnam Engine And Agricultural Machinery Corporation | - | 2,931 |
| Ordinary shares - Pha Lai Thermal Power Joint Stock Company | - | 4,525 |
| Ordinary shares - PetroVietnam Power Nhon Trach 2 Joint Stock Company | - | 1,961 |
| Ordinary shares - Vietnam Rubber Group - Joint Stock Company | - | 2,606 |
| | - | 12,023 |
| | \$ - | \$ 24,252 |
| <u>U.S. dollars</u> | | |
| <u>Current</u> | | |
| Investments in equity instruments at FVTOCI | \$ - | \$ 809 |
| <u>Current</u> | | |
| Domestic investments | | |
| Listed shares and emerging market shares | | |
| Ordinary shares - Sanitar Co., Ltd. | \$ - | \$ 81 |
| Ordinary shares - King's Town Bank | - | 168 |
| Ordinary shares - China Steel Corporation | - | 159 |
| | - | 408 |
| Foreign investments | | |
| Listed shares and emerging market shares | | |
| Ordinary shares - Vietnam Engine And Agricultural Machinery Corporation | - | 98 |
| Ordinary shares - Pha Lai Thermal Power Joint Stock Company | - | 151 |
| Ordinary shares - PetroVietnam Power Nhon Trach 2 Joint Stock Company | - | 65 |
| Ordinary shares - Vietnam Rubber Group - Joint Stock Company | - | 87 |
| | - | 401 |
| | \$ - | \$ 809 |
| | | (Concluded) |

These investments in equity instruments are not held for trading. Instead, they are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

The Group acquired ordinary shares for medium- to long-term strategic purposes, which amounted to NT\$12,519 thousand (US\$405 thousand) in 2019. The management designated these investments as at FVTOCI.

In 2020 and 2019, the Group adjusted its investment portfolio in order to diversify the investment risks by selling some of its shares. For the years ended December 31, 2020 and 2019, the shares sold had a fair value of NT\$19,672 thousand (US\$676 thousand) and NT\$3,837 thousand (US\$128 thousand), respectively, and the Group respectively transferred a gain of NT\$4,282 thousand (US\$150 thousand) and a loss of NT\$(503) thousand (US\$(17) thousand) from other equity to retained earnings.

Dividends of \$91 thousand (US\$3 thousand) and NT\$1,576 thousand (US\$51 thousand) were recognized for the years ended December 31, 2020 and 2019, respectively. Dividends related to investments derecognized at the end of the reporting years were NT\$91 thousand (US\$3 thousand) and NT\$728 thousand (US\$23 thousand), respectively.

8. FINANCIAL ASSETS AT AMORTIZED COST

| | December 31 | |
|--|---------------------|---------------------|
| | 2020 | 2019 |
| <u>New Taiwan dollars</u> | | |
| <u>Current</u> | | |
| Time deposits with original maturities of more than 3 months | <u>\$ 1,473,360</u> | <u>\$ 1,278,261</u> |
| <u>U.S. dollars</u> | | |
| <u>Current</u> | | |
| Time deposits with original maturities of more than 3 months | <u>\$ 51,733</u> | <u>\$ 42,637</u> |

- The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 4.1%-8.0% and 2.3%-7.3% per annum as of December 31, 2020 and 2019, respectively.
- Refer to Note 25 for information relating to investments in financial assets at amortized cost pledged as security.

9. TRADE RECEIVABLES

| | December 31 | |
|-------------------------------------|--------------------|------------------|
| | 2020 | 2019 |
| <u>Trade receivables</u> | | |
| <u>New Taiwan dollars</u> | | |
| At amortized cost | | |
| Gross carrying amount | \$ 49,835 | \$ 74,445 |
| Less: Allowance for impairment loss | <u>(712)</u> | <u>(150)</u> |
| | <u>\$ 49,123</u> | <u>\$ 74,295</u> |
| <u>U.S. dollars</u> | | |
| At amortized cost | | |
| Gross carrying amount | \$ 1,750 | \$ 2,483 |
| Less: Allowance for impairment loss | <u>(25)</u> | <u>(5)</u> |
| | <u>\$ 1,725</u> | <u>\$ 2,478</u> |

The average credit period of sales of goods was 30 days. No interest was charged on trade receivables. In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

December 31, 2020

(In Thousands of New Taiwan Dollars)

| | Posting Date Less Than 90 Days | Posting Date 91 to 180 Days | Posting Date 181 to 360 Days | Posting Date Over 360 Days | Total |
|-------------------------------|---|--|---|---|------------------|
| Gross carrying amount | \$ 46,563 | \$ 2,169 | \$ 827 | \$ 276 | \$ 49,835 |
| Loss allowance (Lifetime ECL) | <u>-</u> | <u>(22)</u> | <u>(414)</u> | <u>(276)</u> | <u>(712)</u> |
| Amortized cost | <u>\$ 46,563</u> | <u>\$ 2,147</u> | <u>\$ 413</u> | <u>\$ -</u> | <u>\$ 49,123</u> |

(In Thousands of U.S. Dollars)

| | Posting Date Less Than 90 Days | Posting Date 91 to 180 Days | Posting Date 181 to 360 Days | Posting Date Over 360 Days | Total |
|-------------------------------|---|-----------------------------------|------------------------------------|----------------------------------|-----------------|
| Gross carrying amount | \$ 1,635 | \$ 76 | \$ 29 | \$ 10 | \$ 1,750 |
| Loss allowance (Lifetime ECL) | <u>-</u> | <u>(1)</u> | <u>(14)</u> | <u>(10)</u> | <u>(25)</u> |
| Amortized cost | <u>\$ 1,635</u> | <u>\$ 75</u> | <u>\$ 15</u> | <u>\$ -</u> | <u>\$ 1,725</u> |

December 31, 2019

(In Thousands of New Taiwan Dollars)

| | Posting Date Less Than 90 Days | Posting Date 91 to 180 Days | Posting Date 181 to 360 Days | Posting Date Over 360 Days | Total |
|-------------------------------|---|-----------------------------------|------------------------------------|----------------------------------|------------------|
| Gross carrying amount | \$ 68,706 | \$ 1,567 | \$ 4,129 | \$ 43 | \$ 74,445 |
| Loss allowance (Lifetime ECL) | <u>-</u> | <u>(16)</u> | <u>(91)</u> | <u>(43)</u> | <u>(150)</u> |
| Amortized cost | <u>\$ 68,706</u> | <u>\$ 1,551</u> | <u>\$ 4,038</u> | <u>\$ -</u> | <u>\$ 74,295</u> |

(In Thousands of U.S. Dollars)

| | Posting Date Less Than 90 Days | Posting Date 91 to 180 Days | Posting Date 181 to 360 Days | Posting Date Over 360 Days | Total |
|-------------------------------|---|-----------------------------------|------------------------------------|----------------------------------|-----------------|
| Gross carrying amount | \$ 2,292 | \$ 52 | \$ 138 | \$ 1 | \$ 2,483 |
| Loss allowance (Lifetime ECL) | <u>-</u> | <u>(1)</u> | <u>(3)</u> | <u>(1)</u> | <u>(5)</u> |
| Amortized cost | <u>\$ 2,292</u> | <u>\$ 51</u> | <u>\$ 135</u> | <u>\$ -</u> | <u>\$ 2,478</u> |

The Group's expected credit loss rates are as follows: 180 days of 0-1%; 180 days to 360 days of 30-50%; 1 years and above of 100%.

The movements of the loss allowance of trade receivables were as follows:

| | 2020 | 2019 |
|-----------------------------------|---------------|---------------|
| <u>New Taiwan dollars</u> | | |
| Balance at January 1 | \$ 150 | \$ 768 |
| Add: Impairment loss | 591 | 93 |
| Less: Amounts written off | - | (711) |
| Foreign exchange gains and losses | <u>(29)</u> | <u>-</u> |
| Balance at December 31 | <u>\$ 712</u> | <u>\$ 150</u> |

(Continued)

| | 2020 | 2019 |
|-----------------------------------|--------------|----------------------------|
| <u>U.S. dollars</u> | | |
| Balance at January 1 | \$ 5 | \$ 25 |
| Add: Impairment loss | 20 | 3 |
| Less: Amounts written off | - | (23) |
| Foreign exchange gains and losses | <u>-</u> | <u>-</u> |
| Balance at December 31 | <u>\$ 25</u> | <u>\$ 5</u> (Concluded) |

10. INVENTORIES

| | <u>December 31</u> | |
|---------------------------|--------------------|-------------------|
| | 2020 | 2019 |
| <u>New Taiwan dollars</u> | | |
| Merchandise | \$ 6,710 | \$ 5,933 |
| Finished goods | 124,934 | 82,832 |
| Raw materials | 212,801 | 123,664 |
| Inventory in transit | <u>47,072</u> | <u>36,623</u> |
| | <u>\$ 391,517</u> | <u>\$ 249,052</u> |
| <u>U.S. dollars</u> | | |
| Merchandise | \$ 236 | \$ 198 |
| Finished goods | 4,387 | 2,763 |
| Raw materials | 7,471 | 4,124 |
| Inventory in transit | <u>1,653</u> | <u>1,222</u> |
| | <u>\$ 13,747</u> | <u>\$ 8,307</u> |

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2020 and 2019 was NT\$1,211,324 thousand (US\$40,994 thousand) and NT\$1,364,686 thousand (US\$44,147 thousand), respectively.

The cost of goods sold included allowance for inventory valuation and obsolescence loss for the years ended December 31, 2020 and 2019 was NT\$2,246 thousand (US\$76 thousand) and NT\$1,886 thousand (US\$61 thousand), respectively.

11. SUBSIDIARIES

Subsidiaries Included in Consolidated Financial Statements

The detailed information on the Company's subsidiaries at the end of the reporting period was as follows:

| Investor | Investee | Business Nature | Percentage of Ownership | | Note |
|--|--|---|-------------------------|------|------|
| | | | December 31 | | |
| | | | 2020 | 2019 | |
| Taisun Int'l (Holding) Corp. | Taisun Vietnam Co., Ltd. (VN) | Manufacture and sale of baby diapers, baby pants, adult diapers, sanitary napkins and wet wipes | 100 | 100 | a |
| | Taipoly (Far East) Corporation (Mauritius) | Trading | 100 | 100 | b |
| | Winsun (Cambodia) Co., Ltd. (Cambodia) | Manufacture and sale of baby diapers, baby pants, adult diapers, sanitary napkins and wet wipes | 100 | 100 | c |
| | AB CARE (Singapore) Pte. Ltd. | Trading and investing | 100 | 100 | d |
| Winsun (Cambodia) Co., Ltd. (Cambodia) | Winsun Trade Co., Ltd. (VN) | Trading | 100 | 100 | e |

- a. Taisun Vietnam Co., Ltd. (VN) was incorporated in 2001 in Vietnam.
- b. Taipoly (Far East) Corporation (Mauritius) was incorporated in 2006 in Mauritius.
- c. Winsun (Cambodia) Co., Ltd. (Cambodia) was incorporated in 2015 in Cambodia.
- d. Taipoly International Pte. Ltd. was incorporated in April 2019 in Singapore and was renamed as AB CARE (Singapore) Pte. Ltd. in October 2019, and the registration of changes has been completed. In September and November 2020, AB CARE (Singapore) Pte. Ltd. issued ordinary shares for cash, which increased the share capital by US\$3,000 thousand and US\$7,000 thousand, respectively, and the registration of changes has been completed in November 2020.
- e. Winsun Trade Co., Ltd. was incorporated in December 2017 in Vietnam.

12. PROPERTY, PLANT AND EQUIPMENT

| | Buildings | Machinery and Equipment | Transportation Equipment | Office Equipment | Other Equipment | Equipment under Finance Leases | Property in Construction | Total |
|---|-------------------|-------------------------|--------------------------|------------------|------------------|--------------------------------|--------------------------|-------------------|
| New Taiwan dollars | | | | | | | | |
| <u>Cost</u> | | | | | | | | |
| Balance at January 1, 2020 | \$ 156,364 | \$ 653,181 | \$ 36,256 | \$ 34,717 | \$ 11,836 | \$ 167 | \$ 27,960 | \$ 920,481 |
| Additions | 206 | 1,987 | 750 | 259 | - | - | 30,999 | 34,201 |
| Reclassifications | 334 | 1,035 | - | - | - | - | (1,369) | - |
| Disposals | (39) | - | - | (67) | (50) | - | - | (156) |
| Transfer from prepaid equipment | - | - | - | 123 | - | - | - | 123 |
| Effect of foreign currency exchange differences | (7,574) | (31,078) | (1,736) | (1,723) | (554) | - | (2,222) | (44,887) |
| Balance at December 31, 2020 | <u>\$ 149,291</u> | <u>\$ 625,125</u> | <u>\$ 35,270</u> | <u>\$ 33,309</u> | <u>\$ 11,232</u> | <u>\$ 167</u> | <u>\$ 55,368</u> | <u>\$ 909,762</u> |
| <u>Accumulated depreciation and impairment</u> | | | | | | | | |
| Balance at January 1, 2020 | \$ 37,165 | \$ 351,615 | \$ 22,026 | \$ 11,948 | \$ 9,898 | \$ 167 | \$ - | \$ 432,819 |
| Disposals | (39) | - | - | (67) | (50) | - | - | (156) |
| Depreciation expense | 9,465 | 70,530 | 3,723 | 5,052 | 1,002 | - | - | 89,772 |
| Effect of foreign currency exchange differences | (2,066) | (17,587) | (1,154) | (755) | (494) | - | - | (22,056) |
| Balance at December 31, 2020 | <u>\$ 44,525</u> | <u>\$ 404,558</u> | <u>\$ 24,595</u> | <u>\$ 16,178</u> | <u>\$ 10,356</u> | <u>\$ 167</u> | <u>\$ -</u> | <u>\$ 500,379</u> |
| Carrying amounts at December 31, 2020 | <u>\$ 104,766</u> | <u>\$ 220,567</u> | <u>\$ 10,675</u> | <u>\$ 17,131</u> | <u>\$ 876</u> | <u>\$ -</u> | <u>\$ 55,368</u> | <u>\$ 409,383</u> |

(Continued)

| | Buildings | Machinery and Equipment | Transportation Equipment | Office Equipment | Other Equipment | Equipment under Finance Leases | Property in Construction | Total |
|---|-------------------|-------------------------|--------------------------|------------------|------------------|--------------------------------|--------------------------|-------------------|
| <u>U.S. dollars</u> | | | | | | | | |
| <u>Cost</u> | | | | | | | | |
| Balance at January 1, 2020 | \$ 5,216 | \$ 21,787 | \$ 1,209 | \$ 1,158 | \$ 395 | \$ 6 | \$ 933 | \$ 30,704 |
| Additions | 7 | 67 | 25 | 9 | - | - | 1,049 | 1,157 |
| Reclassifications | 11 | 35 | - | - | - | - | (46) | - |
| Disposals | (1) | - | - | (2) | (2) | - | - | (5) |
| Transfer from prepaid equipment | - | - | - | 4 | - | - | - | 4 |
| Effect of foreign currency exchange differences | 9 | 61 | 4 | 1 | 1 | - | 8 | 84 |
| Balance at December 31, 2020 | <u>\$ 5,242</u> | <u>\$ 21,950</u> | <u>\$ 1,238</u> | <u>\$ 1,170</u> | <u>\$ 394</u> | <u>\$ 6</u> | <u>\$ 1,944</u> | <u>\$ 31,944</u> |
| <u>Accumulated depreciation and impairment</u> | | | | | | | | |
| Balance at January 1, 2020 | \$ 1,239 | \$ 11,729 | \$ 735 | \$ 397 | \$ 331 | \$ 6 | \$ - | \$ 14,437 |
| Disposals | (1) | - | - | (2) | (2) | - | - | (5) |
| Depreciation expense | 320 | 2,387 | 126 | 171 | 34 | - | - | 3,038 |
| Effect of foreign currency exchange differences | 5 | 89 | 3 | 1 | 1 | - | - | 99 |
| Balance at December 31, 2020 | <u>\$ 1,563</u> | <u>\$ 14,205</u> | <u>\$ 864</u> | <u>\$ 567</u> | <u>\$ 364</u> | <u>\$ 6</u> | <u>\$ -</u> | <u>\$ 17,569</u> |
| Carrying amounts at December 31, 2020 | <u>\$ 3,679</u> | <u>\$ 7,745</u> | <u>\$ 374</u> | <u>\$ 603</u> | <u>\$ 30</u> | <u>\$ -</u> | <u>\$ 1,944</u> | <u>\$ 14,375</u> |
| <u>New Taiwan dollars</u> | | | | | | | | |
| <u>Cost</u> | | | | | | | | |
| Balance at January 1, 2019 | \$ 139,658 | \$ 512,914 | \$ 28,573 | \$ 34,460 | \$ 11,695 | \$ 167 | \$ 19,034 | \$ 746,501 |
| Additions | 3,416 | 11,661 | 4,292 | 1,104 | 288 | - | 39,684 | 60,445 |
| Reclassifications | 17,135 | 12,624 | - | - | 294 | - | (30,053) | - |
| Disposals | - | (24,721) | (1,612) | - | (191) | - | - | (26,524) |
| Transfer from prepaid equipment | - | 156,960 | 5,899 | - | - | - | - | 162,859 |
| Effect of foreign currency exchange differences | (3,845) | (16,257) | (896) | (847) | (250) | - | (705) | (22,800) |
| Balance at December 31, 2019 | <u>\$ 156,364</u> | <u>\$ 653,181</u> | <u>\$ 36,256</u> | <u>\$ 34,717</u> | <u>\$ 11,836</u> | <u>\$ 167</u> | <u>\$ 27,960</u> | <u>\$ 920,481</u> |
| <u>Accumulated depreciation and impairment</u> | | | | | | | | |
| Balance at January 1, 2019 | \$ 29,170 | \$ 319,012 | \$ 19,103 | \$ 5,494 | \$ 9,193 | \$ 140 | \$ - | \$ 382,112 |
| Disposals | - | (24,168) | (1,514) | - | (191) | - | - | (25,873) |
| Depreciation expense | 8,920 | 63,920 | 4,972 | 6,781 | 1,132 | 31 | - | 85,756 |
| Effect of foreign currency exchange differences | (925) | (7,149) | (535) | (327) | (236) | (4) | - | (9,176) |
| Balance at December 31, 2019 | <u>\$ 37,165</u> | <u>\$ 351,615</u> | <u>\$ 22,026</u> | <u>\$ 11,948</u> | <u>\$ 9,898</u> | <u>\$ 167</u> | <u>\$ -</u> | <u>\$ 432,819</u> |
| Carrying amounts at December 31, 2019 | <u>\$ 119,199</u> | <u>\$ 301,566</u> | <u>\$ 14,230</u> | <u>\$ 22,769</u> | <u>\$ 1,938</u> | <u>\$ -</u> | <u>\$ 27,960</u> | <u>\$ 487,662</u> |
| <u>U.S. dollars</u> | | | | | | | | |
| <u>Cost</u> | | | | | | | | |
| Balance at January 1, 2019 | \$ 4,547 | \$ 16,702 | \$ 930 | \$ 1,119 | \$ 381 | \$ 5 | \$ 620 | \$ 24,304 |
| Additions | 111 | 377 | 139 | 36 | 9 | - | 1,284 | 1,956 |
| Reclassifications | 554 | 408 | - | - | 10 | - | (972) | - |
| Disposals | - | (800) | (52) | - | (6) | - | - | (858) |
| Transfer from prepaid equipment | - | 5,078 | 191 | - | 1 | - | - | 5,270 |
| Effect of foreign currency exchange differences | 4 | 22 | 1 | 3 | - | 1 | 1 | 32 |
| Balance at December 31, 2019 | <u>\$ 5,216</u> | <u>\$ 21,787</u> | <u>\$ 1,209</u> | <u>\$ 1,158</u> | <u>\$ 395</u> | <u>\$ 6</u> | <u>\$ 933</u> | <u>\$ 30,704</u> |
| <u>Accumulated depreciation and impairment</u> | | | | | | | | |
| Balance at January 1, 2019 | \$ 949 | \$ 10,387 | \$ 622 | \$ 178 | \$ 300 | \$ 5 | \$ - | \$ 12,441 |
| Disposals | - | (782) | (49) | - | (6) | - | - | (837) |
| Depreciation expense | 289 | 2,068 | 161 | 219 | 37 | 1 | - | 2,775 |
| Effect of foreign currency exchange differences | 1 | 56 | 1 | - | - | - | - | 58 |
| Balance at December 31, 2019 | <u>\$ 1,239</u> | <u>\$ 11,729</u> | <u>\$ 735</u> | <u>\$ 397</u> | <u>\$ 331</u> | <u>\$ 6</u> | <u>\$ -</u> | <u>\$ 14,437</u> |
| Carrying amounts at December 31, 2019 | <u>\$ 3,977</u> | <u>\$ 10,058</u> | <u>\$ 474</u> | <u>\$ 761</u> | <u>\$ 64</u> | <u>\$ -</u> | <u>\$ 933</u> | <u>\$ 16,267</u> |

(Concluded)

No impairment assessment was performed for the years ended December 31, 2020 and 2019 as there was no indication of impairment.

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

| | |
|--------------------------|-------------|
| Buildings | |
| Industrial building | 20-50 years |
| Engineering systems | 14-15 years |
| Other | 5-7 years |
| Machinery and equipment | 2-10 years |
| Transportation equipment | 3-8 years |
| Office equipment | 2-6 years |
| Other equipment | 3-10 years |

13. LEASE ARRANGEMENTS

a. Right-of-use assets

| | December 31 | |
|---|---------------------------------------|-------------------|
| | 2020 | 2019 |
| <u>Carrying amounts</u> | | |
| <u>New Taiwan dollars</u> | | |
| Land | \$ 123,072 | \$ 132,362 |
| Buildings | <u>6,928</u> | <u>12,678</u> |
| | <u>\$ 130,000</u> | <u>\$ 145,040</u> |
| <u>U.S. dollars</u> | | |
| Land | \$ 4,322 | \$ 4,415 |
| Buildings | <u>243</u> | <u>423</u> |
| | <u>\$ 4,565</u> | <u>\$ 4,838</u> |
| | For the Year Ended December 31 | |
| | 2020 | 2019 |
| <u>New Taiwan dollars</u> | | |
| Depreciation charge for right-of-use assets | | |
| Land | \$ 2,963 | \$ 2,070 |
| Buildings | <u>5,317</u> | <u>5,331</u> |
| | <u>\$ 8,280</u> | <u>\$ 7,401</u> |
| <u>U.S. dollars</u> | | |
| Depreciation charge for right-of-use assets | | |
| Land | \$ 100 | \$ 67 |
| Buildings | <u>180</u> | <u>171</u> |
| | <u>\$ 280</u> | <u>\$ 238</u> |

- b. Lease liabilities
qqqq.

| | December 31 | |
|--|--------------------|-----------------|
| | 2020 | 2019 |
| <u>Carrying amounts</u> | | |
| <u>New Taiwan dollars</u> | | |
| Current | \$ <u>5,051</u> | \$ <u>5,813</u> |
| Non-current | \$ <u>1,655</u> | \$ <u>6,831</u> |
| <u>U.S. dollars</u> | | |
| Current | \$ <u>177</u> | \$ <u>194</u> |
| Non-current | \$ <u>58</u> | \$ <u>228</u> |
| rrrr. | | |
| ssss. Range of discount rate for lease liabilities was as follows: | | |
| tttt. | | |

| | December 31 | |
|---|--------------------|-------------|
| | 2020 | 2019 |
| Buildings | 1.41%-4.60% | 1.41%-4.60% |
| uuuu. | | |
| c. Material lease-in activities and terms | | |

vvvv. The Group leases certain buildings for the use of office spaces with lease terms of 2-3 years. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms.
www.

xxxx. The Group also leases land and buildings for the use of product manufacturing with lease terms of 34 to 50 years in Vietnam and Cambodia, and the land in Cambodia can be renewed for another period of 50 years upon expiration of the lease period. Lease payment is paid in one whole lump sum at the time of contract, and the Group does not have bargain purchase options to acquire the leasehold land at the end of the lease terms.
yyyy.

- d. Other lease information
zzzz.

| | December 31 | |
|--|--------------------|-------------------|
| | 2020 | 2019 |
| <u>New Taiwan dollars</u> | | |
| Expenses relating to short-term leases | \$ <u>3,836</u> | \$ <u>4,538</u> |
| Total cash outflow for leases | \$ <u>(9,349)</u> | \$ <u>(9,788)</u> |
| <u>U.S. dollars</u> | | |
| Expenses relating to short-term leases | \$ <u>130</u> | \$ <u>147</u> |
| Total cash outflow for leases | \$ <u>(317)</u> | \$ <u>(315)</u> |
| aaaaa. | | |
| bbbb. The Group leases certain buildings which qualify as short-term leases. The Group has elected to apply the recognition exemption and, thus, did not recognize right-of-use assets and lease liabilities for these leases. | | |

14. OTHER ASSETS

| | December 31 | |
|---------------------------|--------------------|------------------|
| | 2020 | 2019 |
| <u>New Taiwan dollars</u> | | |
| <u>Current</u> | | |
| Prepayments | \$ 10,667 | \$ 1,454 |
| Business tax carryforward | 22,860 | 51,379 |
| Prepayments and others | <u>11,478</u> | <u>14,306</u> |
| | <u>\$ 45,005</u> | <u>\$ 67,139</u> |
| <u>Non-current</u> | | |
| Refundable deposits | \$ 17,489 | \$ 4,213 |
| Others | <u>4,122</u> | <u>82</u> |
| | <u>\$ 21,611</u> | <u>\$ 4,295</u> |
| <u>U.S. dollars</u> | | |
| <u>Current</u> | | |
| Prepayments | \$ 375 | \$ 48 |
| Business tax carryforward | 803 | 1,714 |
| Prepayments and others | <u>401</u> | <u>474</u> |
| | <u>\$ 1,579</u> | <u>\$ 2,236</u> |
| <u>Non-current</u> | | |
| Refundable deposits | \$ 614 | \$ 141 |
| Others | <u>145</u> | <u>3</u> |
| | <u>\$ 759</u> | <u>\$ 144</u> |

15. BORROWINGS

Short-term Borrowings

| | December 31 | |
|------------------------------|--------------------|-------------------|
| | 2020 | 2019 |
| <u>New Taiwan dollars</u> | | |
| Secured borrowings (Note 25) | | |
| Bank loans | \$ 180,921 | \$ 90,731 |
| Unsecured borrowings | | |
| Line of credit borrowings | <u>808,360</u> | <u>513,523</u> |
| | <u>\$ 989,281</u> | <u>\$ 604,254</u> |

(Continued)

| | December 31 | |
|------------------------------|--------------------|------------------|
| | 2020 | 2019 |
| <u>U.S. dollars</u> | | |
| Secured borrowings (Note 25) | | |
| Bank loans | \$ 6,353 | \$ 3,026 |
| Unsecured borrowings | | |
| Line of credit borrowings | <u>28,383</u> | <u>17,129</u> |
| | <u>\$ 34,736</u> | <u>\$ 20,155</u> |
| | | (Concluded) |

The range of weighted average effective interest rates on bank loans was 0.95%-2.12% and 1.20%-5.10% per annum as of December 31, 2020 and 2019.

16. OTHER LIABILITIES

| | December 31 | |
|---|--------------------|------------------|
| | 2020 | 2019 |
| <u>New Taiwan dollars</u> | | |
| Other payables | | |
| Payables for salaries or bonuses | \$ 14,636 | \$ 16,571 |
| Payables for bonuses to employees and directors | 10,021 | 10,325 |
| Payables for services | 2,293 | 2,848 |
| Payables for retention from construction | 3,563 | 4,383 |
| Payables for purchases of equipment | 10,496 | 11,049 |
| Others | <u>27,994</u> | <u>26,422</u> |
| | <u>\$ 69,003</u> | <u>\$ 71,598</u> |
| <u>U.S. dollars</u> | | |
| Other payables | | |
| Payables for salaries or bonuses | \$ 514 | \$ 553 |
| Payables for bonuses to employees and directors | 352 | 344 |
| Payables for services | 81 | 95 |
| Payables for retention from construction | 125 | 146 |
| Payables for purchases of equipment | 369 | 369 |
| Others | <u>981</u> | <u>881</u> |
| | <u>\$ 2,422</u> | <u>\$ 2,388</u> |

17. RETIREMENT BENEFIT PLANS

Defined Contribution Plans

Taisun Int'l (Holding) Corp. Taiwan Branch adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, Taisun Int'l (Holding) Corp. Taiwan Branch makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of the Group's subsidiaries, Taisun Vietnam Co., Ltd. (VN) in Vietnam and Winsun (Cambodia) Co., Ltd. in Cambodia are members of a state-managed retirement benefit plan operated by the local government. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefit plan. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions. The other related expenses are included in employee benefits expense.

18. EQUITY

a. Share capital

Ordinary shares

| | December 31 | |
|---|--------------------|--------------|
| | 2020 | 2019 |
| Number of authorized shares (in thousands) | 100,000 | 100,000 |
| Amount of authorized capital | \$ 1,000,000 | \$ 1,000,000 |
| Number of shares issued and fully paid (in thousands) | 39,270 | 39,270 |
| Amount of issued shares (in New Taiwan dollars) | \$ 392,700 | \$ 392,700 |
| Amount of issued shares (in U.S. dollars) | \$ 12,667 | \$ 12,667 |

cccc.

b. Capital surplus

ddddd.

eeee. Capital surplus which is generated from the issuance of ordinary shares may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

ffff.

c. Retained earnings and dividends policy

ggggg.

hhhhh. Under the dividends policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors and supervisors after the amendment, refer to employees' compensation and remuneration of directors and supervisors in Note 20-g.

iiii.

jjjjj. According to the Articles and Regulations of Public Companies in the Cayman Islands, after considering the financial, business and operational factors, the distribution of dividends to shareholders should be more than 20% of the net profit of the current year and should be distributed according to their shareholding percentage. The distribution of dividends to shareholders is made by the issuance of share dividends and the payment of cash dividends. In principle, cash dividends should be more than 50% of the total dividends distributed.

kkkkk.

llll. An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

mmmmm.

nnnnn. The appropriations of earnings for 2019 and 2018 were approved in the shareholders' meetings on June 29, 2020 and June 28, 2019, respectively. The appropriations and dividends per share were as follows:

ooooo.

| | Appropriation of Earnings | | Dividends Per Share (NT\$) | |
|---|---|-------------|---------------------------------------|-------------|
| | (In Thousands of New Taiwan Dollars) | | | |
| | For the Year Ended December 31 | | For the Year Ended December 31 | |
| | 2019 | 2018 | 2019 | 2018 |
| Cash dividends | \$ 243,474 | \$ 208,131 | \$ 6.2 | \$ 5.3 |
| Legal reserve | 34,516 | 29,869 | - | - |
| Appropriation (reversal) of special reserve | 39,091 | (20,831) | - | - |

ppppp.

qqqqq. The appropriation of earnings for 2020 was proposed by the Company's board of directors on March 12, 2021. The appropriation and dividends per share were as follows:

rrrrr.

| | Appropriation of Earnings | Dividends Per Share (NT\$) |
|-----------------|----------------------------------|-----------------------------------|
| Legal reserve | \$ 39,108 | \$ - |
| Cash dividends | 235,620 | 6 |
| Special reserve | 86,695 | - |

The appropriation of earnings for 2020 are subject to the resolution of the shareholders' meeting to be held on June 29, 2021.

d. Special reserve

| | For the Year Ended December 31 | |
|---|---------------------------------------|------------------|
| | 2020 | 2019 |
| <u>New Taiwan dollars</u> | | |
| Balance at January 1 | \$ 91,193 | \$ 112,024 |
| Appropriation (reversal) in respect of: | | |
| Debit to other equity items | <u>39,091</u> | <u>(20,831)</u> |
| Balance at December 31 | <u>\$ 130,284</u> | <u>\$ 91,193</u> |
| <u>U.S. dollars</u> | | |
| Balance at January 1 | \$ 3,013 | \$ 3,684 |
| Appropriation (reversal) in respect of: | | |
| Debit to other equity items | <u>1,319</u> | <u>(671)</u> |
| Balance at December 31 | <u>\$ 4,332</u> | <u>\$ 3,013</u> |

19. REVENUE

| | For the Year Ended December 31 | |
|---------------------------------------|---------------------------------------|---------------------|
| | 2020 | 2019 |
| <u>New Taiwan dollars</u> | | |
| Revenue from contracts with customers | | |
| Revenue from sale of goods | <u>\$ 1,895,124</u> | <u>\$ 1,977,366</u> |
| <u>U.S. dollars</u> | | |
| Revenue from contracts with customers | | |
| Revenue from sale of goods | <u>\$ 64,135</u> | <u>\$ 63,968</u> |

Contract Balances

| | December 31 | |
|--------------------------------|--------------------|------------------|
| | 2020 | 2019 |
| <u>New Taiwan dollars</u> | | |
| Trade receivables (Note 9) | <u>\$ 49,123</u> | <u>\$ 74,295</u> |
| Contract liabilities - current | | |
| Sale of goods | <u>\$ 5,287</u> | <u>\$ 5,805</u> |
| <u>U.S. dollars</u> | | |
| Trade receivables (Note 9) | <u>\$ 1,725</u> | <u>\$ 2,478</u> |
| Contract liabilities - current | | |
| Sale of goods | <u>\$ 186</u> | <u>\$ 193</u> |

The Group makes the collection in advance and accounts for contract liabilities under other current liabilities based on the contracts.

20. NET PROFIT AND OTHER COMPREHENSIVE INCOME (LOSS)

Net profit was attributable to:

- a. Interest income
sssss.

| | For the Year Ended December 31 | |
|------------------------------------|---------------------------------------|------------------|
| | 2020 | 2019 |
| <u>New Taiwan dollars</u> | | |
| Bank deposits | \$ 1,566 | \$ 3,988 |
| Financial assets at amortized cost | 98,736 | 68,748 |
| Others | <u>3</u> | <u>3</u> |
| | <u>\$ 100,305</u> | <u>\$ 72,739</u> |

(Continued)

| | <u>For the Year Ended December 31</u> | |
|------------------------------------|--|-----------------|
| | 2020 | 2019 |
| <u>U.S. dollars</u> | | |
| Bank deposits | \$ 53 | \$ 129 |
| Financial assets at amortized cost | <u>3,342</u> | <u>2,224</u> |
| | <u>\$ 3,395</u> | <u>\$ 2,353</u> |
| | | (Concluded) |
| ttttt. | | |
| b. Other income | | |

| | <u>For the Year Ended December 31</u> | |
|---|--|-----------------|
| | 2020 | 2019 |
| <u>New Taiwan dollars</u> | | |
| Dividends | | |
| Investments in equity instruments at FVTOCI | <u>\$ 91</u> | <u>\$ 1,576</u> |
| <u>U.S. dollars</u> | | |
| Dividends | | |
| Investments in equity instruments at FVTOCI | <u>\$ 3</u> | <u>\$ 51</u> |
| uuuuu. | | |
| c. Other gains and losses | | |
| vvvvv. | | |

| | <u>For the Year Ended December 31</u> | |
|---|--|-----------------|
| | 2020 | 2019 |
| <u>New Taiwan dollars</u> | | |
| Net foreign exchange gains | \$ 1,820 | \$ 1,824 |
| Loss on disposal of property, plant and equipment | - | (651) |
| Other | <u>(552)</u> | <u>665</u> |
| | <u>\$ 1,268</u> | <u>\$ 1,838</u> |
| <u>U.S. dollars</u> | | |
| Net foreign exchange gains | \$ 62 | \$ 59 |
| Loss on disposal of property, plant and equipment | - | (21) |
| Other | <u>(20)</u> | <u>21</u> |
| | <u>\$ 42</u> | <u>\$ 59</u> |

- d. Finance costs
www.

For the Year Ended December 31
2020 2019

New Taiwan dollars

| | | |
|-------------------------------|------------------|------------------|
| Interest on bank loans | \$ 14,283 | \$ 10,586 |
| Interest on lease liabilities | <u>312</u> | <u>298</u> |
| | <u>\$ 14,595</u> | <u>\$ 10,884</u> |

U.S. dollars

| | | |
|-------------------------------|---------------|---------------|
| Interest on bank loans | \$ 483 | \$ 342 |
| Interest on lease liabilities | <u>11</u> | <u>10</u> |
| | <u>\$ 494</u> | <u>\$ 352</u> |

xxxxx.

- e. Depreciation and amortization
yyyyy.

For the Year Ended December 31
2020 2019

New Taiwan dollars

| | | |
|-------------------------------|------------------|------------------|
| Property, plant and equipment | \$ 89,772 | \$ 85,756 |
| Right-of-use assets | 8,280 | 7,401 |
| Intangible assets | <u>525</u> | <u>529</u> |
| | <u>\$ 98,577</u> | <u>\$ 93,686</u> |

U.S. dollars

| | | |
|-------------------------------|-----------------|-----------------|
| Property, plant and equipment | \$ 3,038 | \$ 2,775 |
| Right-of-use assets | 280 | 238 |
| Intangible assets | <u>18</u> | <u>17</u> |
| | <u>\$ 3,336</u> | <u>\$ 3,030</u> |

New Taiwan dollars

| | | |
|---|------------------|------------------|
| An analysis of depreciation by function | | |
| Operating costs | \$ 85,081 | \$ 81,295 |
| Operating expenses | <u>12,971</u> | <u>11,862</u> |
| | <u>\$ 98,052</u> | <u>\$ 93,157</u> |

U.S. dollars

| | | |
|---|-----------------|-----------------|
| An analysis of depreciation by function | | |
| Operating costs | \$ 2,879 | \$ 2,631 |
| Operating expenses | <u>439</u> | <u>382</u> |
| | <u>\$ 3,318</u> | <u>\$ 3,013</u> |

(Continued)

| | | For the Year Ended December 31 | |
|---|--|---------------------------------------|-----------------------------|
| | | 2020 | 2019 |
| <u>New Taiwan dollars</u> | | | |
| An analysis of amortization by function | | | |
| Operating expenses | | \$ <u>525</u> | \$ <u>529</u> |
| <u>U.S. dollars</u> | | | |
| An analysis of amortization by function | | | |
| Operating expenses | | \$ <u>18</u> | \$ <u>17</u> (Concluded) |
| f. Employee benefits expense | | | |
| | | For the Year Ended December 31 | |
| | | 2020 | 2019 |
| <u>New Taiwan dollars</u> | | | |
| Employee benefits | | | |
| Others (including salary expense, insurance expense, post-employment benefits) | | \$ <u>211,837</u> | \$ <u>215,271</u> |
| <u>U.S. dollars</u> | | | |
| Employee benefits | | | |
| Others (including salary expense, insurance expense, post-employment benefits) | | \$ <u>7,169</u> | \$ <u>6,964</u> |
| <u>New Taiwan dollars</u> | | | |
| An analysis of employee benefits expense by function | | | |
| Operating costs | | \$ 84,953 | \$ 86,955 |
| Operating expenses | | <u>126,884</u> | <u>128,316</u> |
| | | \$ <u>211,837</u> | \$ <u>215,271</u> |
| <u>U.S. dollars</u> | | | |
| An analysis of employee benefits expense by function | | | |
| Operating costs | | \$ 2,875 | \$ 2,813 |
| Operating expenses | | <u>4,294</u> | <u>4,151</u> |
| | | \$ <u>7,169</u> | \$ <u>6,964</u> |

g. Employees' compensation and remuneration of directors

zzzzz.

aaaaaa. The Company accrued employees' compensation and remuneration of directors at rates of no less than 2% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The employees' compensation and remuneration of directors for the years ended December 31, 2020 and 2019 were as follows:

Accrual rate

| | For the Year Ended December 31 | |
|---------------------------|---------------------------------------|-------------|
| | 2020 | 2019 |
| Employees' compensation | 2.0% | 2.4% |
| Remuneration of directors | 0.2% | 0.3% |

Amount

| | For the Year Ended December 31 | | | |
|---------------------------|---------------------------------------|---------------|-------------|---------------|
| | 2020 | | 2019 | |
| | Cash | Shares | Cash | Shares |
| <u>New Taiwan dollars</u> | | | | |
| Employees' compensation | \$ 8,800 | \$ - | \$ 9,065 | \$ - |
| Remuneration of directors | 940 | - | 989 | - |

U.S. dollars

| | | | | |
|---------------------------|-----|---|-----|---|
| Employees' compensation | 309 | - | 302 | - |
| Remuneration of directors | 33 | - | 33 | - |

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

The appropriations of employees' compensation and remuneration of directors for 2019 and 2018 that were resolved by the board of directors on February 27, 2020 and March 8, 2019, respectively, are shown below:

| | For the Year Ended December 31 | | | |
|---------------------------|---------------------------------------|---------------|-------------|---------------|
| | 2019 | | 2018 | |
| | Cash | Shares | Cash | Shares |
| <u>New Taiwan dollars</u> | | | | |
| Employees' compensation | \$ 11,080 | \$ - | \$ 9,240 | \$ - |
| Remuneration of directors | 880 | - | 800 | - |
| <u>U.S. dollars</u> | | | | |
| Employees' compensation | 358 | - | 300 | - |
| Remuneration of directors | 29 | - | 26 | - |

Due to the future operational needs, the Company held the board of directors' meeting on February 27, 2020, and that meeting resulted in the actual amounts of the employees' compensation and remuneration of directors paid for 2019 to differ from the amounts recognized in the consolidated financial statements for the year ended December 31, 2019. The differences were adjusted to profit and loss for the year ended December 31, 2020.

| | For the Year Ended December 31, 2019 | |
|--|---|--------------------------------------|
| | Employees' Compensation | Remuneration of Directors |
| <u>New Taiwan dollars</u> | | |
| Amounts approved in the board of directors' meeting | <u>\$ 11,080</u> | <u>\$ 800</u> |
| Amounts recognized in the annual consolidated financial statements | <u>\$ 9,065</u> | <u>\$ 989</u> |
| <u>U.S. dollars</u> | | |
| Amounts approved in the board of directors' meeting | <u>\$ 358</u> | <u>\$ 29</u> |
| Amounts recognized in the annual consolidated financial statements | <u>\$ 302</u> | <u>\$ 33</u> |

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors in 2021 and 2020 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

21. INCOME TAXES

- a. The major components of tax expense (benefit) were as follows:

| | For the Year Ended December 31 | |
|---|---------------------------------------|------------------|
| | 2020 | 2019 |
| <u>New Taiwan dollars</u> | | |
| Current tax | | |
| In respect of the current year | \$ 52,141 | \$ 38,114 |
| In respect of the prior years | (628) | (47) |
| Deferred tax | | |
| In respect of the current year | <u>(326)</u> | <u>(2,953)</u> |
| Income tax expense recognized in profit or loss | <u>\$ 51,187</u> | <u>\$ 35,114</u> |
| <u>U.S. dollars</u> | | |
| Current tax | | |
| In respect of the current year | \$ 1,763 | \$ 1,237 |
| In respect of the prior years | (21) | (2) |
| Deferred tax | | |
| In respect of the current year | <u>(10)</u> | <u>(99)</u> |
| Income tax expense recognized in profit or loss | <u>\$ 1,732</u> | <u>\$ 1,136</u> |

A reconciliation of accounting profit and current income tax expense is as follows:

| | For the Year Ended December 31 | |
|--|---------------------------------------|-------------|
| | 2020 | 2019 |
| <u>New Taiwan dollars</u> | | |
| Profit before tax | \$ 442,267 | \$ 380,278 |
| Income tax expense calculated at the statutory rate (20%) | \$ 88,453 | \$ 76,056 |
| Tax effect of adjustments: | | |
| Tax credits | (14,345) | (20,716) |
| Nondeductible expenses in determining taxable income | 2,091 | 1,856 |
| Effect of different tax rates of group entities operating in other jurisdictions | (24,384) | (22,035) |
| Adjustment for prior years' tax | (628) | (47) |
| Income tax expense recognized in profit or loss | \$ 51,187 | \$ 35,114 |
| <u>U.S. dollars</u> | | |
| Profit before tax | \$ 14,967 | \$ 12,302 |
| Income tax expense calculated at the statutory rate (20%) | \$ 2,993 | \$ 2,460 |
| Tax effect of adjustments: | | |
| Tax credits | (485) | (670) |
| Nondeductible expenses in determining taxable income | 71 | 60 |
| Effect of different tax rates of group entities operating in other jurisdictions | (826) | (712) |
| Adjustment for prior years' tax | (21) | (2) |
| Income tax expense recognized in profit or loss | \$ 1,732 | \$ 1,136 |

Tax rates used by group entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

b. Current tax assets and liabilities

| | December 31 | |
|---------------------------|--------------------|-------------|
| | 2020 | 2019 |
| <u>New Taiwan dollars</u> | | |
| Current tax liabilities | | |
| Income tax payable | \$ 8,729 | \$ 7,719 |
| <u>U.S. dollars</u> | | |
| Current tax liabilities | | |
| Income tax payable | \$ 307 | \$ 257 |

c. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2020

| | Opening Balance | Recognize in Profit or Loss | Exchange Differences | Closing Balance |
|---|----------------------------|--|---------------------------------|----------------------------|
| <u>New Taiwan dollars</u> | | | | |
| <u>Deferred tax assets</u> | | | | |
| Expenses payable | \$ 4,973 | \$ 13 | \$ (233) | \$ 4,753 |
| Payables for annual leave | 188 | - | (9) | 179 |
| Allowance for write-downs of inventories | 1,531 | 93 | (72) | 1,552 |
| Foreign exchange gains or losses | - | 10 | - | 10 |
| Unrealized termination benefits | 625 | - | (28) | 597 |
| Allowance for impaired receivables | <u>37</u> | <u>114</u> | <u>(2)</u> | <u>149</u> |
| | <u>\$ 7,354</u> | <u>\$ 230</u> | <u>\$ (344)</u> | <u>\$ 7,240</u> |
| <u>Deferred tax liabilities</u> | | | | |
| Foreign exchange gains or losses | <u>\$ 101</u> | <u>\$ (96)</u> | <u>\$ (4)</u> | <u>\$ 1</u> |
| <u>U.S. dollars</u> | | | | |
| <u>Deferred tax assets</u> | | | | |
| Expenses payable | \$ 166 | \$ - | \$ 1 | \$ 167 |
| Payables for annual leave | 6 | - | - | 6 |
| Allowance for write-downs of inventories | 51 | 3 | 1 | 55 |
| Foreign exchange gains or losses | - | - | - | - |
| Unrealized termination benefits | 21 | - | - | 21 |
| Allowance for impaired receivables | <u>1</u> | <u>4</u> | <u>-</u> | <u>5</u> |
| | <u>\$ 245</u> | <u>\$ 7</u> | <u>\$ 2</u> | <u>\$ 254</u> |
| <u>Deferred tax liabilities</u> | | | | |
| Foreign exchange gains or losses | <u>\$ 3</u> | <u>\$ (3)</u> | <u>\$ -</u> | <u>\$ -</u> |

For the year ended December 31, 2019

| | Opening Balance | Recognize in Profit or Loss | Exchange Differences | Closing Balance |
|---|----------------------------|--|---------------------------------|----------------------------|
| <u>New Taiwan dollars</u> | | | | |
| <u>Deferred tax assets</u> | | | | |
| Expenses payable | \$ 2,433 | \$ 2,595 | \$ (55) | \$ 4,973 |
| Payables for annual leave | 192 | - | (4) | 188 |
| Allowance for write-downs of inventories | 1,192 | 366 | (27) | 1,531 |
| Unrealized termination benefits | 640 | - | (15) | 625 |
| Allowance for impaired receivables | <u>166</u> | <u>(125)</u> | <u>(4)</u> | <u>37</u> |
| | <u>\$ 4,623</u> | <u>\$ 2,836</u> | <u>\$ (105)</u> | <u>\$ 7,354</u> |
| <u>Deferred tax liabilities</u> | | | | |
| Foreign exchange gains or losses | <u>\$ 223</u> | <u>\$ (117)</u> | <u>\$ (5)</u> | <u>\$ 101</u> |
| <u>U.S. dollars</u> | | | | |
| <u>Deferred tax assets</u> | | | | |
| Expenses payable | \$ 79 | \$ 87 | \$ - | \$ 166 |
| Payables for annual leave | 6 | - | - | 6 |
| Allowance for write-downs of inventories | 39 | 12 | - | 51 |
| Unrealized termination benefits | 21 | - | - | 21 |
| Allowance for impaired receivables | <u>6</u> | <u>(4)</u> | <u>(1)</u> | <u>1</u> |
| | <u>\$ 151</u> | <u>\$ 95</u> | <u>\$ (1)</u> | <u>\$ 245</u> |
| <u>Deferred tax liabilities</u> | | | | |
| Foreign exchange gains or losses | <u>\$ 7</u> | <u>\$ (4)</u> | <u>\$ -</u> | <u>\$ 3</u> |

d. Income tax assessments

The income tax returns of the Company and its subsidiaries have been assessed by the local governments of each country within the prescribed period.

22. EARNINGS PER SHARE

Unit: NT\$ Per Share

| | For the Year Ended December 31 | |
|----------------------------|---------------------------------------|-------------|
| | 2020 | 2019 |
| Basic earnings per share | \$ 9.96 | \$ 8.79 |
| Diluted earnings per share | \$ 9.94 | \$ 8.77 |

Unit: US\$ Per Share

| | For the Year Ended December 31 | |
|----------------------------|---------------------------------------|-------------|
| | 2020 | 2019 |
| Basic earnings per share | \$ 0.34 | \$ 0.28 |
| Diluted earnings per share | \$ 0.34 | \$ 0.28 |

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

Net Profit for the Year

New Taiwan dollars

| | For the Year Ended December 31 | |
|--|---------------------------------------|-------------|
| | 2020 | 2019 |
| Profit for the year attributable to owners of the Company | \$ 391,080 | \$ 345,164 |
| Earnings used in the computation of diluted earnings per share | \$ 391,080 | \$ 345,164 |

U.S. dollars

| | For the Year Ended December 31 | |
|--|---------------------------------------|-------------|
| | 2020 | 2019 |
| Profit for the year attributable to owners of the Company | \$ 13,235 | \$ 11,166 |
| Earnings used in the computation of diluted earnings per share | \$ 13,235 | \$ 11,166 |

| | For the Year Ended December 31 | |
|--|---------------------------------------|-------------|
| | 2020 | 2019 |
| Weighted average number of ordinary shares used in the computation of basic earnings per share | 39,270 | 39,270 |
| Effect of potentially dilutive ordinary shares | | |
| Employees' compensation | 72 | 79 |
| Weighted average number of ordinary shares used in the computation of diluted earnings per share | 39,342 | 39,349 |

Since the Group offered to settle the compensation or bonuses paid to employees in cash or shares, the Group assumed that the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

23. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Group (comprising issued capital, reserves, retained earnings, other equity).

The Group is not subject to any externally imposed capital requirements.

Key management personnel of the Group review the capital structure on a quarterly basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and/or the amount of new debt issued or existing debt redeemed.

24. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments measured at fair value on a recurring basis

- Fair value hierarchy

December 31, 2020: None.

December 31, 2019

| | Level 1 | Level 2 | Level 3 | Total |
|---|------------------|-------------|-------------|------------------|
| <u>New Taiwan dollars</u> | | | | |
| Financial assets at FVTOCI | | | | |
| Equity instruments | | | | |
| Domestic listed shares and emerging market shares | \$ 12,229 | \$ - | \$ - | \$ 12,229 |
| Foreign listed shares and emerging market shares | <u>12,023</u> | <u>-</u> | <u>-</u> | <u>12,023</u> |
| | <u>\$ 24,252</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 24,252</u> |
| <u>U.S. dollars</u> | | | | |
| Financial assets at FVTOCI | | | | |
| Equity instruments | | | | |
| Domestic listed shares and emerging market shares | \$ 408 | \$ - | \$ - | \$ 408 |
| Foreign listed shares and emerging market shares | <u>401</u> | <u>-</u> | <u>-</u> | <u>401</u> |
| | <u>\$ 809</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 809</u> |

There were no transfers between Levels 1 and 2 in the current and prior period.

b. Categories of financial instruments

| | December 31 | |
|---|--------------------|--------------|
| | 2020 | 2019 |
| <u>New Taiwan dollars</u> | | |
| <u>Financial assets</u> | | |
| Financial assets at amortized cost (1) | \$ 1,973,605 | \$ 1,549,390 |
| Financial assets at FVTOCI | | |
| Equity instruments | - | 24,252 |
| <u>Financial liabilities</u> | | |
| Financial liabilities at amortized cost (2) | 1,176,632 | 790,447 |
| <u>U.S. dollars</u> | | |
| <u>Financial assets</u> | | |
| Financial assets at amortized cost (1) | 69,298 | 51,681 |
| Financial assets at FVTOCI | | |
| Equity instruments | - | 809 |
| <u>Financial liabilities</u> | | |
| Financial liabilities at amortized cost (2) | 41,313 | 26,365 |

- 1) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables and other receivables.
- 2) The balances include financial liabilities measured at amortized cost, which comprise short-term loans, trade payables and other payables.

c. Financial risk management objectives and policies

The Group's major financial instruments include equity investments, notes receivable, trade receivables, other receivables, trade payables, other payables, borrowings and lease liabilities. The Group's corporate treasury function provides services to each business unit, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Group through internal risk reports that analyze exposures according to the degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The corporate treasury function reports quarterly to the Group's risk management committee, an independent body that monitors risks and policies implemented to mitigate risk exposures.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

a) Foreign currency risk

Several subsidiaries of the Company had foreign currency sales and purchases, which exposed the Group to foreign currency risk.

The carrying amounts of the Group's foreign-currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 27.

Sensitivity analysis

The Group was mainly exposed to the USD.

The following table details the Group's sensitivity to a 5% increase and decrease in the U.S. dollar (i.e., the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and which represents management's assessment of the reasonably possible change in foreign exchange rates is 5%. The sensitivity analysis included only outstanding foreign-currency denominated monetary items and foreign exchange forward contracts designated as cash flow hedges; the translated amounts at the end of the reporting period were adjusted for a 5% change in foreign currency rates. The negative number below indicates a decrease in pre-tax profit and other equity associated with the USD strengthening 5% against the relevant currency. For a 5% weakening of the USD against the relevant currency, there would be an equal and opposite impact on pre-tax profit and other equity, and the balances below would be positive.

| | USD Impact* | |
|---------------------------|---------------------------------------|-------------|
| | For the Year Ended December 31 | |
| | 2020 | 2019 |
| <u>New Taiwan dollars</u> | | |
| Profit or loss | \$ (12,278) | \$ (11,509) |

* The results were mainly attributable to the exposure on outstanding USD receivables and payables which were not hedged at the end of the reporting period.

b) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrowed funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings and entering interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring that the most cost-effective hedging strategies are applied.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

| | December 31 | |
|-------------------------------|--------------------|--------------|
| | 2020 | 2019 |
| <u>New Taiwan dollars</u> | | |
| Fair value interest rate risk | | |
| Financial assets | \$ 1,780,184 | \$ 1,406,978 |
| Financial liabilities | - | - |
| Cash flow interest rate risk | | |
| Financial assets | 107,009 | 32,132 |
| Financial liabilities | 989,281 | 604,254 |

(Continued)

| | December 31 | |
|-------------------------------|--------------------|-------------|
| | 2020 | 2019 |
| <u>U.S. dollars</u> | | |
| Fair value interest rate risk | | |
| Financial assets | 62,506 | 46,930 |
| Financial liabilities | - | - |
| Cash flow interest rate risk | | |
| Financial assets | 3,757 | 1,072 |
| Financial liabilities | 34,736 | 20,155 |
| | | (Concluded) |

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming that the amount of each liability outstanding at the end of the reporting period was outstanding for the whole year. A 0.25% increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 0.25% higher and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2020 and 2019 would have decreased by NT\$2,206 thousand (US\$77 thousand) and NT\$1,430 thousand (US\$48 thousand), respectively, which would be mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. At the end of the year, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Group, could be equal to the total of the carrying amount of the respective recognized financial assets as stated in the balance sheets.

In order to mitigate credit risk and maintain the quality of receivables, the Group has established procedures for managing credit risk related to operations. In addition, the Group appropriately uses certain credit enhancement tools, such as advance payment terms to mitigate customer credit risk. In addition, the Group reviews the recoverable amount of receivables one by one on the balance sheet date to ensure that receivables that cannot be recovered are properly accounted for impairment losses.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2020 and 2019, the Group had available unutilized short-term bank loan facilities which are set out in the following section (b).

a) Liquidity and interest risk rate table for non-derivative financial liabilities

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

December 31, 2020

| | On Demand or Less than 1 Month | 1-3 Months | 3 Months to 1 Year | 1-5 Years | 5+ Years |
|---------------------------|---|-------------------|-------------------------------|------------------|-----------------|
| <u>New Taiwan dollars</u> | | | | | |
| Trade payables | \$ 87,770 | \$ 19,453 | \$ 11,125 | \$ - | \$ - |
| Lease liabilities | 397 | 1,199 | 3,455 | 1,655 | - |
| Short-term borrowings | <u>8,784</u> | <u>94,698</u> | <u>885,799</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 96,951</u> | <u>\$ 115,350</u> | <u>\$ 900,379</u> | <u>\$ 1,655</u> | <u>\$ -</u> |
| <u>U.S. dollars</u> | | | | | |
| Trade payables | \$ 3,081 | \$ 683 | \$ 391 | \$ - | \$ - |
| Lease liabilities | 14 | 42 | 121 | 58 | - |
| Short-term borrowings | <u>309</u> | <u>3,325</u> | <u>31,102</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 3,404</u> | <u>\$ 4,050</u> | <u>\$ 31,614</u> | <u>\$ 58</u> | <u>\$ -</u> |

December 31, 2019

| | On Demand or Less than 1 Month | 1-3 Months | 3 Months to 1 Year | 1-5 Years | 5+ Years |
|---------------------------|---|-------------------|-------------------------------|------------------|-----------------|
| <u>New Taiwan dollars</u> | | | | | |
| Trade payables | \$ 78,544 | \$ 36,051 | \$ - | \$ - | \$ - |
| Lease liabilities | 510 | 1,536 | 3,767 | 6,831 | - |
| Short-term borrowings | <u>359</u> | <u>461,432</u> | <u>142,463</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 79,413</u> | <u>\$ 499,019</u> | <u>\$ 146,230</u> | <u>\$ 6,831</u> | <u>\$ -</u> |
| <u>U.S. dollars</u> | | | | | |
| Trade payables | \$ 2,620 | \$ 1,202 | \$ - | \$ - | \$ - |
| Lease liabilities | 17 | 51 | 126 | 228 | - |
| Short-term borrowings | <u>12</u> | <u>15,391</u> | <u>4,752</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 2,649</u> | <u>\$ 16,644</u> | <u>\$ 4,878</u> | <u>\$ 228</u> | <u>\$ -</u> |

b) Financing facilities

| | December 31 | |
|---|---------------------|---------------------|
| | 2020 | 2019 |
| <u>New Taiwan dollars</u> | | |
| Unsecured bank overdraft facilities, reviewed annually and payable on demand: | | |
| Amount used | \$ 989,281 | \$ 604,254 |
| Amount unused | <u>1,100,406</u> | <u>810,327</u> |
| | <u>\$ 2,089,687</u> | <u>\$ 1,414,581</u> |
| <u>U.S. dollars</u> | | |
| Unsecured bank overdraft facilities, reviewed annually and payable on demand: | | |
| Amount used | \$ 34,736 | \$ 20,155 |
| Amount unused | <u>38,638</u> | <u>27,029</u> |
| | <u>\$ 73,374</u> | <u>\$ 47,184</u> |

25. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets are provided as collateral for bank borrowings, tariff guarantee for imported raw material or the deposits for hiring foreign workers:

| | December 31 | |
|---|--------------------|-------------------|
| | 2020 | 2019 |
| <u>New Taiwan dollars</u> | | |
| Pledged deposits (classified as financial assets at amortized cost) | <u>\$ 267,965</u> | <u>\$ 204,371</u> |
| <u>U.S. dollars</u> | | |
| Pledged deposits (classified as financial assets at amortized cost) | <u>\$ 9,409</u> | <u>\$ 6,817</u> |

26. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

a. Related party name and relationship

| Name | Relationship |
|----------------|--|
| Tai, Chao-Rong | Key management personnel (chairman of the Company) |

b. Endorsements and guarantees provided by related parties
bbbbb.

Bank deposits of the Company and its subsidiaries are guaranteed by the chairman of the Company on December 31, 2020, and 2019.

c. Compensation of key management personnel

| | For the Year Ended December 31 | |
|---------------------------|---------------------------------------|------------------|
| | 2020 | 2019 |
| <u>New Taiwan dollars</u> | | |
| Short-term benefits | \$ <u>33,239</u> | \$ <u>29,272</u> |
| <u>U.S. dollars</u> | | |
| Short-term benefits | \$ <u>1,167</u> | \$ <u>976</u> |

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

27. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Group and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

December 31, 2020

| | Foreign Currencies (In Thousands) | Exchange Rate | Carrying Amount |
|------------------------------|--|----------------------|----------------------------|
| <u>New Taiwan dollars</u> | | | |
| <u>Financial assets</u> | | | |
| Monetary items USD | \$ 1,386 | 23,236 (USD:VND) | \$ 39,472 |
| <u>Financial liabilities</u> | | | |
| Monetary items USD | 10,008 | 23,236 (USD:VND) | 285,025 |
| <u>U.S. dollars</u> | | | |
| <u>Financial assets</u> | | | |
| Monetary items USD | 1,386 | 23,236 (USD:VND) | 1,386 |
| <u>Financial liabilities</u> | | | |
| Monetary items USD | 10,008 | 23,236 (USD:VND) | 10,008 |

December 31, 2019

| | Foreign Currencies (In Thousands) | Exchange Rate | Carrying Amount |
|------------------------------|--|----------------------|----------------------------|
| <u>New Taiwan dollars</u> | | | |
| <u>Financial assets</u> | | | |
| Monetary items | | | |
| USD | \$ 1,830 | 23,172 (USD:VND) | \$ 54,878 |
| <u>Financial liabilities</u> | | | |
| Monetary items | | | |
| USD | 9,508 | 23,172 (USD:VND) | 285,048 |
| <u>U.S. dollars</u> | | | |
| <u>Financial assets</u> | | | |
| Monetary items | | | |
| USD | 1,830 | 23,172 (USD:VND) | 1,830 |
| <u>Financial liabilities</u> | | | |
| Monetary items | | | |
| USD | 9,508 | 23,172 (USD:VND) | 9,508 |

Unrealized net foreign exchange gains amounted to NT\$1,820 thousand (US\$62 thousand) and NT\$1,824 thousand (US\$59 thousand) for the years ended December 31, 2020 and 2019, respectively.

28. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On November 5, 2020, the board of directors resolved to invest in its Vietnam-based sub-subsidiary, Chaomed Green Technology Co. Ltd., with investment amounting to US\$10,000 thousand. Chaomed Green Technology Co. Ltd. has been established in January 2021, and the share capital was VND232,000,000 thousand (US\$10,000 thousand).

29. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (None)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (None)
- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (None)

- 5) Acquisitions of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
 - 6) Disposals of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 2)
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (None)
 - 9) Trading in derivative instruments (None)
 - 10) Intercompany relationships and significant intercompany transactions (Table 3)
 - 11) Information on investees (Table 4)
- b. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (None)
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (None)
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - c) The amount of property transactions and the amount of the resultant gains or losses.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
 - e) The highest period balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.

c. Information of major shareholders

All shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder are listed on Table 5.

30. SEGMENT INFORMATION

a. Segment revenue and results

The chief operating decision maker classifies the direct sales units of baby diapers, adult diapers and feminine products in Asia and Africa as an individual operating segment. However, the Group will consider the following factors in decision making and aggregate the segments mentioned above as a single operating segment when preparing the consolidated financial statements:

- 1) Whether operating units have similar long-term gross margins.
- 2) Whether the nature of products and production processes are similar.
- 3) Whether the delivery of products to customers is the same.

The following is an analysis of the Group's revenue and results from continuing operations by reportable segments:

| | Taisun Vietnam Co., Ltd. (VN) | | Winsun (Cambodia) Co., Ltd. (Cambodia) | | Other Subsidiaries | | Internal Transfer Pricing | | Total | |
|-------------------------------|-------------------------------|-------------------|---|-------------------|--------------------|--------------------|---------------------------|--------------------|---------------------|---------------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| <u>New Taiwan dollars</u> | | | | | | | | | | |
| Revenue | \$ 1,510,292 | \$ 1,609,524 | \$ 369,074 | \$ 365,532 | \$ 177,427 | \$ 67,501 | \$ (161,669) | \$ (65,191) | \$ 1,895,124 | \$ 1,977,366 |
| Expenditures | (1,263,510) | (1,396,382) | (265,250) | (246,460) | (164,633) | (86,014) | 153,467 | 66,499 | (1,539,926) | (1,662,357) |
| Operating profit | <u>\$ 246,782</u> | <u>\$ 213,142</u> | <u>\$ 103,824</u> | <u>\$ 119,072</u> | <u>\$ 12,794</u> | <u>\$ (18,513)</u> | <u>\$ (8,202)</u> | <u>\$ 1,308</u> | 355,198 | 315,009 |
| Interest revenue | | | | | | | | | 100,305 | 72,739 |
| Other income | | | | | | | | | 91 | 1,576 |
| Financial costs | | | | | | | | | (14,595) | (10,884) |
| Other gains or losses | | | | | | | | | 1,268 | 1,838 |
| Profit before tax | | | | | | | | | <u>\$ 442,267</u> | <u>\$ 380,278</u> |
| Recognizable assets | | | | | | | | | | |
| Notes receivable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 232 | \$ - | \$ - | \$ - | \$ 232 |
| Trade receivables | 44,162 | 73,126 | 579 | - | 23,411 | 12,583 | (19,029) | (11,414) | 49,123 | 74,295 |
| Inventories | 311,940 | 208,706 | 87,378 | 35,945 | 5,354 | 4,402 | (13,155) | (1) | 391,517 | 249,052 |
| Property, plant and equipment | 265,959 | 313,553 | 144,544 | 176,597 | 87 | 51 | (1,207) | (2,539) | 409,383 | 487,662 |
| | <u>\$ 622,061</u> | <u>\$ 595,385</u> | <u>\$ 232,501</u> | <u>\$ 212,542</u> | <u>\$ 28,852</u> | <u>\$ 17,268</u> | <u>\$ (33,391)</u> | <u>\$ (13,954)</u> | 850,023 | 811,241 |
| General assets | | | | | | | | | 2,144,785 | 1,746,774 |
| Total assets | | | | | | | | | <u>\$ 2,994,808</u> | <u>\$ 2,558,015</u> |
| Recognizable liabilities | | | | | | | | | | |
| Short-term loans | \$ 294,193 | \$ 260,660 | \$ 213,600 | \$ 29,980 | \$ 481,488 | \$ 313,614 | \$ - | \$ - | \$ 989,281 | \$ 604,254 |
| Accounts payable | 100,044 | 97,819 | 22,206 | 15,209 | 15,152 | 12,940 | (19,054) | (11,373) | 118,348 | 114,595 |
| | <u>\$ 394,237</u> | <u>\$ 358,479</u> | <u>\$ 235,806</u> | <u>\$ 45,189</u> | <u>\$ 496,640</u> | <u>\$ 326,554</u> | <u>\$ (19,054)</u> | <u>\$ (11,373)</u> | 1,107,629 | 718,849 |
| General liabilities | | | | | | | | | 95,485 | 104,101 |
| Total liabilities | | | | | | | | | <u>\$ 1,203,114</u> | <u>\$ 822,950</u> |

| | Taisun Vietnam Co., Ltd. (VN) | | Winsun (Cambodia) Co., Ltd. (Cambodia) | | Other Subsidiaries | | Internal Transfer Pricing | | Total | |
|-------------------------------|-------------------------------|------------------|---|-----------------|--------------------|------------------|---------------------------|-----------------|-------------------|------------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| <u>U.S. dollars</u> | | | | | | | | | | |
| Revenue | \$ 51,111 | \$ 52,068 | \$ 12,490 | \$ 11,825 | \$ 6,004 | \$ 2,184 | \$ (5,470) | \$ (2,109) | \$ 64,135 | \$ 63,968 |
| Expenditures | (42,760) | (45,173) | (8,977) | (7,973) | (5,572) | (2,783) | 5,195 | 2,152 | (52,114) | (53,777) |
| Operating profit | <u>\$ 8,351</u> | <u>\$ 6,895</u> | <u>\$ 3,513</u> | <u>\$ 3,852</u> | <u>\$ 432</u> | <u>\$ (599)</u> | <u>\$ (275)</u> | <u>\$ 43</u> | 12,021 | 10,191 |
| Interest revenue | | | | | | | | | 3,395 | 2,353 |
| Other income | | | | | | | | | 3 | 51 |
| Financial costs | | | | | | | | | (494) | (352) |
| Other gains or losses | | | | | | | | | 42 | 59 |
| Profit before tax | | | | | | | | | <u>\$ 14,967</u> | <u>\$ 12,302</u> |
| Recognizable assets | | | | | | | | | | |
| Notes receivable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 8 | \$ - | \$ - | \$ - | \$ 8 |
| Trade receivables | 1,551 | 2,439 | 20 | - | 822 | 420 | (668) | (381) | 1,725 | 2,478 |
| Inventories | 10,953 | 6,961 | 3,068 | 1,199 | 188 | 147 | (462) | - | 13,747 | 8,307 |
| Property, plant and equipment | 9,338 | 10,459 | 5,075 | 5,890 | 3 | 2 | (41) | (84) | 14,375 | 16,267 |
| | <u>\$ 21,842</u> | <u>\$ 19,859</u> | <u>\$ 8,163</u> | <u>\$ 7,089</u> | <u>\$ 1,013</u> | <u>\$ 577</u> | <u>\$ (1,171)</u> | <u>\$ (465)</u> | 29,847 | 27,060 |
| General assets | | | | | | | | | 75,308 | 58,262 |
| Total assets | | | | | | | | | <u>\$ 105,155</u> | <u>\$ 85,322</u> |
| Recognizable liabilities | | | | | | | | | | |
| Short-term loans | \$ 10,330 | \$ 8,694 | \$ 7,500 | \$ 1,000 | \$ 16,906 | \$ 10,461 | \$ - | \$ - | \$ 34,736 | \$ 20,155 |
| Accounts payable | 3,513 | 3,263 | 780 | 507 | 532 | 432 | (670) | (380) | 4,155 | 3,822 |
| | <u>\$ 13,843</u> | <u>\$ 11,957</u> | <u>\$ 8,280</u> | <u>\$ 1,507</u> | <u>\$ 17,438</u> | <u>\$ 10,893</u> | <u>\$ (670)</u> | <u>\$ (380)</u> | 38,891 | 23,977 |
| General liabilities | | | | | | | | | 3,355 | 3,471 |
| Total liabilities | | | | | | | | | <u>\$ 42,246</u> | <u>\$ 27,448</u> |

The Group measures the financial information by overall operating condition and the key management personnel formulate decisions based on that information. Thus, the segment information is disclosed from the consolidated perspective.

Segment revenue reported above represents revenue generated from external customers.

Segment profit represented the profit before tax earned by each segment without the allocation of central administration costs and directors' salaries, the share of profit of associates, the gains recognized on the disposal of interests in former associates, rental revenue, interest income, the gains or losses on disposals of property, plant and equipment, the gains or losses on disposals of financial instruments, foreign exchange gains or losses, valuation gains or losses on financial instruments, finance costs and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Geographical information

The Group operates in four principal geographical areas - Vietnam, Asia (seen as not including Vietnam), Africa, and the United States (USA) and others.

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of such assets are detailed below.

| | Revenue from External Customers | | Non-current Assets | |
|---------------------------|--|---------------------|---------------------------|-------------------|
| | For the Year Ended December 31 | | December 31 | |
| | 2020 | 2019 | 2020 | 2019 |
| <u>New Taiwan dollars</u> | | | | |
| Vietnam | \$ 882,699 | \$ 929,810 | \$ 342,045 | \$ 404,190 |
| Cambodia | 609,217 | 614,615 | 221,290 | 255,639 |
| Thailand | 121,460 | 157,499 | - | - |
| Reunion | 105,218 | 103,133 | - | - |
| Myanmar | 58,280 | 41,367 | - | - |
| Others | <u>118,250</u> | <u>130,942</u> | <u>14,106</u> | <u>999</u> |
| | <u>\$ 1,895,124</u> | <u>\$ 1,977,366</u> | <u>\$ 577,441</u> | <u>\$ 660,828</u> |
| <u>U.S. dollars</u> | | | | |
| Vietnam | \$ 29,872 | \$ 30,080 | \$ 12,010 | \$ 13,482 |
| Cambodia | 20,617 | 19,883 | 7,771 | 8,527 |
| Thailand | 4,110 | 5,095 | - | - |
| Reunion | 3,561 | 3,336 | - | - |
| Myanmar | 1,972 | 1,338 | - | - |
| Others | <u>4,003</u> | <u>4,236</u> | <u>496</u> | <u>35</u> |
| | <u>\$ 64,135</u> | <u>\$ 63,968</u> | <u>\$ 20,277</u> | <u>\$ 22,044</u> |

Non-current assets exclude deferred tax assets.

c. Information about major customers

Single customers contributing 10% or more to the Group's revenue were as follows:

| | <u>For the Year Ended December 31</u> | |
|---------------------------|--|--------------------|
| | <u>2020</u> | <u>2019</u> |
| <u>New Taiwan dollars</u> | | |
| Customer A | <u>\$ 240,145</u> | <u>\$ 249,985</u> |
| <u>U.S. dollars</u> | | |
| Customer A | <u>\$ 8,127</u> | <u>\$ 8,087</u> |

TABLE 1

TAISUN INT’L (HOLDING) CORP. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars or U.S. Dollars)

| No. | Lender | Borrower | Financial Statement Account | Related Party | Highest Balance for the Period | Ending Balance | Actual Borrowing Amount | Interest Rate (%) | Nature of Financing | Business Transaction Amount | Reasons for Short-term Financing | Allowance for Impairment Losses | Collateral | | Financing Limit for Each Borrower | Aggregate Financing Limit | Note |
|-----|------------------------------|--|-----------------------------|---------------|--------------------------------|----------------|-------------------------|-------------------|-----------------------------------|-----------------------------|----------------------------------|---------------------------------|------------|-------|-----------------------------------|---------------------------|------|
| | | | | | | | | | | | | | Item | Value | | | |
| 1 | Taisun Int’l (Holding) Corp. | Winsun (Cambodia) Co., Ltd. (Cambodia) | Other receivables | Yes | \$ 149,900 (US\$ 5,000) | \$ - (US\$ -) | \$ - (US\$ -) | 2 | The need for short-term financing | \$ - | Operating capital | \$ - | \$ - | \$ - | \$ 358,339 (US\$ 12,581) | \$ 716,678 (US\$ 25,162) | 1 |

Note 1: The individual loan amount of fund to a company for a short-term period shall not exceed 20% of the net worth of the Company, and the total loan amount of fund shall not exceed 40% of the net worth of the Company.

TABLE 2

TAISUN INT’L (HOLDING) CORP. AND SUBSIDIARIES

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars or U.S. Dollars)**

| Buyer | Related Party | Relationship | Transaction Details | | | | Abnormal Transaction | | Notes/Accounts Receivable (Payable) | | | Note |
|---|---|--------------|---------------------|--------------------------------|---------------|------------------------------------|---|---|--|-------------------------|---------------|------|
| | | | Purchase/ Sale | Amount | % of Total | Payment Terms | Unit Price | Payment Terms | Ending Balance | | % of Total | |
| Taipoly (Far East) Corporation (Mauritius) | Winsun (Cambodia) Co., Ltd. (Cambodia) | Affiliate | Sale | \$ (104,929) (US\$ (3,551)) | (96) | 100% T/T 60 days after B/L date | No significant difference from those with third parties | No significant difference from those with third parties | Trade receivables from related parties | \$ 14,104 (US\$ 495) | 97 | |

TABLE 3

TAISUN INT’L (HOLDING) CORP. AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars or U.S. Dollars)**

| No. (Note 1) | Company Name | Counterparty | Natural of Relationship (Note 2) | Intercompany Transactions | | | |
|-----------------|--|--|-------------------------------------|--------------------------------|---------------------------|---|---|
| | | | | Financial Statement Account | Amount | Terms | Percentage of Consolidated Total Gross Sales or Total Assets (%) (Note 3) |
| 1 | Taisun Vietnam Co., Ltd. (VN) | Taisun Int’l (Holding) Corp. | b | Sales | \$ 54,435 (US\$ 1,842) | No significant difference from those with third parties | 3 |
| 2 | Taipoly (Far East) Corporation (Mauritius) | Winsun (Cambodia) Co., Ltd. (Cambodia) | c | Sales | 104,929 (US\$ 3,551) | No significant difference from those with third parties | 6 |

Note 1: The business transactions between the parent company and the subsidiaries should be indicated in the number column respectively, numbers as follows:

- a. Parent company fills in 0.
- b. Subsidiaries are numbered sequentially according to the Company from 1.

Note 2: The following numerals indicate the respective nature of relationship between the two parties in the transaction:

- a. Transactions from parent company to subsidiary.
- b. Transactions from subsidiary to parent company.
- c. Transactions between subsidiaries.

Note 3: The transaction amount accounts for the calculation of the combined total revenue or total assets ratio, if it belongs to assets and liabilities, and is calculated by the ending balance accounts for the calculation of the combined total assets. If it belongs to income, it is calculated by the accumulated amount in the period accounts for the calculation of the combined total revenue.

Note 4: The important transaction of this form may be determined by the Company according to the principle of materiality.

TABLE 4**TAISUN INT'L (HOLDING) CORP. AND SUBSIDIARIES****INFORMATION OF INVESTEEES****DECEMBER 31, 2020****(In Thousands of New Taiwan Dollars or U.S. Dollars)**

| Investor Company | Investee Company (Notes 1 and 2) | Location | Main Businesses and Products | Original Investment Amount | | Balance as of December 31, 2020 | | | Net Income (Loss) of the Investee | Share of Profit (Loss) | Note |
|---|---|-----------|---|----------------------------|----------------------------|---------------------------------------|--------------------------------|-------------------------------|---|----------------------------|---------------|
| | | | | December 31, 2020 | December 31, 2019 | Number of Shares (In Thousands) | Percentage Ownership (%) | Carrying Amount | | | |
| Taisun Int'l (Holding) Corp. | Taisun Vietnam Co., Ltd. (VN) | Vietnam | Manufacture and sale of baby diapers, adult diapers, feminine products and wipes | \$ 246,585 (US\$ 7,791) | \$ 246,585 (US\$ 7,791) | - | 100 | \$ 1,354,448 (US\$ 47,558) | \$ 268,881 (US\$ 9,099) | \$ 268,881 (US\$ 9,099) | Note 1 |
| | Taipoly (Far East) Corporation (Mauritius) | Mauritius | Trading | 5,450 (US\$ 180) | 5,450 (US\$ 180) | - | 100 | 28,344 (US\$ 995) | 24,859 (US\$ 841) | 26,110 (US\$ 884) | Notes 1 and 2 |
| | Winsun (Cambodia) Co., Ltd. (Cambodia) | Cambodia | Manufacture and sale of baby diapers, adult diapers, feminine products and wipes | 365,343 (US\$ 11,690) | 365,343 (US\$ 11,690) | - | 100 | 575,268 (US\$ 20,199) | 123,996 (US\$ 4,196) | 123,996 (US\$ 4,196) | Note 1 |
| | AB CARE (Singapore) Pte. Ltd. | Singapore | Trading | 299,040 (US\$ 10,500) | 15,208 (US\$ 507) | - | 100 | 298,761 (US\$ 10,490) | (133) (US\$ (4)) | (133) (US\$ (4)) | Note 1 |
| Winsun (Cambodia) Co., Ltd. (Cambodia) | Winsun Trade Co., Ltd. (VN) | Vietnam | Trading | 14,773 (US\$ 500) | 14,773 (US\$ 500) | - | 100 | 15,749 (US\$ 553) | 750 (US\$ 25) | 750 (US\$ 25) | Note 1 |

Note 1: All intra-group transactions have been eliminated upon consolidation.

Note 2: The difference between the profit and loss of Taipoly (Far East) Corporation (Mauritius) for the current year and the recognition of investment income of Taisun Int'l (Holding) Corp. for the current year is the net change of unrealized losses of sidestream transaction of US\$43 thousand.

TABLE 5**TAISUN INT'L (HOLDING) CORP. AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS****DECEMBER 31, 2020****(In Thousands of New Taiwan Dollars)**

| Name of Major Shareholder | Shares | |
|---------------------------|------------------|-----------------------------|
| | Number of Shares | Percentage of Ownership (%) |
| EVERLINK OVERSEAS INC. | 16,907,000 | 43.05 |
| KT LOOK INT'L INC. | 8,539,300 | 21.74 |

Note 1: Table 5 is based on the information on the last business day of the quarter provided by the Taiwan Depository & Clearing Corporation (TDCC). TDCC calculate the total number of ordinary shares and preference shares held by shareholders who retain more than 5% of the Company's share (including treasury shares) that have been delivered without physical registration. The number of shares in the Company's consolidated financial statements and the actual number of shares delivered without physical registration may differ due to different calculation basis.

Note 2: As per information above, if the shareholder delivers the shares to the trust, shares will be disclosed based on the trustee's account. Additionally, according to the Securities and Exchange Act, more than 10% of the Company's shares, which include shares held by the internal stakeholders and some delivered to the trust that have rights to decision making, should be declared. For information regarding internal stakeholder declaration, refer to the Market Observation Post System website of the Taiwan Stock Exchange Corporation.

[Attachment VII] Earnings Appropriation Statement



TAISUN INT'L (HOLDING) CORP.

Earnings Appropriation Statement

Year 2020

Unit: NT\$1

| Item | Amount |
|---|-----------------------|
| Net profit after tax of Year 2020 | \$ 391,080,112 |
| Plus: Investments gains/losses on disposal of equity instruments at fair value through other comprehensive income | (4,281,683) |
| Plus: Accumulated undistributed earnings in the previous year | 327,113,454 |
| Accumulated distributable current earnings | 713,911,883 |
| Less: 10% statutory surplus reserves | (38,679,843) |
| Plus: Special surplus reserves reversed by law | (86,696,341) |
| Less: Cash dividends to shareholders (\$6.0 per share) | (235,620,000) |
| Accumulated closing undistributed earnings | \$ 352,915,699 |

Notes:

- | | |
|--|---------------------|
| 1. Employee bonus payable (in cash) | \$10,970,000 |
| 2. Remuneration to directors (in cash) | \$ 880,000 |



Chairman
Chao-Jung Tai
(Representative of EVERLINK OVERSEAS INC.)



President:
Chao-Jung Tai



Chief Accounting Officer:
Keng-Ping Lin



TAISUN INT'L (HOLDING) CORP.

Ethical Code of Conduct

Date of enactment: December 31, 2014

Article 1 Purpose and basis

To provide guidance to directors, supervisors and executive officers (including president or its equivalent, vice president or its equivalent, senior vice president or its equivalent, finance department manager, accounting department manager, and other managing personnel authorized to sign on behalf of the company) of the Company so their conduct will conform to ethical standards, and to let stakeholders of the company have better understanding of the ethical standards adopted by the company, it is necessary for the Company to adopt a code of ethics and professional conduct, and these Guidelines are provided for this purpose.

Article 2

The Company can set its own code of ethics and professional conduct in view of its conditions and needs; however, its shall include at least the following eight topics:

(1) Avoiding conflicts of interest:

A conflict of interest occurs when a person's private interest interferes or may interfere with the company's interest as a whole. For example, a conflict arises when a director, supervisor or executive officer of the company is unable to perform his/her work objectively and effectively due to his/her personal interest, or when he/she, his/her spouse, parents, children or relative within second degree of kinship receives undue benefits as a result of his position in the company. The company should pay particular attention to loans or guarantees of obligations provided to businesses that have any affiliation with the aforesaid persons, or major asset transactions, or business dealings (purchases and sales) with businesses that have any affiliation with the aforesaid persons.

When the actions of the aforementioned personnel are in conflict with the company's best interests, the responsible directors, supervisors, and managerial officers should voluntarily explain the potential conflict of interest with the company, if any.

(2) Avoiding opportunities for self-dealing:

The company should prevent its directors, supervisor or executive officers from: (1) Seeking opportunities for personal interest with the use of company assets, information, or the duties and functions they performed; (2) Obtaining personal gain by using company property or information or taking advantage of their positions; (3) Competing with the company. When the company has an opportunity for profit, it is the responsibility of the directors, supervisors, and managerial officers to maximize the reasonable and proper benefits that can be obtained by the company.

(3) Confidentiality:

The directors, supervisors, and managerial officers of the company shall be bound by the obligation to maintain the confidentiality of any information regarding the company itself or its suppliers and customers, except when authorized or required by law to disclose such information. Confidential information includes any undisclosed information that, if exploited by a competitor or disclosed, could result in damage to the company or the suppliers and customers.

(4) Fair dealing:

Directors, supervisors, and managerial officers shall treat all suppliers and customers, competitors, and employees fairly, and may not obtain improper benefits through

manipulation, nondisclosure, or misuse of the information learned by virtue of their positions, or through misrepresentation of important matters, or through other unfair trading practices.

(5) Protection and proper use of company assets:

All directors, supervisors, and managerial officers have the responsibility to safeguard company assets and to ensure that they can be effectively and lawfully used for official business purposes; any theft, negligence in care, or waste of the assets will all directly impact the company's profitability.

(6) Compliance with laws and regulations

The company should promote compliance with the Securities and Exchange Act and other laws and regulations.

(7) Encouraging the reporting of any illegal or unethical behavior:

The Company should enhance the promotion of ethical concepts and encourage employees to report any discovered or suspected violations of law, regulations or ethical codes of conduct to supervisors, executive officers, internal auditors or other appropriate personnel. The company should formulate a specific reporting system to encourage employees to report violations and let employees know that the company will do its best to protect the safety of the informant and free from retaliation.

(8) Disciplinary actions:

In the event a director, supervisor or executive officer acts or omits to act in a manner that violates the code of ethical conduct, the company shall impose disciplinary action as provided in the code, and promptly post related information on the Market Observation Post System, including the date and circumstances of the violation, the code violated, and actions taken by the company. The company furthermore shall set up a related appeal system to provide the violator means of redress.

Article 3: Exemption applicability procedures

The code of ethical conduct set forth by the company should provide that any waiver of the Code of Conduct to Directors, supervisor or executive officers shall be granted by the Board with disclosure on the MOPS of the date of resolution of the Board for the waiver, the adverse opinion or qualified opinion of the Independent Directors, the duration of waiver, the reason for waiver and the applicable standard for the waiver so that the Shareholders' Meeting could evaluate if the decision of the Board is appropriate. This will be essential for the control of unauthorized or suspicious waiver and guarantee a due procedure for the waiver of the Code of Conduct for the protection of the Company.

Article 4: Disclosure

The Company shall disclose the code of ethical conduct it has adopted, and any amendments to it, on its company website, in its annual reports and prospectuses and on the MOPS.

Article 5: Implementation

The ethical corporate management best practice principles shall be implemented after the board of directors grants the approval, and shall be sent to the supervisors and reported at a shareholders' meeting. The same procedure shall be followed when the principles have been amended.

Date of enactment: The first enactment on December 31, 2014 as resolved by the board of directors simultaneously.

[Appendix II]

TAISUN INT'L (HOLDING) CORP.

Rules of Procedure for the General Meeting of Shareholders

Date of enactment: January 8, 2016

Date of amendment: February 27, 2020

Article 1

The Rules of Procedure are formulated in accordance with Article 5 of the "Corporate Governance Best Practice Principles for TWSE or TPEx Listed Companies" to set up a good shareholder meeting and corporate governance system, assist the board of directors in supervising and managing TAISUN's operations.

Article 2

TAISUN's "Rules of Procedure for Shareholder Meeting" shall proceed according to the following rules unless otherwise specified by law or the Articles of Incorporation.

Article 3 (Convening Shareholder Meeting and Meeting Notice)

Unless otherwise specified by law, shareholder meetings are to be convened by the board of directors.

TAISUN shall compile an electronic file that contains the meeting advice, a proxy form, a detailed agenda of topics to be acknowledged or discussed during the meeting, and notes on the re-election or dismissal of directors and supervisors and post it onto the Market Observation Post System (MOPS) at least 30 days before an annual general meeting, or 15 days before an extraordinary shareholder meeting. At least 21 days before an annual general meeting, or 15 days before an extraordinary shareholder meeting, an electronic copy of the shareholder meeting manual and supplementary information shall be prepared and posted onto MOPS. Meeting of shareholders

Physical copies of the shareholder meeting manual and supplementary information shall be prepared at least 15 days before the meeting, and made accessible to shareholders upon request. These documents must also be placed within TAISUN's premises and at the share administration agency, and distributed on-site during the shareholder meeting.

The meeting advice and announcement must state clearly the agenda to be discussed during the meeting, and can be issued in electronic form if consented by the recipient.

Matters pertaining to election or discharge of directors and supervisors, alteration of the Articles of Incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, dissolution, merger, spin-off, or any matters as set forth in Paragraph I, Article 185 hereof shall be itemized in the causes or subjects to be described and the essential contents shall be explained in the notice to convene a meeting of shareholders, and shall not be brought up as extemporary motions; the essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the company, and such website shall be indicated in the above notice.

Where reelection of all directors and supervisors as well as their inauguration date is stated in the "reasons for convening the shareholders meeting" of the notice, after the completion of the reelection in the said meeting, such inauguration date may not be altered by any extraordinary motion or any other way in the same meeting. The company's shareholder(s) holding one percent (1%) or more of the total number of outstanding shares may propose a proposal for discussion at a regular shareholders meeting, provided that only one matter shall be allowed in each single proposal, and in case a proposal contains more than one matter, such proposal shall not be included in the agenda. A shareholder proposal proposed for urging a company to promote public interests or fulfill its social responsibilities may still be included in the list of proposals to be discussed at a regular meeting of shareholders by the board of directors. The board of directors will not list any motion proposed by a shareholder as described under Paragraph 4 of Article 172.1 of the "Company Act".

Prior to the book closure date before a regular shareholders meeting is held, the Company shall publicly announce that it will receive shareholder proposals, correspondence or electronic means, and the location and

time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.

Each shareholder proposal shall be described in 300 words. Any additional content will not be listed in the agenda. The proposing shareholder shall attend the regular shareholders meeting in person or appoint an agent, and participate in the discussion of that proposal.

TAISUN shall notify the proposing shareholders about the results of their proposals before the notification date of the shareholder meeting, and specify the proposals which has met the requirements of this Article in the meeting notice. For any shareholder proposal that is not listed in the agenda, the board of directors shall explain why those are excluded at the shareholder meeting.

Article 4

Shareholders may appoint proxies to attend shareholder meetings on their behalf by completing TAISUN's proxy form and specifying the scope of delegated authority.

Each shareholder may issue one proxy form and delegate one proxy only. All proxy forms must be received by TAISUN at least 5 days before the shareholder meeting. In cases where multiple proxy forms are issued, the one that arrives first shall prevail. However, this excludes situations where the shareholder has issued a proper declaration to withdraw the previous proxy arrangement.

Should the shareholder decide to attend shareholder meeting personally or exercise voting rights in writing or using electronic means after a proxy form has been received by TAISUN, a written notice must be sent to TAISUN by no later than two days before the meeting commences to withdraw the proxy arrangement. If the shareholder fails to withdraw proxy arrangement before the due date, the vote of the proxy attendant shall prevail.

Article 5 (Principle of Venue and Time of Shareholder Meeting)

Shareholder meetings shall be held at locations of TAISUN that are suitable and convenient for shareholders to attend. Meetings must not commence anytime earlier than 9:00 AM or later than 3:00 PM. In this regard, the independent directors' opinions shall be fully considered. °

Article 6 (Preparation of Attendance Logs and Other Necessary Documents)

The meeting advice must specify details such as meeting time, venue, and important notes where relevant.

Admission of meeting participants shall begin at least 30 minutes before the meeting commences. The reception area must be clearly labeled and stationed with competent personnel.

Shareholders and representatives thereof (collectively referred to as shareholders) shall attend shareholder meetings by presenting valid conference pass, attendance card or other document of similar nature. TAISUN may not request shareholders to present additional documentary proof unless specified in advance. Proxy form acquirers are required to bring identity proof for verification.

Attendance logs shall be signed by attending shareholders; alternatively, attendance cards shall be presented by shareholders in presence.

Shareholders who attend the meeting shall be given a copy of the meeting manual, annual report, attendance pass, opinion slip, agenda ballots and any information relevant to the meeting. Prepare additional ballots if director and/or supervisor election is also being held during the meeting.

Where the shareholder is a government agency or corporate entity, more than one representative may attend shareholder meetings on their behalf. Corporate entities that have been designated as proxy attendants can only appoint one representative to attend shareholder meeting.

Article 7 (Chairperson and Attendances of the Shareholder Meetings)

If the shareholder meeting is convened by the board of directors, the Chairman shall act as chairperson. If the Chairman is unable to perform duties due to leave of absence or any reason, the Deputy Chairman shall perform duties on behalf of the absent Chairman. Where there is no position of deputy chairman, or such Deputy Chairman is also unable to perform duties due to leave of absence or any reason, the Chairman shall designate an executive director as proxy; if there is no position of executive director, a director shall be designated as proxy. If the Chairman fails to designate a proxy, either the executive director or a director shall be elected on behalf of the Chairman.

The role of acting chairperson mentioned above shall be assumed by an executive director or a director who has been on the board for more than six months and understands the Company's financial and business

performance. The same applies if the chairperson is a representative of a corporate director.

Shareholder meetings that are convened by the board of directors should be chaired by the Chairman and attended personally by more than half of the board and at least one supervisor, with at least one representative from each functional committee present at the meeting. Attendance of the above participants shall be recorded in details in the shareholder meeting minutes.

For shareholder meetings that are convened by any authorized party other than the board of directors, the convener shall chair the meeting. If there are two or more eligible conveners at the same time, one shall be appointed among themselves to chair the meeting.

TAISUN may summon its lawyers, certified public accountants, and any relevant personnel to be present at shareholder meetings.

Article 8 (Recording or Videotaping the Process of the Shareholder Meetings)

TAISUN shall record non-stop, in audio or video, from the time admission is accepted and throughout the entire meeting proceeding, voting and vote counting.

These recordings need to be maintained for at least one year. However, if a shareholder raises a litigious claim against the Company according to Article 189 of the "Company Act", the abovementioned documents must be retained until the end of the litigation.

Article 9

Attendance during shareholder meetings shall be calculated based on number of shares held. The number of attending shareholders shall be based on the attendance logs or such card presented by shareholders in presence as well as the number of shareholders who have exercised written or electronic votes.

The chairperson should announce the commencement of meeting as soon as it is due. However, if current attendants represent less than half of the Company's outstanding shares, the chairperson may announce to postpone the meeting up to two times, for a period totaling no more than one hour. If the attending shareholders represent more than one-thirds but less than half of outstanding shares after two postponements, the chairperson shall announce adjournment.

If the attending shareholders represent more than one-thirds but less than half of outstanding shares after such two postponements, the attending shareholders may reach a tentative resolution according to Paragraph 1, Article 175 of the "Company Act". This tentative resolution shall then be communicated to every shareholder and another shareholder meeting shall be held within the next month.

If the number of shares represented accumulate to more than half of all outstanding shares as the meeting progresses, the chairperson may propose the tentative resolutions for final vote according to Article 174 of the "Company Act".

Article 10 (Motion Discussion)

If the shareholders' meeting is convened by the board of directors, its agenda shall be determined by the board of directors. Relevant motions (including temporary motions and amendments to the original motion) shall be decided by vote on a case by case basis. The meeting shall be conducted in accordance with the scheduled agenda and shall not be changed without the resolution of the shareholders' meeting.

The above rule also applies if the shareholder meeting is convened by any authorized party other than the board of directors.

In the arrangements described above, the chairperson cannot dismiss the meeting while two agenda items (including special motions) are still in progress. If the chairperson is found to have dismissed the meeting in violation of the conference rules, other board members shall immediately assist the attending shareholders according to the legal procedure in electing a separate chairperson who has the support of more than half of voting rights represented at the meeting; as a result, the meeting may continue.

The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote and arrange sufficient time for voting.

Article 11 (Shareholders' Speech)

Shareholders who wish to speak during the meeting must first produce an opinion slip detailing the topic and shareholder account number (or conference pass serial number).

The order of shareholders' comments shall be determined by the chairperson. Shareholders who submit an opinion slip without actually speaking are considered to have remained silent.

If the shareholder's actual comments differ from those stated in the opinion slip, the actual comments expressed shall be taken into record. Shareholder cannot speak for more than two times, for 5 minutes each, on the same topic without the consent of the chairperson. The chairperson may restrain shareholders in violation of the above rule or interrupt any comments that are irrelevant to the topics discussed.

While a shareholder is speaking, other shareholders cannot speak simultaneously or interfere in any way unless agreed by the chairperson and the person speaking. Any violators shall be restrained by the chairperson.

Where a corporate shareholder has appointed two or more representatives to attend the shareholder meeting, only one representative may speak for each discussed topic.

After a shareholder has finished speaking, the chairperson may answer the shareholder's queries personally or appoint any relevant personnel to do so.

Article 12 (Calculation of the Number of Shares on a Poll and the Mechanism of Recusal)

Voting rights in a shareholder meeting are calculated based on the number of shares represented.

Shares that do not carry voting rights are excluded from the calculation of outstanding shares when voting for the final resolution.

Shareholders may not vote on decisions that pose a conflicting interest between them and the Company, and neither shall they exercise voting rights on behalf of other shareholders.

The number of shares held by shareholders who are not permitted to vote shall be excluded from the calculation of total voting rights.

With the exception of trust enterprises and certain share administration agencies approved by the competent securities authority, a proxy may not represent more than 3% of total voting rights in aggregate when representing two or more shareholders during the meeting. Voting rights that exceed this threshold shall be excluded from calculation.

Article 13

Shareholders are entitled to one vote per share, except for shares that are subject to voting restrictions or situations outlined in Paragraph 2, Article 179 of the "Company Act".

When this Corporation holds a shareholders meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. Shareholders who have voted in writing or using the electronic method are considered to have attended shareholder meeting in person. However, they are considered to have waived their rights to participate in any special motions or amendments to the original discussions that may arise during the shareholder meeting. For this reason, TAISUN should avoid proposing special motions and amendments to the original agendas where possible.

Instructions to exercise written and electronic votes must be delivered to the Company at least 2 days before the shareholder meeting. In the event of duplicate submissions, the earliest submission shall be taken into record. However, exception is granted if the shareholder issues a proper declaration to withdraw the previous instruction.

Shareholders who wish to attend the shareholder meeting in person after exercising their voting rights in writing or using electronic methods are required to withdraw their votes using the same method by which the vote was cast in the first place, and by no later than two days before the day of shareholder meeting. The written/electronic vote shall prevail if not withdrawn before the cutoff time. If the shareholder has exercised written or electronic votes and at the same time delegated a proxy to attend the shareholder meeting, then the voting decision exercised by the proxy shall prevail.

Unless otherwise specified in the "Company Act" or the Articles of Incorporation, a decision is passed with the consent of shareholders representing more than half of total voting interests in the meeting. When voting, the chairperson or delegate thereof shall announce the total number of voting rights represented by attending shareholders for every agenda item discussed, and have shareholders vote on a case-by-case basis. Details on the number of votes in favor, against, and abstained for each discussion shall be uploaded onto MOPS on the same day after the shareholder meeting has ended.

In cases where several amendment or alternative solutions have been proposed at the same time, the chairperson shall determine the order in which the proposals are voted. However, if any solution is passed,

all other proposals shall be deemed rejected and no further voting is necessary.

The chairperson will appoint a ballot examiner and a ballot counter; the ballot examiner must be a shareholder.

Discussion and election votes are to be counted openly at the shareholder meeting. Results of the vote, including the final tally, must be announced on-site and recorded in minutes.

Article 14 (Elections)

Shareholder meetings that involve election of directors and supervisors shall proceed according to the Company's election policy. Results of the election, including the list of elected directors and supervisors and the final tally, must be announced on-site.

All ballots used in the above election shall be sealed, signed and held in proper custody for at least one year. However, if a shareholder raises a litigious claim against the Company according to Article 189 of the "Company Act", the abovementioned documents must be retained until the end of the litigation.

Article 15

Shareholder meeting resolutions shall be compiled into detailed minutes, and signed or sealed by the chairperson, and disseminated to each shareholder by no later than 20 days after the meeting. Preparation and distribution of meeting minutes can be made in electronic form.

TAISUN may disseminate meeting minutes by posting details onto MOPS.

The year, month, day, place, name of the chairman, method of resolution, essentials of the meeting process and voting results (including the statistical weight) shall be recorded in the minutes of the meeting. When there is an election of directors, supervisors, the number of votes obtained by each candidate shall be disclosed. During the existence of the company, it should be kept permanently.

Article 16 (Public Notice)

During the shareholder meeting, TAISUN shall publish information regarding the number of shares acquired by proxy form acquirers and the number of shares represented by proxies using the prescribed format.

TAISUN must disclose on MOPS any shareholder meeting resolutions that constitute material information as defined by law or the rules Taiwan Stock Exchange Corporation (Taipei Exchange ("TPEX")).

Article 17 (Maintaining the Order at the Meeting)

Organizers of the shareholder meeting must wear proper identification or arm badges.

The chairperson may appoint picketers or security staff to help maintain order in the meeting. While maintaining order in the meeting, all picketers or security staff must wear arm badges that identify their role as "Picketeer" or proper identification.

The chairperson may stop anyone who attempts to speak using instruments that are not provided by TAISUN.

The chairperson may instruct picketers or security staff to remove shareholders who continue to violate the meeting policy despite being warned by the chairperson.

Article 18 (Break and Continuing the Meeting)

The chairperson may put the meeting in recess at appropriate times. In the occurrence of force majeure event, the chairperson may suspend the meeting temporarily and resume at another time.

If the shareholder meeting is unable to conclude all agenda items (including special motions) before the venue is due for return, participants may resolve to continue the meeting at an alternative location.

Shareholders may also resolve to postpone or resume the meeting within the next 5 days, according to Article 182 of the "Company Act".

Article 19

The above rules shall take effect immediately once approved during shareholder meeting; the same applies to all subsequent revisions.

[Appendix III]

TAISUN INT'L (HOLDING) CORP.

Procedures for Election of Directors

Date of enactment: December 31, 2014

Article 1

For the fair, just, and open selection of directors, this procedure is established in accordance with Articles 21 and Article 41 of the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies."

Article 2

Except as otherwise provided by law and regulation or by the Company's articles of incorporation, elections of directors shall be conducted in accordance with these Procedures.

Article 3

Board composition shall be taken into consideration when electing director members. The composition of the board of directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:

1. Basic requirements and values: Gender, age, nationality, and culture.
2. Professional knowledge and skills: A professional background (e.g. law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.

All board directors shall have the necessary knowledge, skill, and experience to perform their duties; the abilities that must be present in the board as a whole are as follows:

1. The ability to make judgments about operations.
2. Accounting and financial analysis ability.
3. Business management ability.
4. Crisis management ability.
5. Knowledge of the industry.
6. An international market perspective.
7. Leadership ability.
8. Decision-making ability.

More than half of the directors shall be persons who have neither a spousal relationship nor a relationship within the second degree of kinship with any other director.

The board of directors of the company shall consider adjusting its composition based on the results of performance evaluation.

Article 4

Independent directors are subject to the eligibility criteria specified in Articles 2, 3 and 4 of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies."

Election of independent directors is subject to comply with Articles 5, 6, 7, 8 and 9 of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies," and Article 24 of "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies."

Article 5

Election of directors shall proceed according to the nomination system described in Article 192-1 of the Company Act. To facilitate proper review regarding directors' eligibility, academic/career background and conditions described in Article 30 of the Company Act, no documentary proof other than those

mentioned in the Act shall be used. The outcome of the review needs to be presented to shareholders, and will be used as reference to choose the suitable directors.

When the number of directors falls below five due to the dismissal of a director for any reason, the Company shall hold a by-election to fill the vacancy at its next shareholders meeting. When the number of directors falls short by one-third of the total number prescribed by the articles of incorporation, the company shall convene a special shareholders meeting within 60 days of the occurrence of that fact to hold a director by-election.

If the number of independent directors does not meet the requirements of the proviso in Article 14-2, Subparagraph 1 of Securities Exchange Act, the relevant provisions of Taiwan Stock Exchange "Corporation Rules Governing Review of Listings, or the Standards for Determining Unsuitability for GTSM Listing under Article 10, Subparagraph 1 of the GreTai Securities Market Rules Governing the Review of Securities for Trading on the GTSM" Subparagraph 8, an election of directors should be held in the most recent shareholders' meeting. When all independent directors were dismissed, the Company shall have an extraordinary shareholders' meeting held within 60 days from the date of the event occurred.

If a director is dismissed for reasons, causing the quorum of the board of directors not complying with the Articles of Incorporation, an election should be held in the most recent shareholders meeting to fill the vacancy. When all of them have been dismissed, the company shall convene a special shareholders meeting to hold a by-election within 60 days from the date on which the fact occurred.

Article 6

The cumulative voting method shall be adopted for the election of the company's directors. Each share will have voting rights in number equal to the directors or individuals to be elected, and may be cast for a single candidate or split among multiple candidates.

Article 7

The board of directors shall prepare separate ballots for directors in numbers corresponding to the directors or supervisors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.

Article 8

The number of directors will be as specified in the Company's articles of incorporation, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.

Article 9

Before the election begins, the chairperson will appoint several shareholders to undertake the roles of ballot examiner and ballot counter to assist in the election. The ballot boxes shall be prepared by the board of directors and publicly checked by the monitoring personnel before voting commences.

Article 10

If the candidate is also a shareholder, voters shall specify both shareholder account name and number in the "candidate" column of the ballot. If the candidate is not a shareholder, the candidate's name and ID card number will have to be specified instead. If the candidate is a government agency or institution shareholder, the candidate column on the ballot must be detailed with the name of the government agency or institution shareholder, or it can be the name of the government agency or institution shareholder and their representatives. If there is more than one representative appointed, the name of all

the representatives must be listed separately.

Article 11

Ballots are voided in any of the following circumstances:

1. Voting without using ballots prepared by the Board of Directors.
2. A blank ballot is placed in the ballot box.
3. The writing is unclear and indecipherable or has been altered.
4. Where the candidate is a shareholder, the written identity and shareholder account number do not match the shareholder registry; or where the candidate is a non-shareholder, the written name and ID card number do not match the candidate's identity proof.
5. Ballots that contain writings other than the candidate's account name and shareholder account number (or identity document number).
6. The candidate's name written in the ballot coincides with another shareholder, but no shareholder account number or ID card number is provided for identification.

Article 12

The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation, including the list of persons elected as directors and the number of votes with which they were elected, shall be announced by the chairman on site.

All ballots used in the above election shall be sealed, signed and held in proper custody for at least one year. However, if a shareholder raises a litigious claim against the Company according to Article 189 of the "Company Act", the abovementioned documents must be retained until the end of the litigation.

Article 13

The board of directors of the Company shall issue notifications to the persons elected as directors.

Article 14

These procedures will be implemented after being approved in the shareholders' meeting, same as the amendment.

[Appendix IV] The Company's Articles of Incorporation

Articles of Incorporation in the 5th amendment and restatement

TAISUN INT'L (HOLDING) CORP.

(To come into effect after being resolved in the special resolution on June 29, 2020)

Laws in the Company Act of the British Cayman Islands (as defined hereunder) shown in Appendix I, Table A do not apply to the Company

Interpretation

1 Definition

- 1.1 Articles of Incorporation in the present amendment and restatement shall be defined as below where the following wording does not conflict with the context:

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| “Applicable laws” | Referring to Regulations Governing Listed Public Companies, Company Act of the British Cayman Islands or other regulations, laws and ordinances applicable to the Company. |
| “Regulations Governing Listed Public Companies” | Referring to the laws, rules and regulations of the Republic of China (including but not limited to Company Act, Securities and Exchange Act of the Republic of China, the rules or systems promulgated by the Financial Supervisory Commission (as defined hereunder, Taiwan Stock Exchange Corporation (TWSE) or Taipei Exchange (TPEX) (as defined hereunder) enacted by the relevant competent authority(ies) aiming at listed public companies or any and all TWSE/TPEX listed companies in the Republic of China and the subsequent updates thereof as requested by the competent authority(ies) to apply to the Company. |
| “Articles of Incorporation” | Referring to these Articles of Incorporation updated from time to time |
| “Audit Committee” | Referring to the Audit Committee under jurisdiction of the Board of Directors to be organized by the Company's independent directors in full. |
| “Board of Directors” | Referring to the Board of Directors assigned by elected in accordance with these Articles of Incorporation to exercise the powers and authorities in the Board of Directors up to the specified quorum specified under these Articles of Incorporation. |
| “Capital reserves” | Toward the objectives of these Articles of Incorporation, referring to the amount of the issued shares of the Company with premium added with donation in accordance with the Company Act of the British Cayman Islands. |
| “Chairman” | Referring to all directors who elect the chairman of the board of directors from among directors themselves. |
| “The Company” | TAISUN INT'L (HOLDING) CORP. |
| “Remuneration Committee” | Under the jurisdiction of the board of directors, the committees of various functions to be organized by professionals in accordance with Regulations Governing Listed Public Companies |
| “Accumulated balloting system” | Referring to the balloting mechanism to elect directors in accordance with Article 35.2 of the Articles of Incorporation. |

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|---|---|
| “Director” | Referring to the Company's incumbent directors including any and all independent directors. |
| “Shareholders with objection” | To be defined per Article 28.2 of these Articles of Incorporation. |
| “Electronic records” | Duly defined as per <Electronic Transaction Act>. |
| “Electronic Transaction Act” | Referring to <Electronic Transaction Act> of the British Cayman Islands (As amended in 2003). |
| “Emerging stocks” | Referring to the emerging stock markets in the Republic of China |
| “kindred within the 2nd tier under the Civil Code” | For any person, it refers to that the other person has a relative relationship with such person due to blood or marriage and is a blood relative within the second degree of kinship should include any such person’s parents, siblings, grandparents, children, grandchildren of the person, and parents, siblings, and grandparents of the spouse of such person. |
| “Financial Supervisory Commission” | Referring to the Financial Supervisory Commission of the Republic of China. |
| “Independent Director” | Referring to independent directors elected in accordance with Regulations Governing Listed Public Companies or these Articles of Incorporation. |
| “Joint operating contract” | Referring to a contract executed by any company with others or other institutions where under all parties agree to jointly operate a certain business in accordance with the terms and conditions set forth under the contract to jointly bear the loss and jointly enjoy the profits. |
| “Company Act of the British Cayman Islands” | Referring to the Company Act and all current laws prevalent in the British Cayman Islands, the amendment, enactment anew or amendment thereof. |
| “Lease agreement on business operation” | Referring to an agreement or agreement executed by any company with another where under the company would lease its necessary machinery and equipment and assets to the counterparty, where that another would operate business in full in its own company name. The company would receive from another the remuneration as accorded beforehand as the consideration. |
| “Litigious, non-litigious affairs agent” | Referring to the facts where for the documents in a venue of relevant jurisdiction the Company should receive, the Company would designate agent of service in accordance with the applicable laws and to serve as the responsible person for the Company within the territories of the Republic of China in accordance with the Securities and Exchange Act of the Republic of China. |
| “Agreement on commissioned business operation” | Referring to an agreement or accord executed by any company with another. Under the agreement or accord, that company commissions the counterparty to operate business in the name of that company for the interest of that company. That company would pay remuneration to the counterparty in the amount as accorded beforehand. The profit and loss of that business shall still be entitled to and borne by that company. |
| “Market Observation Post System (MOPS)” | Referring to the declaration system for public companies under maintenance by the Taiwan Stock Exchange Corporation (TWSE) (as defined hereunder) |
| “Shareholder” | Referring to the shareholders holding the Company's shares as registered in the register of shareholders. Where shares are held and registered for two or more two persons, the first registered in the register of shareholders shall be registered as the joint holder or joint |

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| | holder in full, as applicable as per context. |
| “Outlines of Articles of Incorporation” | Referring to the Outlines of the Articles of Incorporation. |
| “Consolidated” | Referring to the transactions defined below: (a) The “merger/acquisition (M&A)” or “merger” as defined under the Company Act of the British Cayman Islands; or (b) Other absorption merger and/or newly incorporated merger consistent with Regulations Governing Listed Public Companies. |
| “Month” | Referring to calendar month |
| “Notice” | Referring to the documented notices under these Articles of Incorporation unless otherwise specified |
| “Manager” | Referring to any person appointed by the board of directors to serve the Company with duties. |
| “Ordinary resolution” | Referring to the resolutions resolved by a simple majority of the attending shareholders (either in person or through proxy agents) at the shareholders’ meeting of the Company (or, if specifically indicated, the shareholders’ meeting holding specific types of shares) (For such purposes, shareholders having attended the meeting but not having exercised voting powers are deemed having withdrawn from exercise of the voting powers but shall still be counted into the number of voting powers having participated in the meeting)) |
| “Preferred shares” | As defined under Article 6 of the Articles of Incorporation. |
| “Private placement” | Referring to the securities offered by the Company through private placement in accordance with Regulations Governing Listed Public Companies emerging stocks or registered during TWSE/TPEX listing in the Republic of China. |
| “List of director and manager” | The rosters of directors and managerial officers as defined under Articles of Incorporation in Article 42 |
| “List of shareholders” | Referring to the register of shareholders prepared by the Company in accordance with the Company Act of the British Cayman Islands and in case of emerging stocks or registered during TWSE/TPEX listing in the Republic of China, it would refer to the register of shareholders prepared by the Company in accordance with Regulations Governing Listed Public Companies |
| “Venues of registration” | Referring to the venue at the time when the Company proceeded with registration |
| “Restricted stocks” | As defined under Article 2.5 of the Articles of Incorporation. |
| “R.O.C.” | Referring to Republic of China on Taiwan |
| “Stamp” | Referring to the seal in the Company’s general use or official seal or duplicate seal. |
| “Secretary” | Any person appointed to perform all the Company's secretarial duties, including any acting or assistant secretary and any person appointed by the board of directors to perform that secretarial duties. |
| “Shares” | Refers to the Company's shares of NT \$ 10.00 per share |
| “Share conversion” | Just as share conversion as defined under the Business Mergers and Acquisitions Act of the Republic of China, where under the Company (hereinafter referred to as Acquiring Company) would acquire outstanding issued shares of another company in full and would take the Acquiring Company’s shares, cash or other properties as the consideration. |
| “Special resolution” | When not in contravention of the Company Act of the British Cayman Islands, it refers to a decision resolved in the Company's shareholders’ meeting which is attended by shareholders entitled to voting powers |

either in person or through proxy agents, or the representatives authorized lawfully by juristic person shareholders or non-natural person (individual) shareholders through two-thirds majority at least after calculation of the voting power entitled to each and every shareholder. (For such purposes, shareholders having attended the meeting but not having exercised voting powers are deemed having withdrawn from exercise of the voting powers but shall still be counted into the number of voting powers having participated in the meeting))

“Spin-off”

Just as demerger as defined under the Business Mergers and Acquisitions Act of the Republic of China, referring to a fact where the Company transfers the business operated by it independently to another existent or newly incorporated or company (hereinafter referred to as “Acquirer”) where the Acquirer’s shares, cash or other properties as the consideration shall be taken as consideration.

“Affiliates”

In terms of any single company, it refers to (1) a company with total shares with voting powers for outstanding issued shares or total capital held by that company either directly or indirectly by one half majority; or (2) a company with direct or indirect control power over personnel, finance or business operation of that company.

“Major resolution”

With participation by shareholders representing two-thirds majority of the Company's total outstanding issued shares, it refers to a decision resolved by one half majority of the participating shareholders; or in the event where the total shares represented by the participating shareholders are less than two-thirds of the Company's total outstanding issued shares but are one half majority of the Company's total outstanding issued shares, a decision resolved by two-thirds majority of the participating shareholders. (For such purposes, shareholders having attended the meeting but not having exercised voting powers are deemed having withdrawn from exercise of the voting powers but shall still be counted into the number of voting powers having participated in the meeting))

“Taipei Exchange”

Referring to Taipei Exchange (TPEX).

“Treasury stock”

Referring to treasury shares held by the Company in accordance with Company Act of the British Cayman Islands and these Articles of Incorporation.

“Taiwan Depository & Clearing Corporation”

Referring to Taiwan Depository and Clearing Corporation (TDCC).

“Taiwan Stock

Taiwan Stock Exchange Corporation.

Exchange Corporation”

“Year”

Calendar year

1.2 Where the contents in the Articles of Incorporation are not in conflict:

- (a) A plural term contains singular, and *vice versa*.
- (b) A positive term contains negative and neutral implication
- (c) A person contains a company, organization or individual entity, disregarding whether it is a company
- (d) Wording (i) “may” could be interpreted as “okayed”
(ii) “Shall” should be interpreted into “must”
- (e) “In writing” and “written form” include the restated or duplicated wording, including electronic records;

- (f) Any laws or rules mentioned should include the supplementation, addition or enacted anew.
 - (g) Unless otherwise specified, the wording and meaning defined under Company Act of the British Cayman Islands would be interpreted in a same manner, besides:
 - (h) Unless otherwise specified in these Articles of Incorporation, the obligations and requests under Article 8 of Electronic Transaction Act are not applicable.
- 1.3 The sub-titles provided under this Agreement function to facilitate reference and shall not be taken to interpret these Articles of Incorporation.

Shares

2 Rights for issued shares

- 2.1 Unless otherwise provided in accordance with applicable laws, these Articles of Incorporation and otherwise resolved by the shareholders' meeting, in the premises of not damage to the special rights of any existent shares or special holders, the board of directors is entitled to, at its decision, issue any unissued shares of the Company under the conditions resolved at its discretion and where in the premise not in contravention of or in conflict with Article 6.1 of these Articles of Incorporation, the board of directors may, based on the ordinary resolution by the shareholders, issue any shares or share category aiming at dividend, voting power, return of capital or other issues with preferential power, deferred right or other special rights (including waiver for the issued shares or options of other categories, share subscription warrant and other rights). Except per the Company Act of the British Cayman Islands and Regulations Governing Listed Public Companies, nevertheless, the board of directors shall not issue share certificates with a discount.
- 2.2 Unless otherwise specified in these Articles of Incorporation, issuance of new shares by the Company shall be subject to consent by one-second majority vote of the participating directors who represent two-thirds majority of the total number of director seats and issuance shall only be within the authorized capital of the Company.
- 2.3 Where the Company applies to the Taipei Exchange (TPEX) for emerging stocks or is approved by the Taiwan Stock Exchange Corporation (TWEC) in the Republic of China and while the Company launches capital increase through cash injection within territories of the Republic of China, unless otherwise specified in the applicable laws or unless the Financial Supervisory Commission, Taiwan Stock Exchange Corporation (TWSE) or Taipei Exchange (TPEX) consider that the Company is not required or inappropriate to do so, the Company shall appropriate 10% of the new shares so issued into issuance to public within territories of the Republic of China (hereinafter referred to as **"the part into public sales"**); In the event that the shareholders' meeting resolves a decision in an ordinary resolution or a decision in a higher ratio, that decision so resolved shall prevail and shares of such higher ratio shall be appropriated into the part into public sales. The Company may reserve a number not in excess of 15% of the total new shares so issued to be subscribed to by employees of the Company and its auxiliaries (hereinafter referred to as **"part for subscription by employees"**). On the new shares subscribed to by employees, the Company may restrict from transfer within the specified timeframe while such timeframe shall not exceed two years in maximum.
- 2.4 Unless resolved by the shareholders' meeting by means of an ordinary resolution into a different decision, while the Company launches capital increase through cash injection in accordance with Article 2.3 of the Articles of Incorporation to issue new shares, after the Company duly appropriates the part into public sales in accordance with Article 2.3 of the Articles of Incorporation (to prevent potential ambiguity, it should include the new shares issued under in accordance with Article 2.3 of the Articles of Incorporation. The shares higher than 10% as resolved in the shareholders' meeting shall be issued externally to the public within the territories of the Republic of China, the part in excess of 10% of the new shares so issued) and part for subscription by employees, the Company shall promulgate and notify the original shareholders who are entitled to preferentially subscribe to the remaining new shares. The Company shall declare in the aforementioned public announcement the method to exercise the privilege for preferential subscription. A shareholder who fails to exercise the subscription within the specified time limit shall be deemed to have forfeited such right. Where the shareholding ratio of

an original shareholder is inadequate to subscribe to one new share, the shareholding ratio may be consolidated in accordance with the terms resolved in the board of directors and Regulations Governing Listed Public Companies to jointly subscribe to one or multiple share(s) in the name of a single shareholder. Where an original shareholder does not subscribe to in full within the aforementioned timeframe, the Company may put it into open sales or approach a specific person to subscribe to for the unsubscribed portion in accordance with the Regulations Governing Listed Public Companies.

Where a subscriber fails to pay off the share amount for new shares in full within the time limit specified by the Company to pay off the share amount (in exercise of the aforementioned preferential privilege for subscription or the right to subscribe to the open sales or employee stock options), the Company shall urge that subscriber to pay off within the specified time limit more than one month with a declaration that such subscriber shall forfeit the privilege in case of failure in payment within the specified time limit. The Company shall not declare forfeiture of a subscriber's right to subscribe to unless that subscriber fails to pay off within the time limit specified by the Company. Notwithstanding the aforementioned provisions, where the timeframe scheduled by the Company is more than one month and where a subscriber fails to pay off within the specified time limit, he or she shall forfeit his or her right where the Company is not required to proceed with the procedures to further urge that subscriber. After a subscriber forfeits the right, the unsubscribed shares shall be separately offered in accordance with Regulations Governing Listed Public Companies.

- 2.5 In the very premise not in contravention of or conflict with the applicable laws, the Company may, under a decision resolved in the shareholders' meeting in supermajority, issue new shares with restricted rights to employees (hereinafter referred to as "restricted stocks") to employees of the Company and its auxiliaries to which the provisions set forth under Article 2.3 do not apply. Where the shares are registered for emerging stocks or are listed in TWSE/TPEX in the Republic of China, the terms of the restricted stocks, including but not limited to number of issuance, price of issuance and other terms shall be consistent with the rules & regulations promulgated by the competent authority in charge of securities in the Republic of China.
- 2.6 The terms for preferential subscription for the shares by employees as set forth under Article 2.3 of the Articles of Incorporation and terms for preferential subscription for the shares by shareholders as set forth under Article 2.4 of the Articles of Incorporation do not apply to an event where the Company issues new shares due to the following purposes:
 - (a) Where the Company proceeds with merger, share conversion, demerger or corporate reorganization.
 - (b) The obligations to be fulfilled by the Company for share subscription warrant and/or option powers, include those specified under Articles 2.8 and 2.11 of the Articles of Incorporation. The provisions for preferential subscription do not apply to shares issued to employees under Article 2.8 of the Articles of Incorporation.
 - (c) The Company issues restricted stocks in accordance with Article 2.5 of Articles of Incorporation.
 - (d) The Company fulfills the obligations under convertible corporate bonds or corporate bonds with warrants.
 - (e) The Company fulfills the obligations for preferred shares of corporate bonds with warrants.
 - (f) The Company issues share certificates in accordance with Article 14.6 or Article 17 of the Articles of Incorporation, or
 - (g) Where the Company proceeds with private placement of negotiable securities.
- 2.7 The Company shall not issue shares which the shares have not been paid or where the shares have been paid partially.
- 2.8 Notwithstanding the aforementioned provision set forth under Article 2.5 of the Articles of Incorporation, the Company may, with a decision resolved by one-second majority of the participating directors who represent two-thirds majority of the total director seats for one or more employee

incentive measure(s) and the Company may issue share subscription warrant, options or other similar securities toward employees of the Company and its auxiliaries. To prevent potential ambiguity, the aforementioned issues call for a pass in the shareholders' meeting through a resolution.

- 2.9 The options, share subscription warrant or other similar securities issued under Article 2.8 of Articles of Incorporation shall not be transferred except an event of inheritance.
- 2.10 The directors of the Company and its auxiliaries are not the targets entitled to incentives for the restricted stocks issued under Article 2.5 of the Articles of Incorporation and incentive measures under Article 2.8 of the Articles of Incorporation. In the event that a director is an employee of the Company and its auxiliary, nevertheless, that director is entitled to subscribe to the restricted stocks or participate in the incentive measures in the capacity of an employee (instead of a director).
- 2.11 For the incentive measures set forth under Article 2.8 of the Articles of Incorporation, the Company may execute an agreement with its own employees or employees of its auxiliaries with terms that within the specified time limit, the employees are entitled to subscribe the Company's shares at the specified quantity. In terms and conditions set forth under such an agreement, the restriction upon the employees shall not be less than the restrictions of the applicable incentive measures.

3 Redemption and re-purchase of shares

- 3.1 In the premise not in contravention of the Company Act of the British Cayman Islands, the Company is entitled to issue shares which the Company or shareholders are entitled to or should exercise right of redemption of redeem the options.
- 3.2 Within the scope of power authorized under the Company Act of the British Cayman Islands, the Company may be authorized to pay off shares with its own capital or through other account or other capital.
- 3.3 The redemption prices or the formula of calculation for the redeemable shares shall be expressly specified by the board of directors' before issuance of the shares.
- 3.4 For the redeemable share certificates, the share certificates shall expressly state on the share certificates that such shares are redeemable.
- 3.5 Where shares are registered as emerging stocks or listed in the TWSE/TPEX in the Republic of China, in the premise not in contravention of the applicable laws and these Articles of Incorporation, the Company is entitled to, by one-second majority vote of the participating directors who represent two-thirds majority of the total number of director seats, purchase back its own shares (including the redeemable shares) and, according to law applicable laws, hold such shares as treasury shares. Where the Company intends to purchase back shares from shareholders and intends to annul them forthwith, such purchase back shall be subject to resolution by the shareholders' meeting through ordinary resolution. Besides, unless otherwise specified in the Company Act of the British Cayman Islands or Regulations Governing Listed Public Companies, the purchased back shares shall be annulled in accordance with the shareholding ratios of the respective shareholders on the date of annulment (to be rounded off to the nearest whole number).

For the shares purchased back and annulled as resolved in the shareholders' meeting through an ordinary resolution, the Company may pay off the shares in a means permitted under the Company Act of the British Cayman Islands, including cash and other properties. Where payment is made with other properties, nevertheless, the value of such properties shall: (a) be duly audited and certified by a certified public accountant in the Republic of China before the issue is submitted by the board of directors' to the shareholders' meeting for resolution as the very grounds to authorize purchase-back and to annul the Company's shares as authorized by the ordinary resolution, and (b) be subject to consent from all shareholders for payment with other properties. Notwithstanding the provisions set forth under Article 3.5 of the Articles of Incorporation, where the Company purchases back its shares for a change of denomination value, the Company is not required to obtain consent from the relevant shareholders to complete the change in the denomination.

- 3.6 Where the Company purchases back its shares as emerging stocks or TWSE/TPEX listing in the Republic of China, the Company shall, as required under Regulations Governing Listed Public Companies, report the facts of the decision resolved in the board of directors and implementation thereof to the most recent shareholders' meeting. This same provision is applicable *mutatis mutandis* to an event where the purchase-back as emerging stocks or TWSE/TPEX listing in the Republic of China is not implemented due to certain reasons.
- 3.7 During the period as emerging stocks or listed in TWSE/TPEX of the Republic of China, the Company is entitled to purchase back shares as emerging stocks or as listed in TWSE/TPEX of the Republic of China, the Company is entitled to purchase back any shares as emerging stocks or as listed in TWSE/TPEX of the Republic of China in the following manner:
- (a) The amount of the purchased back shares shall not exceed the amount of retained earnings deducted with the earnings to be allocated as already resolved in the board of directors or shareholders' meeting and the following already realized capital reserve;
 - (i) The premium revenue of disposed assets which have not been converted into retained earnings;
 - (ii) Aggregate total amount of the premium of issued shares and the amounts received by the Company as donated. Where the received objects are the Company's shares, such shares shall not be counted inclusive before being sold.
 - (b) The aggregate total of purchased back shares shall not exceed 10% of the total outstanding issued shares of the Company; and
 - (c) The time point, price and other terms of purchase-back shall be resolved by the board of directors at its discretion; provided, that
 - (i) The relevant purchase-back transaction shall be duly conducted in accordance with the securities related laws prevalent in the Republic of China and the Regulations Governing Listed Public Companies; and
 - (ii) The relevant purchase-back transaction shall satisfy Company Act of the British Cayman Islands.
- 3.8 In the premise not in contravention of Article 3.5 of these Articles of Incorporation and Regulations Governing Listed Public Companies, the Company is entitled to, in any means as resolved in the board of directors` and where permitted under the Company Act of the British Cayman Islands, pay off purchase-back or redemption;
- 3.9 A delay in payment for redemption does not adversely affect redemption of the shares. In case of a delay more than thirty days, nevertheless, the Company shall pay interest for the period between the due date until the date of actual payment at the 30-day time savings deposit interest rate of a bank with Class-A license on the British Cayman Islands (as defined under the Banking & Trust Company Act of the British Cayman Islands) as anticipated and inquired by the board of directors.
- 3.10 Only in a circumstance and scope where shares cannot be redeemed by other means (or where the shares cannot be redeemed not as newly issued shares for such purposes) may the board of directors exercise the rights bestowed to the Company under Article 37 (5) of the Company Act of the British Cayman Islands (payment with **fund** appropriated from the capital).
- 3.11 Where within the aforementioned scope, the methods to exercise redemption of shares and the feasible method and on all potential problems to result therefrom, the board of directors may resolve a decision as appropriate at its discretion.
- 3.12 That part of shares shall not be redeemed unless the shares have been paid up in full.
- 3.13 The board of directors is entitled to, where permitted by applicable laws, designate any shares purchased back, redeemed or obtained due to waiver by the Company into treasury shares.

- 3.14 Treasury shares shall not be taken to allocate or pay off dividend to the Company, nor shall they be taken for any allocation of the Company's assets (disregarding in cash or in otherwise) to the Company (including allocation of any assets to shareholders when the Company is liquidated).
- 3.15 The Company shall enter the holders of treasury shares into the register of shareholders, provided, that
- (a) The Company shall not be deemed as a shareholder for any purposes and the Company shall not exercise any rights over treasury shares. A right intended to be exercised shall be deemed null and void; and
 - (b) In any sort of meeting of the Company, treasury shares shall not be taken to participate in voting process either directly or indirectly and for the purposes either under these Articles of Incorporation or the Company Act of the British Cayman Islands, whenever the aggregate total of outstanding issued shares is to be determined, treasury shares shall not be counted inclusive.
- 3.16 After the Company purchases back shares as emerging stocks or as listed in TWSE/TPEX of the Republic of China, any motion to transfer treasury shares to employees of the Company and its auxiliaries at a price lower than the rate averaged in the actual purchase back shall be duly resolved in the most recent shareholders' meeting through special resolution and the issues required under the Regulations Governing Listed Public Companies shall be expressly stated in the notice of the shareholders' meeting and shall not be posed by means of extemporaneous (unscheduled) motion. The accumulated aggregate total of treasury shares transferred to employees of the Company and its auxiliaries as resolved in the shareholders' meetings shall not exceed 5% of the total outstanding issued shares and the accumulated aggregate total subscribed to by each and every single employee shall not exceed 0.5% of the total outstanding issued shares. Where the Company purchases back its own shares and transfers them to employees, the Company may restrict them from being transferred within the specified time limit which, nevertheless, shall not exceed two years in maximum.
- 3.17 Unless otherwise specified in Article 3.16 of the Articles of Incorporation and the Regulations Governing Listed Public Companies, the Company is entitled to dispose of (annul or transfer) treasury shares in accordance with the terms and conditions as resolved by the board of directors in accordance with applicable laws.

4 Rights affiliated to the shares

Unless otherwise specified in Article 2.1 of the Articles of Incorporation. Outlines of Articles of Incorporation and these Articles of Incorporation where the Company assumes other obligations or bears other restrictions and shareholders resolve a different decision, within the scope of not impairing the special rights of the holders of any shares, the Company's shares shall be in a single category and the shareholders shall be subject to the provisions set forth under the Articles of Incorporation:

- (a) Each share is entitled to one vote.
- (b) Each share is entitled to dividend proposed by the board of directors and resolved in the shareholders' meeting.
- (c) Where the Company is liquidated or dissolved (disregarding compulsory liquidation or dissolution or at the board of directors' discretion, or for the purposes of reorganization or for other purposes, or for allocation of capital), each share is entitled to receive allocation of the Company's remaining properties; and
- (d) Each share is entitled to all rights generally added onto the shares.

5 Stock

- 5.1 The Company is entitled to issue physical share certificates or scripless (non-physical) issuance. Where the Company issues physical share certificates, all shareholders are entitled to certificates of the shares officially affixed with the Company seal (or duplicate copies thereof). Such seal shall be affixed by the board of directors based on its bestowed power and the share certificates shall expressly state the number of shares and categories thereof as held by the shareholders. The board of directors may resolve that under general or specific circumstances, the signature of any single share certificate may

be provided by a machine or with printing. Where the shares as emerging stocks or as listed in TWSE/TPEX of the Republic of China, unless the Regulations Governing Listed Public Companies require issuance of physical share certificates, the Company shall issue shares in scripless (non-physical) form.

- 5.2 Where a share certificate is smeared, worn, lost or damaged, the board of directors may reissue new share certificate after evidence (exhibits) is(are) provided as satisfactory to board of directors. Where the board of directors considers appropriate, the board of directors may request compensation for a lost share certificate.
- 5.3 The Company shall not issue bearer's shares.
- 5.4 Where the Company issues physical share certificates in accordance with Article 5.1 of the Articles of Incorporation, the Company shall deliver the physical share certificates to the subscribers within thirty days after the date of issuance in accordance with the Company Act of the British Cayman Islands, Outlines of Articles of Incorporation, these Articles of Incorporation and the Regulations Governing Listed Public Companies. Before delivery of the share certificates, the Company shall promulgate such facts in accordance with Regulations Governing Listed Public Companies.
- 5.5 The Company shall issue scripless (non-physical) share certificates exactly in accordance with the Company Act of the British Cayman Islands and Regulations Governing Listed Public Companies. Besides, within thirty days after issuance of the shares, the Company shall deliver the scripless (non-physical) shares to the subscribers by means of book-entry transfer.

6 Preference shares

- 6.1 The Company is entitled to issue one or more than one shares with preferential or other special rights under a special resolution (hereinafter referred to as "preferred shares") and shall, meanwhile, duly update these Articles of Incorporation accordingly.
- 6.2 During the period as emerging stocks or as listed in TWSE/TPEX of the Republic of China, the rights and obligations of the preferred shares shall be including (but not limited to) those as enumerated below and shall be consistent with the provisions set forth under the Regulations Governing Listed Public Companies:
 - (a) The order to allocate dividends and bonuses for the preferred shares, at a fixed credit line or fixed ratio;
 - (b) The order to allocate the Company's remaining properties, at fixed credit line or fixed ratio;
 - (c) Priority order and restriction of the voting powers by preferred shareholders (including the right to declare no voting power):
 - (d) The declaration by the Company when authorized or forced to redeem preferred shares, the method or not applicable terms; and
 - (e) Issues regarding the rights and obligations affiliated to the preferred shares and other issues:

Registration of shares

7 Registry of shareholders

- (a) During the period of shares as emerging stocks or as listed in TWSE/TPEX of the Republic of China, the board of directors shall prepare one register of shareholders at a venue beyond the British Cayman Islands as believed appropriate by the board of directors, to be duly maintained in accordance with Company Act of the British Cayman Islands and Regulations Governing Listed Public Companies.
- (b) Where the Company has not been registered as emerging stocks or as listed in TWSE/TPEX of the Republic of China, the Company shall prepare such roster for share certificates in accordance with Article 40 of the Company Act of the British Cayman Islands.

8 The registered holder is the absolute owner

Unless otherwise specified in the laws and ordinances concerned

- (a) The Company is not required to acknowledge people who hold shares as a result of trust, and
- (b) Except shareholders, the Company is not required at all to acknowledge any people who might be entitled to any rights over the shares.

9 Transfer of registered shares

- 9.1 For shares as emerging stocks or as listed in TWSE/TPEX of the Republic of China, the certificate and transfer of ownership shall be in a means consistent with Regulations Governing Listed Public Companies (including the means through book-entry transfer with centralized securities depository clearing)
- 9.2 Share certificates issued in a physical form shall be transferred in a general form in writing or other written form as resolved in the board of directors. Such papers in writing shall be signed by the transferor or in the name of the transferor or may only be signed by the transferee in writing where the board of directors requests. In the principle not in contravention of the aforementioned provisions, the board of directors may, in response to a request by the transferor or transferee, resolve a decision to accept written transfer with mechanical signature either generally or aiming at a certain case.
- 9.3 In a case of transfer with physical share certificates, the board of directors may reject to acknowledge any transfer related documents unless the relevant share certificates and other evidence (exhibits) rationally requested by the board of directors are provided to prove that the transferor is entitled to the transfer.
- 9.4 A co-holder of shares is entitled to transfer his or her shares to another or multiple other co-holders. An co-holder of the continuing shares with a deceased co-holder may transfer his or her shares to the person in execution or management of that deceased shareholder.
- 9.5 Where the registration of the said transfer would lead to a result as enumerated below, the board of directors may, without a need to provide any reason, reject at its discretion reject registration of the transfer of the physical share certificates: (i) In violation of the applicable laws; or (ii) In contravention of the Outlines of Articles of Incorporation or these Articles of Incorporation. Where the board of directors rejects registration for transfer of the shares, the secretary shall serve the notice of rejection by mail to the transferor and transferee within three months from the date on which the transfer registration is submitted to the Company.

10 Conversion of registered shares

- 10.1 Where a shareholder passes away where those other existing co-holders in the co-holding are in the individual holding of the shares, the statutory agent of such deceased holder shall be the sole person acknowledged by the Company to be entitled to the shareholders' equity for the deceased holder. The obligations incurred by the co-held shares with the properties of the deceased shareholder shall not be exempted because of provisions of these Articles of Incorporation. Pursuant to Article 39 of the Company Act of the British Cayman Islands, the term "statutory agent" as set forth in this Article denotes the executor or the custodian of the deceased shareholder or other person having been duly empowered by the board of directors at its discretion.
- 10.2 The person entitled to the shares held by a deceased shareholder or bankrupt shareholder may be registered as the shareholder or may designate another to be registered into shareholder when the board of directors considers adequate evidence (exhibits) to prove the facts.
- 10.3 Where a transferee submits the supporting documents to the board of directors in response to the request by the board of directors, that transferee shall be registered into the shareholder. Notwithstanding the aforementioned provisions, in the event that a shareholder having forfeited the right does not decease or go bankrupt, the board of directors is entitled to reject or suspend registration for that shareholder or reject registration in accordance with Article 9.3 of the Articles of Incorporation.

Under any and all circumstances, the board of directors is entitled to equally reject or suspend the right for registration.

- 10.4 In the event that two or more people have been registered as the co-holders and one among the co-holder passes away, the surviving co-holder(s) are entitled to the absolute ownership of the shares. Except an event where that co-holder is the last surviving co-holder, the Company does not acknowledge a claim by any person over the inheritance of that co-holder.

Ordinary resolution, special resolution and supermajority resolution

11 Change in capital

- 11.1 The Company is entitled to change the issues as enumerated below amidst the Outlines of Articles of Incorporation by means of ordinary resolution:

- (a) Where the Company increases the capital as set forth under the ordinary resolution by means of issuance of new shares, the rights entitled to the shares acquired with such shares, in the said categories and amounts:
- (b) Where the shares are consolidated or divided either in whole or in part into shares of larger denomination.
- (c) For the purpose of the denomination of the converted shares, the share conversion of the shares of any denomination having been paid either in whole or in part.
- (d) Where the existing shares are further divided into shares either in whole or in part into even smaller denominations; provided, that the paid shares or outstanding unpaid shares having been further divided (if any) shall be reduced *pro rata* to the division from the original shares. Besides, the Company is entitled to, by means of ordinary resolution, preference, deferment or other rights for the further divided shares and to the restrictions of other unissued shares or new shares of the Company.
- (e) Annul shares having not been acquired or agreed upon by anybody on the date of resolution and annul the capital in the value equivalent to the annulled shares.

- 11.2 To accomplish the purposes of the Company with consolidation or division set forth under the preceding Article, the board of directors may take any measures it considers appropriate. In the premise not contrary to the aforementioned purposes. the board of directors may take actions including but not limited to issuance of shares manifesting the odd shares or selling the said odd shares and allocating the proceeds so obtained (after deducting the selling costs) to the shareholders entitled to the payments. Accordingly, the board of directors is entitled to authorize another to transfer such shares manifesting odd shares to the respective buyer(s) or resolve to pay the net balance after deducting the relevant expenses to the Company as the Company's interests. In case of an abnormality or invalidity during the procedures of sales, the respective buyer(s) shall assume no obligation of supervision and the interests of the holders remain unaffected.

12 Special resolution and supermajority resolution

- 12.1 Under the premise not in contravention of the Company Act of the British Cayman Islands and these Articles of Incorporation, the Company may at any time through a special resolution:

- (a) Change the title;
- (b) Amend or add to the Articles of Incorporation;
- (c) Amend or add to Outlines of the Articles of Incorporation regarding the purposes, powers or other specific key points of the Company;
- (d) Reduce capital and redeem reserve for capital or
- (e) Proceed with merger in accordance with Company Act of the British Cayman Islands

- 12.2 Where not in contravention of the Company Act of the British Cayman Islands, the Company is entitled to proceed with private placement for negotiable securities through a special resolution within territories of the Republic of China in accordance with Regulations Governing Listed Public Companies. Where the corporate bonds in private placement within territories of the Republic of China are not entitled to share subscription warrant, option, right of conversion or the rights to enable the corporate bond holders to obtain shareholders' equity or other similar rights, the Company may, as duly resolved by the board of directors in accordance with Regulations Governing Listed Public Companies, proceed with the private placement in respective batches within one year starting from the date of resolution by the board of directors.
- 12.3 When not in contravention of the Company Act of the British Cayman Islands and Article 12.4 of the Articles of Incorporation, the Company shall be subject to a permit from shareholders with a supermajority for any acts among any one among those circumstances enumerated below:
- (a) Use of the allocated dividends and/or bonus and/or other gains under Article 17 of the Articles of Incorporation to expand capital.
 - (b) Merger (Except for "Merger/acquisition (M&A) and/or Merger" satisfactory to the Company Act of the British Cayman Islands which call for only special resolution, share conversion or demerger;
 - (c) Execution, change or termination of lease agreement on business operation, agreement on commissioned business operation or joint operating contract;
 - (d) Transfer of operation or properties in full or for majority or
 - (e) Acquisition or inward transfer of others' properties in full which would have significant impact upon the Company's business operation.
- 12.4 When not in contravention of the Company Act of the British Cayman Islands, the Company may dissolve itself at its discretion through a resolution adopted in the following manners:
- (a) When the Company dissolves itself at its discretion because of insolvency for liabilities due, through an ordinary resolution; or
 - (b) When the Company dissolves itself at its discretion because of a fact set forth under Article 12.4 of the Articles of Incorporation, it calls for a special resolution.
- 12.5 When not in contravention of the applicable laws, the Company may, subject to supermajority resolution, allocate its capital reserve either in whole or in part to its shareholders *pro rata* to the respective shareholding ratios by means of issuance of new shares (as bonus shares) or in cash.

13 Changes in rights of shares

Regardless of whether or not the Company has conducted liquidation, where the Company's capital is divided into shares of different categories, unless otherwise specified by the issuance conditions of such shares, the rights borne by such shares may be changed in the shareholders' meeting of holders of shares in that category through a special resolution. Notwithstanding the aforementioned provisions, where any amendment to or change in the Articles of Incorporation would impair the preferential rights of shares in any category, such amendment or change shall be subject to a pass with a special resolution and further a pass in a special resolution adopted in a shareholders' meeting convened by such impaired shareholders. Unless otherwise expressly specified in the terms of issuance of shares in that category, the preferential rights or other rights entitled to holders of such shares shall remain unaffected by creation or issuance of other share certificates of the equivalent priority order. The provisions set forth under the Articles of Incorporation regarding shareholders' meeting are *mutatis mutandis* applicable to the shareholders' meeting of holders of shares in the said categories.

For dividend and expansion of share capital

14 Dividends

- 14.1 After a pass with an ordinary resolution in the shareholders' meeting or under a situation under Article 12.3(a), Article 12.3 of the Articles of Incorporation, where not in contravention of these Articles of Incorporation and instructions by the shareholders' meeting, the board of directors may allocate dividend to shareholders *pro rata* to the respective shareholding ratios in either cash or stocks.
- 14.2 Where not in contravention of applicable laws, the Company shall not allocate dividend or other grants unless the Company allocates dividend or other grant with realized or unrealized profit, premium in share issuance account or other reserve, reserve fund or other sums permitted under the Company Act of the British Cayman Islands. Unless otherwise specified in the rules for rights affixed to the shares, all dividends and other grants shall be duly calculated based on the respective shareholding ratios of shareholders. When under the conditions for issuance of shares, the dividends shall begin to run on a specific date, the dividend for such shares shall be duly calculated accordingly.
- 14.3 Upon allocation of dividend after end of a fiscal year, the Company shall faithfully comply with the requirements and procedures set forth under Articles 14.4~14.9 of the Articles of Incorporation.
- 14.4 Unless otherwise specified in the Company Act of the British Cayman Islands, these Articles of Incorporation or the rights affixed to the shares, the Company's earnings shall be allocated based on the ratio resolved in the board of directors and further resolved in the shareholders' regular meeting through an ordinary resolution.
- 14.5 In cases of profits for the year, the Company shall set aside no more than 2% to be the remuneration to directors and no less than 2% to be the employee bonus. However, in case of previous losses, the reimbursement amount shall be retained.

The employee bonus mentioned above should be paid in the form of cash or stock. It may be paid to the employees of the Company and affiliates who meet conditions determined by the board of directors of the Company. The employee bonus and remunerations to directors and supervisors in the Company shall be approved by more than half of the attending directors at a board meeting where more than two thirds of all directors shall be present.

- 14.6 The Company's operation remains in the growth stage. The dividends distribution will be decided by the board of directors at the shareholders meeting based on the earnings of each fiscal year, overall development, financial planning, capital demand, industry prospect, and prospects of the Company. For this purpose, the board of directors will make a proposal for such distribution. Amidst shares as emerging stocks or as listed in TWSE/TPEx of the Republic of China where the board of directors proposes for allocation of earnings, the following shall be amortized from the earnings of every fiscal year beforehand: (i) Taxes payable in a relevant fiscal year; (ii) Amount to make up previous loss, if any; (iii) Legal reserve at 10% (hereinafter referred to as "legal reserve") (Unless the legal reserve in accumulation is up to the total of paid-in capital) and (iv) special reserve as required by the competent authority of the Republic of China in charge of securities in accordance with Regulations Governing Listed Public Companies. The remaining earnings, if any, together with all or part of the undistributed earnings accumulated over prior years, may be distributed as dividends to shareholders according to shareholding ratios of the shareholders pursuant to the "Company Law of Cayman Islands" and the "Public Company Rules" after taking account of financial, business and operating factors, provided that the distributed amount will not be less than twenty percent (20%) of the after-tax earnings for the then-current year. The dividends to shareholders to be distributed shall take the forms of share dividends and cash dividends. However, the proportion of the cash dividends shall not be less than fifty percent (50%).
- 14.7 The board of directors shall choose target (base) date to resolve shareholders entitled to the allocation of dividends or other grants.
- 14.8 To resolve shareholders entitled to allocation of dividends or other grants, the board of directors may resolve that change in register of shareholders shall not be permitted within a period of five days prior to the relevant target (base) date or other period consistent with provisions set forth under Regulations Governing Listed Public Companies and Company Act of the British Cayman Islands.

14.9 For unallocated dividends, the Company may not pay interest.

15 Appropriation of capital reserve and earnings

- 15.1 Before the allocation of dividends, the board of directors may amortize partially from the Company's earnings or profits allowance reserve that the board of directors considers appropriate to pay off contingent expenditure or make up a shortfall or other purposes of appropriate use. Before the said sum is put into use, the board of directors may resolve with its plenipotentiary power to use into investment as appropriate with the Company's business operation or as considered by the board of directors as appropriate at any time without a need to separate it with the Company's other assets. The board of directors may, as well, not amortize reserve fund and retain the unallocated profit.
- 15.2 When not in contravention of instructions from the shareholders' meeting, the board of directors may, on behalf of the Company, exercise the powers and options bestowed to the Company under the Company Act of the British Cayman Islands. The board of directors may, pursuant to the provisions set forth under the Company Act of the British Cayman Islands, take the capital reserve to make up accumulated loss and to allocate earnings on behalf of the Company.

16 Terms of payment

- 16.1 Payment of any dividends, interest or relevant cash payment may be conducted by means of remittance into the bank account designated (earmarked) by shareholders or by means of a check or draft to be mailed into the addresses of shareholders as per register of shareholders or toward a third party or other address as designated by a shareholder in writing.
- 16.2 In case of co-held shares, any cash payment for dividend, interest or payment linked up with shares may be conducted with a check or draft to be mailed to the address of the first holder shown in the register of shareholders toward a third party or other address as designated by that holder in writing. Where two or more co-holders registered, any single one among them is entitled to issue a valid receipt after receipt of the dividend yielded from the shares.
- 16.3 During a time for shares as emerging stocks or as listed in TWSE/TPEX of the Republic of China, for payment of any dividends, the Company shall faithfully comply with Regulations Governing Listed Public Companies and Company Act of the British Cayman Islands .

17 Expansion of capital

Under the circumstances where not in contravention of applicable laws and Article 12.3 of these Articles of Incorporation, the board of directors is entitled to take capital reserve, balance of other reserve account(s) or profit and/or loss account(s) to pay off in full the unissued shares, allocate stock bonus to shareholders *pro rata* to the shareholding ratios of shareholders to expand capital.

Meeting of shareholders

18 General Meeting of shareholders

- 18.1 The Company shall convene the shareholders' regular meeting within six months after closure of every fiscal year.
- 18.2 Under the circumstances where not in contravention of Article 18.1 of the Articles of Incorporation, the Company's shareholders' regular meeting shall be duly convened at the time and venue as resolved in the board of directors. During a time for shares as emerging stocks or as listed in TWSE/TPEX of the Republic of China, unless otherwise specified in the Company Act of the British Cayman Islands, a shareholders' meeting shall be convened within the territories of the Republic of China. Where the board of directors resolves that a shareholders' meeting should be convened beyond the territories of the Republic of China, the Company shall declare such fact to the TWSE/TPEX within two days after resolution of such decision for approval. Where a shareholders' meeting is convened beyond the territories of the Republic of China, the Company shall commission a professional shareholder services agent in the territories of the Republic of China to take charge of administrative affairs for that

shareholders' meeting (including but not limited to acceptance of entrustment from shareholders to exercise voting powers).

19 Special shareholders meeting

- 19.1 A shareholders' meeting convened beyond a shareholders' regular meeting is a special shareholders meeting.
- 19.2 The board of directors may convene a special shareholders' meeting at any time as necessary under its discretion.
- 19.3 During a time for shares as emerging stocks or as listed in TWSE/TPEX of the Republic of China, whenever requested by shareholders (to be defined under Article 19.4 of the Articles of Incorporation), the board of directors shall convene a special shareholders' meeting.
- 19.4 The term "whenever requested by shareholders" as set forth under Article 19.3 of the Articles of Incorporation refers to request by either one or several shareholders and at the moment of request, such shareholder(s) has(have) continually held more than 3% of the total outstanding issued shares for more than one year.
- 19.5 A request by a shareholder(s) shall be submitted in writing with the motion and reason to propose convening of a special shareholders meeting.
- 19.6 In the event that the board of directors does not issue the notice of the special shareholders' meeting within fifteen days after the date of request by shareholder(s), the requesting shareholder (s) may convene the special shareholders' meeting in a manner same as the one convened by the board of directors (as more similar as possible). Where the venue to convene a special shareholders' meeting is beyond the territories of the Republic of China, the requesting shareholder(s) shall apply to the TWSE/TPEX for approval beforehand.
- 19.7 During a time for shares as emerging stocks or as listed in TWSE/TPEX of the Republic of China, shareholders may convene a special shareholders' meeting at their discretion; provided, that such shareholders shall at least continuously hold one half majority of the Company's outstanding issued shares continually for more than three months. The number of shares held by shareholders, the calculation and determination of the duration of shares held by shareholders shall be determined and fixed on the first day of the book closure day for ownership transfer registration for stocks.
- 19.8 Where the board of directors does not convene a shareholders' meeting or a shareholders' meeting could not be convened (including shareholders' regular meeting) or for maximum possible interest of the Company, the independent directors may convene a shareholders' meeting as necessary.

20 Notice

- 20.1 Before a time for shares as emerging stocks or as listed in TWSE/TPEX of the Republic of China, the notices of the shareholders' meeting shall be served to all shareholders entitled to participate in and vote the meeting at least five days prior to the date scheduled for the meeting. The notice of the shareholders' meeting shall expressly state the date, venue, time and reasons to convene the meeting.
- 20.2 During a time for shares as emerging stocks or as listed in TWSE/TPEX of the Republic of China, the notices of the shareholders' meeting shall be served to all shareholders entitled to participate in and vote the meeting at least thirty days prior to the date scheduled for a shareholders' regular meeting and at least fifteen days prior to the date scheduled for a special shareholders meeting. The notice of the shareholders' meeting shall expressly state the date, venue, time and reasons to convene the meeting. Subject to consent to be obtained from the counterparts beforehand, a notice of the shareholders' meeting may be served through electronic transmission.
- 20.3 During a time for shares as emerging stocks or as listed in TWSE/TPEX of the Republic of China, the board of directors shall choose the target (base) date in accordance with Regulations Governing Listed Public Companies to resolve the shareholders to receive the notices of the

shareholders' meeting and to vote and shall correspondingly discontinue change in entry of the register of shareholders.

- 20.4 Except an event as set forth under Article 23.4 of the Articles of Incorporation, where the Company leaves out a notice of the shareholders' meeting to an entitled recipient by accident or where an entitled recipient fails to receive the notice of the shareholders' meeting, the procedures for that shareholders' meeting shall not become null and void for such reason.
- 20.5 During a time for shares as emerging stocks or as listed in TWSE/TPEX of the Republic of China, the Company shall, in accordance with the requirements set forth under Article 20.2 of the Articles of Incorporation, promulgate the notice of the shareholders' meeting, proxy form, motions posed for acknowledgement and discussion (including but not limited to a motion for election or discharge of directors) and such subjects and descriptions and, according to the Regulations Governing Listed Public Companies, transmit the same to the Market Observation Post System (MOPS); Where shareholders exercise voting power in writing, the Company shall serve the aforementioned data and the form to exercise voting power in writing to the shareholders by mail in accordance with Article 20.2 of these Articles of Incorporation. The board of directors shall, in accordance with Regulations Governing Listed Public Companies, prepare Meeting Agenda Handbook along with supplementary data and transmit the same to the Market Observation Post System (MOPS).
- 20.6 During a time for shares as emerging stocks or as listed in TWSE/TPEX of the Republic of China, the following key points shall be expressly provided onto the notice of the shareholders' meeting with explanation of the key contents and shall not be posed by means of extemporaneous (unscheduled) motion.
- (a) Election or discharge of directors;
 - (b) Amendment to the Outlines of Articles of Incorporation or these Articles of Incorporation.
 - (c) Decapitalization;
 - (d) Application for discontinuance from issuance of the Company's shares to public.
 - (e) (i) Dissolution, merger, share conversion or demerger, (ii) Execution, change or termination of a lease agreement on business operation, agreement on commissioned business operation or joint operating contract, (iii) Outward transfer of the Company's business or properties in full or for a majority, and (iv) Acquisition or inward transfer of another's business operation or properties with a significant impact upon the Company's business operation;
 - (f) A permit to directors for acts within the scope of the Company's business operation toward themselves or others;
 - (g) In accordance with Article 17 of the Articles of Incorporation, an act to allocate earnings either in whole or in part by means of the issuance of new shares or with capital reserve or other amounts.
 - (h) An act to allocate legal reserve, premium in share certificates issuance or income received from donation to the original shareholders by means of new share issuance or cash; and
 - (i) The negotiable securities attributed in equity issued by the Company by means of private placement.

The key contents of the aforementioned issues may be promulgated through the website(s) designated by the Financial Supervisory Commission or the Company and the URL(s) of such website(s) shall be expressly stated on the notice of the shareholders' meeting.

- 20.7 During a time for shares as emerging stocks or as listed in TWSE/TPEX of the Republic of China, the board of directors shall place the Outlines of Articles of Incorporation, these Articles of Incorporation, financial statement, register of shareholders and stub (counterfoil) copies of the corporate bonds issued by the Company at the venue of registration (where applicable) and the Company's shareholder services agent within the territories of the Republic of China. A shareholder may look into the proof of interests at any time, specify the scope of inspection, request the right for examination, inspection,

transcript or duplication at any time. Where the supporting documents are under custody by the Company's shareholder services agent and where a shareholder requests, the Company shall order its shareholder services agent to provide the requested document (s) to the requesting shareholder. °

20.8 During a time for shares as emerging stocks or as listed in TWSE/TPEX of the Republic of China, the Company shall, in accordance with Regulations Governing Listed Public Companies, place all documents provided by the board of directors, report(s) prepared and submitted by the Audit Committee to the shareholders' regular meeting at the venue of registration (where applicable) and the Company's shareholder services agent within the territories of the Republic of China ten days prior to the date scheduled for the shareholders' regular meeting. A shareholder is accessible to the aforementioned documents for examination from time to time and may accompany his or her lawyer or certified public accountant for perusal and examination.

20.9 Where a shareholders' meeting is convened by the board of directors or other convener in accordance with these Articles of Incorporation or any laws, the board of directors or such convener may request the Company or shareholder services agent to provide register of shareholders. Where requested, the Company shall provide register of shareholders (and order the Company's shareholders' services agent to provide register of shareholders).

21 Notice of the shareholders' meeting served by mail

21.1 Any and all notices or documents, disregarding whether served by the Company to shareholders by mail in accordance with these Articles of Incorporation, shall be duly served in writing in person or by mail or courier services toward the addresses as entered into the register of shareholders or other addresses designated by such shareholders for such purposes. For the purposes set forth under this Article and subject to consent by shareholders in writing, the notices may be served by means of electronic transmission.

21.2 Any and all notices or documents duly served in a means as set forth under Article 20 and article 21 of these Articles of Incorporation shall come into effect.

In the very premise consistent with all applicable laws, rules and regulations, any and all notices and documents shall be worked out in either Chinese or English and served to shareholders.

The provision set forth under this Article is *mutatis mutandis* applicable to an event where a shareholder serves any document (s) to the Company.

22 Postponement of shareholders' meeting

The board of directors may serve a notice to postpone a scheduled meeting before start of the meeting to be convened in accordance with these Articles of Incorporation. The said notice shall expressly indicate the date, time, venue of the postponed meeting and shall be served to all shareholders in accordance with these Articles of Incorporation. Where a shareholders' meeting resolves to convene a shareholders' meeting on a specific date within five days of postponement, the provisions set forth under Article 20.1, Article 20.2, Article 20.3, Article 20.4, Article 20.5 and Article 21 of these Articles of Incorporation shall not apply. No notice for a postponement is required to be served.

23 Quorum of shareholders' meeting and procedures of the meeting

23.1 A shareholders' meeting shall not come to any resolution unless the participating shareholders already make up the specified quorum. Unless otherwise specified in these Articles of Incorporation, where a meeting is attended by shareholders who represent one half majority of the total outstanding issued shares with voting power represented by shareholders participating in person, through proxy agents or representatives of juristic person shareholders, that would constitute the statutory quorum for the shareholders' meeting.

23.2 During a time for shares as emerging stocks or as listed in TWSE/TPEX of the Republic of China, the board of directors shall provide the prepared business report, financial statement, motion for surplus earnings distribution or loss make-up to the shareholders for acknowledgement in the manners as set forth under the Regulations Governing Listed Public Companies. After the acknowledgement process

by shareholders, the board of directors shall mail the duplicate copies of the decisions resolved on the acknowledged financial statement, motion for surplus earnings distribution or loss make-up to all shareholders or provide the same in other manners according to Regulations Governing Listed Public Companies.

- 23.3 Unless otherwise specified in these Articles of Incorporation, the decisions in a shareholders' meeting shall be duly resolved by balloting.
- 23.4 During a time for shares as emerging stocks or as listed in TWSE/TPEX of the Republic of China in the premise where permitted under the Company Act of the British Cayman Islands, the contents set forth under these Articles of Incorporation do not at all impede any shareholders from lodging litigation with a jurisdictional court to strive for appropriate remedy within thirty days after the decision resolved in the shareholders' meeting for any fact in contravention of laws or these Articles of Incorporation in terms of the procedures to convene the meeting or the method to resolve a decision. In case of a dispute arising from the aforementioned event, Taipei District Court, Taiwan shall be the jurisdictional court of the first instance.
- 23.5 Unless otherwise expressly specified in the Company Act of the British Cayman Islands, Outlines of Articles of Incorporation or these Articles of Incorporation, any and all resolutions, consents, confirmations or acknowledgement shall be carried out by means of ordinary resolution.
- 23.6 During a time for shares as emerging stocks or as listed in TWSE/TPEX of the Republic of China and prior to book closure period, a shareholder (s) holding more than 1% of the total outstanding issued shares may pose one motion to the Company toward the shareholders' regular meeting in writing or any electronic transmission as designated by the Company. The Company shall issue public announcement in a manner and timeframe pursuant to the applicable laws, stating the venue to accept motions from shareholders and the period for acceptance not less than ten days minimum. The board of directors shall enter a motion into the agenda except any one among those circumstances enumerated below: (a) Where the shareholder posing that motion holds shares less than 1% of the total outstanding issued shares; (b) Where the motion is not possibly to be resolved in the shareholders' meeting or where the motion contains more than three hundred characters in Chinese; (c) Where that same shareholder poses more than one motion. Where a motion posed by a shareholder is to urge the Company to enhance public interests or to fulfill corporate social responsibility (CSR), the board of directors shall still accept it into the agenda, or (d) Where a motion is posed beyond the timeframe as promulgated. Where a motion posed by a shareholder is to urge the Company to enhance public interests or to fulfill corporate social responsibility (CSR), the board of directors shall still accept it into the agenda.
- 23.7 The rules and procedures for a shareholders' meeting shall be enacted by the board of directors before being resolved in the shareholders' meeting through an ordinary resolution. The said Rules of Procedures Governing Shareholders' Meeting shall still be duly enacted in accordance with the Company Act of the British Cayman Islands, these Articles of Incorporation and Regulations Governing Listed Public Companies.

24 Chairperson of the meeting

- 24.1 A shareholders' meeting convened by the board of directors shall be chaired by the chairman if the chairman is present in the meeting. If the chairman is not present, one director shall be elected from among the participating directors themselves to chair the meeting.
- 24.2 During a time for shares as emerging stocks or as listed in TWSE/TPEX of the Republic of China, the chairperson of a shareholders' meeting shall be duly appointed or elected in accordance with the Regulations Governing Listed Public Companies.

25 Voting by shareholders

- 25.1 Where without an impact upon any right or restriction affiliated to shares, each and every natural person (individual) shareholder participating in the meeting in person or through a proxy agent, or a non-natural person (individual) shareholder participating in the meeting through a duly authorized

representative either in person or through a proxy agent is entitled to one vote for each share held thereby. A shareholder who holds shares for another is entitled to claim exercise of the voting power respectively. The qualification requirements, scope of application, method of exercise, operating procedures and other issues concerned shall be duly handled exactly in coordination with Regulations Governing Listed Public Companies.

- 25.2 Except a shareholder who has been duly registered for the shares held in a relevant shareholders' meeting or a shareholders' meeting of shares in specific categories as of the target (base) date and has duly paid up the share capital in full, nobody else is entitled to exercise voting power in a shareholders' meeting.
- 25.3 A shareholder may exercise voting power either in person or through a proxy agent. A shareholder may use the proxy form prepared by the Company to expressly state the scope of authorized power to authorize a proxy agent to participate in the meeting; provided, that a shareholder may only issue one proxy form to commission one proxy agent to exercise the voting power.
- 25.4 Unless otherwise specified in the Company Act of the British Cayman Islands during a time for shares as emerging stocks or as listed in TWSE/TPEX of the Republic of China, the Company shall provide shareholders with electronic transmission to exercise voting power. Where a shareholders' meeting is convened beyond the territories of the Republic of China or where requested by the Regulations Governing Listed Public Companies, the Company shall provide shareholders with choices to exercise voting power in writing or electronic transmission. Where the voting power could be exercised in writing or through electronic transmission, the method to exercise such voting power shall be expressly specified on the notices of the shareholders' meeting mailed to shareholders. A shareholder who intends to exercise voting power in writing or electronic transmission shall have his or her instruction served to the Company at least two days prior to the date scheduled for the meeting. In case two or more written proxies are received from one shareholder, the first one received by the company shall prevail; unless an explicit statement to revoke the previous written proxy is made in the proxy which comes later. Where a shareholder exercises the voting power in a shareholders' meeting in writing or electronic transmission as mentioned above, he or she shall deem to have authorized the chairperson of the meeting to act as his or her proxy to exercise voting in a manner exactly as instructed by him or her. The Chairperson with the identity of agent, has no right to exercise the voting rights of the shareholder in matters not mentioned or not stated in the written or electronic documents and/or amendments to the original proposal proposed at the shareholders meeting. To clarify ambiguity, where that shareholder exercises voting power in the said means, he or she is deemed to have waived the right to exercise voting power in an extemporaneous (unscheduled) motion and/or an amendment to an initial motion.
- 25.5 After a shareholder intends to exercise voting power in writing or electronic transmission and has served his or her instruction for voting process to the Company in accordance with Article 25.4 of these Articles of Incorporation and but he or she intends to participate in the shareholders' meeting in person, he or she shall serve his or her instruction to annul the previous instruction for the voting at least two days prior to the date scheduled for the meeting in a manner exactly same as the one he or she previously served the instructions in accordance with Article 25.4 of the Articles of Incorporation (e.g., courier express, registered mail or electronic transmission as appropriate under the circumstances). Where that shareholder is overdue to annul his or her decision on voting process, he or she shall vote in writing or electronic transmission.
- 25.6 Where a shareholder intends to exercise voting power in writing or electronic transmission and has served his or her instruction for voting process to the Company in accordance with Article 25.4 of these Articles of Incorporation, he or she is entitled to appoint another to act as his or her proxy agent to participate in that shareholders' meeting. Under such a circumstance, the act taken by that proxy agent to exercise the voting power is deemed to annul the previous instruction for voting by that shareholder. The Company should only calculation the voting power exercised by that expressly designated proxy agent..

26 Proxy

- 26.1 The written proxy shall be worked out in a form as agreed upon by the board of directors and shall expressly remark that it would be used only in an specific shareholders' meeting. The written form of proxy shall include the minimum of the following information: (a) Guide to fill up the form, (b) Issues commissioned by the shareholder for exercise, and (c) Fundamental particulars of relevant shareholder, agent and proxy solicitor (if any). The proxy form shall be provided to the shareholder along with the notice of the shareholders' meeting and the proxy form and the notice of the shareholders' meeting shall be served to all shareholders on the same day.
- 26.2 The proxy shall be worked out in writing and shall be signed by the principal in person. Where the principal is a company or a non-natural person (individual) shareholder, such paper shall be signed by its lawfully authorized staff member or agent. The authorized agent is not necessarily a shareholder of the Company.
- 26.3 During a time for shares as emerging stocks or as listed in TWSE/TPEX of the Republic of China where not in contravention of the Regulations Governing Listed Public Companies, except a trust business or a shareholder services agent approved under the Regulations Governing Listed Public Companies, where one proxy is simultaneously authorized by two or more shareholders, except one deemed as the chairperson of the meeting for shareholder proxies under Article 25.4 of the Articles of Incorporation, the number of voting power shall not exceed 3% of the total shares with voting power prior to book closure period. The votes in excess of 3% shall not be counted.
- 26.4 If the shareholder has exercised written or electronic votes and at the same time delegated a proxy to attend the shareholder meeting, then the voting decision exercised by the proxy shall prevail. Should the shareholder decide to attend shareholder meeting personally or exercise voting rights in writing or using electronic means after a proxy form has been received by TAISUN, a written notice must be sent to TAISUN by no later than two days before the meeting commences to withdraw the proxy arrangement. If the shareholder fails to withdraw proxy arrangement before the due date, the vote of the proxy attendant shall prevail.
- 26.5 Except one deemed as the chairperson of the meeting for shareholder proxies under Article 25.4 of the Articles of Incorporation, the proxy form shall be submitted to the Company's venue of registration, the Company's office at the shareholder services agent in the territories of the Republic of China or the venue designated on the notice of the shareholders' meeting or the proxy form mailed by the Company at least five days prior to the shareholders' meeting where the proxy agent intends to exercise voting power or a postponed meeting thereof. In case two or more written proxies are received by the Company from a same shareholder, the first one received by the Company shall prevail; unless an explicit statement to revoke the previous written proxy is made in the proxy which comes later.

27 Solicitation of proxies

During a time for shares as emerging stocks or as listed in TWSE/TPEX of the Republic of China, the use and solicitation of proxy forms shall be duly subject to Regulations Governing Listed Public Companies, including but not limited to "Regulations Governing Use of Powers of Attorney (Proxies) for the Shareholders' Meeting of Public Offering Companies."

28 Rights to request shareholders with objection for acquisition of shares.

- 28.1 Where not violating the Company Act of the British Cayman Islands where a decision regarding any motion among those as enumerated below is to be resolved in a shareholders' meeting, a shareholder who objects in writing or orally before or during progress of the meeting (as expressly recorded in the minutes) with waiver of the voting power may request the Company to purchase his or her shares in full at the fair price prevalent that time:
- (a) Where the Company enters into, changes or terminates any lease agreement on business operation, agreement on commissioned business operation or joint operating contract;
 - (b) Where the Company transfers its business operation or properties in full or for the majority except a transfer by the Company for the purposes of dissolution.

- (c) Where the Company acquires or accepts transfer of business operation or properties in full with significant impact upon the Company's business operation.
- (d) Where the Company intends to proceed with merger, share conversion or demerger, or
- (e) Where the Company generally accepts properties or liabilities in full from another, or generally transfers its properties and liabilities in full.

28.2 Where not violating the Company Act of the British Cayman Islands, a shareholder who requests in accordance with Article 28.1 of Articles of Incorporation (hereinafter referred to as “shareholder with objection”) shall submit the request in writing within twenty days from the date of the decision resolved in the shareholders’ meeting and shall expressly enumerate the price of requested purchase. Where the shareholder with objection and the Company come to an accord regarding the price of purchase, the Company shall grant payment of the price within ninety days after the decision resolved in the shareholders’ meeting. Where the shareholder with objection and the Company fail to come to an accord regarding the price of purchase, the Company shall, within ninety days after the decision resolved in the shareholders’ meeting, pay the shareholder with objection with whom the Company does not come to an accord at the price deemed as the fair price. Where the Company does not grant payment at the price deemed as fair price within the aforementioned ninety-day period, the Company is deemed to have agreed to the price requested by the shareholder with objection.

28.3 When not violating the Company Act of the British Cayman Islands and where the shareholder with objection and the Company do not come to an accord regarding the price to purchase the shares held by the shareholder with objection within sixty days after the decision resolved in the shareholders’ meeting, the Company shall take all shareholders with objections without reaching an accord as the counterparts and petition to the court to render ruling regarding the fair price of all shares held by the all shareholders with objection without reaching an accord within thirty days thereafter and may take Taiwan Taipei District Court as the jurisdictional court for the first instance.

Notwithstanding the provisions set forth under Article 28 of the Articles of Incorporation, the provision set forth under this Article does not at all ban a shareholder from applying for payment of his or her shares at the fair price in accordance with Article 238 of the Company Act of the British Cayman Islands when he or she objects to the merger.

29 Shares not entitled to vote

29.1 The following shares during a period with the following circumstances (where applicable) are not entitled to voting power, nor shall they be counted into the total outstanding issued shares:

- (a) The shares held by the Company itself;
- (b) The Company's shares held by an affiliated company who holds total outstanding issued shares or one half majority of the outstanding issued shares of the Company; or
- (c) Where the Company's total or one half majority outstanding issued shares with voting power, and such outstanding issued shares with voting powers held by affiliates of the said holding companies either directly or indirectly.

29.2 Where a motion discussed in a shareholders’ meeting involves the interest of a shareholder likely harmful to the Company's interests, that shareholder shall not participate in the voting process and shares held by him or her shall not be counted into the voting power of the participating shareholders. Provided, that the shares so held may still be counted into the number of shares for quorum of participation. The aforementioned shareholder shall not exercise voting power in the capacity of a proxy agent for another shareholder.

29.3 During a time for shares as emerging stocks or as listed in TWSE/TPEX of the Republic of China where a director pledges his or her shares in excess of one-second majority of the Company's shares held at the moment of election, the excess is not entitled to voting power, nor should it be counted into the voting power of the participating shareholders.

30 Voting of joint shareholders

Where shares are co-held by several holders, one shall be elected from among the co-holders in accordance with Regulations Governing Listed Public Companies to exercise the power of shareholders. Where the co-holders fail to come to an accord, the voting power exercised by the co-holder of prior priority order (disregarding in person or through an authorized proxy) shall be acceptable and shall exclude voting by other co-holder(s). The term “priority order” refers to the priority order as entered into the register of shareholders.

31 Representative of a juristic person shareholder

- 31.1 A juristic person shareholder or a non-natural person (individual) shareholder may authorize a person as appropriate in writing to act as his or her representative to participate in any meeting held for shareholders. The contents of powers exercisable to a representative are same as the powers to be supposedly exercised by such juristic person shareholder or a non-natural person (individual) shareholder in person. In a meeting attended by the key issues of protection over shareholders' equity is deemed to have been attended by juristic person shareholder or a non-natural person (individual) shareholder in person.
- 31.2 Notwithstanding the aforementioned provisions, whether or not any person is entitled to participate in and vote in a shareholders' meeting in the capacity of the juristic person shareholder or a non-natural person (individual) shareholder, the chairperson of the meeting shall still accept the method for confirmation believed appropriate.

32 Postponement of shareholders' meeting

Up to the statutory quorum and under consent from shareholders in one half majority, the chairperson of a shareholders' meeting may call to order to the meeting as instructed. Except an event where the date, venue and time for a postponed meeting are already announced upon adjournment of the meeting and the postponed meeting is not more than five days away, the date, venue and time for the new meeting shall be served to shareholders entitled to participate in and vote in the shareholders' meeting required under these Articles of Incorporation.

33 Participation by directors in shareholders' meeting

The Company's directors are entitled to accept any notice of the shareholders' meeting, participate in and speak at the meeting.

Directors and managerial officers

34 Number and tenure of office of directors

- 34.1 The Company shall set up the board of directors which shall be set up with directors not less than five minimum, not more than nine maximum. Each and every director is entitled to a three-year tenure of office which may be extended until the date on which the shareholders' meeting for the directors of the next terms is convened after expiry of the tenure of office. Directors are entitled to reelection. In the very premise as consistent with the applicable laws and the scope of the aforementioned numbers of directors, the Company may increase or decrease the number of directors by means of a special resolution at any time.
- 34.2 During a time for shares as emerging stocks or as listed in TWSE/TPEX of the Republic of China, unless approved by the competent authority in charge of securities affairs in the Republic of China, there shall be one half majority directors not in spouse or blood relatives within the second degree of kinship.
- 34.3 Where a shareholders' meeting is convened by the Company to elect directors and where the elected ones prove inconsistent with requirements set forth under Article 34.2 of the Articles of Incorporation and where the election ballots represented by the director(s) inconsistent with the requirements are lower, the election result is invalidated within the limit as necessary within Article 34.2 of the Articles of Incorporation. A director having served the post but proving in contravention of the aforementioned provisions shall be *ipso facto* discharged from the date of violation.

- 34.4 During a time for shares as emerging stocks or as listed in TWSE/TPEX of the Republic of China, unless approved in accordance with Regulations Governing Listed Public Companies, the Company shall set up independent directors in the number not less than three minimum and the number of independent directors shall not be less than one-fifth of total number of director seats. Within the scope as required under the Regulations Governing Listed Public Companies, at least one among all independent directors shall have set up household registration within territories of the Republic of China and at least one independent director shall be the one equipped with accounting or financial expertise. Before a time for shares as emerging stocks or as listed in TWSE/TPEX of the Republic of China, the board of directors may resolve that the Company shall elect independent directors within its shareholders' meeting.
- 34.5 During the period of registration in the emerging stocks or listing in TWSE/TPEX in the Republic of China, the candidates for directors (including independent directors and non-independent directors) shall be duly nominated under candidates nomination system in accordance with Regulations Governing Listed Public Companies

35 Election of directors

- 35.1 In a shareholders' meeting, the Company may elect any people into directorship and the number of won ballots shall be duly calculated in Article 35.2 of Articles of Incorporation. The fact where the meeting is attended by shareholders representing one half majority of the total outstanding issued shares (both in person and through a proxy) shall constitute the quorum in the shareholders' meeting to elect one or more director.
- 35.2 The directors shall be elected by shareholders in accordance with the following accumulated balloting system (The balloting method set forth under this Article, hereinafter referred to as accumulated balloting system"):
- (a) Upon election, the balloting weights of each and every shareholder may exercise shall be the number of shares held by him or her multiplied by the number of directors to be elected in that shareholders' meeting.
 - (b) A shareholder may use his balloting weights in concentration to elect one director candidate or allocate the weights to elect several directors.
 - (c) In directors of the same categories (*i.e.*, independent directors and non-independent directors), the ones in the number equivalent to the number to be elected and winning the most ballots shall be elected the directors; and
 - (d) Where two or more directors of the same categories win the same number of ballots and the number of the elected ones exceeds the number of director in that category, the successful candidate shall be determined by means of lot-drawing. Where such a director candidate does not participate in that shareholders' meeting, the chairperson of that meeting shall draw lot for that candidate.
- 35.3 During a time for shares as emerging stocks or as listed in TWSE/TPEX of the Republic of China where an independent director resigns or is discharged for any reason, making the total number of independent directors less than three, the Company shall hold by-election in the most recent shareholders' meeting. Where all independent directors resign or are discharged in full, the Company shall convene a shareholders' meeting for by-election to elect the one(s) to fill up the vacancy(ies) within sixty days after the date of resignation or discharge of the last director.
- 35.4 During a time for shares as emerging stocks or as listed in TWSE/TPEX of the Republic of China where a dependent director (s) resign (s) or is discharged for any reason, making the total number of directors less than five, the Company shall hold by-election in the most recent shareholders' meeting. Where the number of directors is vacated up to one-three, the Company shall convene a shareholders' meeting for by-election within sixty days from the date of occurrence of the fact.

35.5 Where a juristic person is a shareholder, the representative of that juristic person may be elected the director in accordance with these Articles of Incorporation. In case of several representatives in number, such representatives may be elected, respectively.

36 Discharge of directors

36.1 The Company may discharge any directorship by means of a supermajority from time to time. Where reelection for all directors is conducted before the tenure of office of the Company's directors expires without a decision resolved that the original directors are not discharged until expiry of their tenure of office, such directors are deemed to have been discharged from directorship ahead of schedule on the date of reelection or another date resolved in the shareholders' meeting. The shareholders' meeting with the aforementioned reelection shall be attended by shareholders representing one half majority of the total outstanding issued shares either in person or through a proxy agent.

36.2 During a time for shares as emerging stocks or as listed in TWSE/TPEX of the Republic of China where a director, in performance of duty, impairs the Company with significant violation of laws and ordinances concerned and/or these Articles of Incorporation where the Company does not discharge him or her in a supermajority vote, within the scope where permitted by law, the shareholders holding more than 3% of the total outstanding issued shares may petition the court for a ruling for discharge for which, the Taipei District Court, Taiwan shall be the jurisdictional court of the first instance.

37 Discharge from directorship

37.1 The directorship shall be discharged upon an event among those enumerated below:

- (a) Where a director is discharged from directorship in accordance with these Articles of Incorporation.
- (b) Where a director passes away;
- (c) Where a director is *ipso facto* discharged in accordance with Article 34.3 of the Articles of Incorporation.
- (d) Where a director informs the Company in writing for resignation from directorship.
- (e) Where a director is discharged in accordance with Article 36.2 of the Articles of Incorporation as ruled by the court; or
- (f) A director is *ipso facto* discharged where meeting one among circumstances enumerated below:
 - (i) Where the director has been adjudicated bankrupt or adjudicated of the commencement of liquidation process by a court, and has not been reinstated to his or her rights and privileges.
 - (ii) Where the director has been adjudicated having no legal capacity or limited legal capacity under the applicable laws.
 - (iii) Where the director has been subject to the court order of commencement of assistance (subject to definition under the Civil Code of the Republic of China) or similar promulgation which has not been annulled.
 - (iv) Where the director has committed organized crime as banned under the laws of the Republic of China, with final and irrevocable court judgment and (A) which has not been put into enforcement, (B) which has not been completed from enforcement, (C) There has been less than five years from completion of the jail term or suspension or (D). There has been less than five years from pardoning.
 - (v) Where the director has committed a crime as fraud, breach of trust or misappropriation with final and irrevocable court judgment for one-year imprisonment and (A) which has not been put into enforcement, (B) which has not been completed from enforcement, (C) There has been less than two years from completion of the jail term or suspension or (D). There has been less than two years from pardoning.

- (vi) Where the director has committed a crime under Anti-Corruption Act with final and irrevocable court judgment as guilty (A) the sentenced term has not been put into enforcement, (B) the sentenced term has not been completed from enforcement, (C) There has been less than two years from completion of the jail term or suspension or (D) There has been less than two years from pardoning; or
- (vii) Where the director has been dishonored due to use of credit instrument the term of which has not expired.

A director candidate who proves meeting any one among those circumstances enumerated under Paragraph (i) of this Article shall forfeit the qualifications as a director candidate.

- 37.2 During a time for shares as emerging stocks or as listed in TWSE/TPEX of the Republic of China where a director (except an independent director) transfers more than one-second of the shares he or she held at the moment of being elected during his or her tenure of office, he or she shall be *ipso facto* discharged and the discharge comes into effect forthwith without resolution in the shareholders' meeting.
- 37.3 During a time for shares as emerging stocks or as listed in TWSE/TPEX of the Republic of China, after a director (except an independent director) is elected, he or she transfers more than one-second of the shares he or she held at the moment of being elected before taking directorship or book closure period, the qualifications of being elected cease effect without resolution in the shareholders' meeting.

38 Remuneration to directors

- 38.1 During a time for shares as emerging stocks or as listed in TWSE/TPEX of the Republic of China, the board of directors shall set up Remuneration Committee in accordance with Regulations Governing Listed Public Companies with at least three directors, including one who should be an independent director. The professional qualification requirements and issues regarding exercise of responsibilities and powers for Remuneration Committee members shall be consistent with the provisions set forth under Regulations Governing Listed Public Companies. Upon establishment of Remuneration Committee, the board of directors shall pass with resolution the organizational rules of the Remuneration Committee. Such organizational rules shall satisfy the requirements set forth under Regulations Governing Listed Public Companies. The board of directors may, by its resolution, set up Remuneration Committee before a time for shares as emerging stocks or as listed in TWSE/TPEX of the Republic of China.
- 38.2 The term "salary remuneration" as set forth under the preceding Article includes salaries for directors and managerial officers, stock options and other substantial incentive measures.
- 38.3 The remuneration to directors shall be fixed by the board of directors with reference to the suggestion by the Remuneration Committee (if having been established) and general level prevalent in other firms and companies in the same industry but shall be paid only in cash in all cases. The Company may, as well, pay directors with business travel expenses, lodging fees and other fees incurred for their travel to and from board of directors, committee(s) organized by directors as authorized by the board of directors, the Company's shareholders' meeting or as appropriate for business affairs for directors in performance of routine duty. Directors are entitled to be provided with interests of the Company in accordance with the Company Act of the British Cayman Islands, Regulations Governing Listed Public Companies, agreement on service and other contracts executed with the Company.

39 Defect in director election

Where not in contravention of Article 23.4 of the Articles of Incorporation and applicable laws, on all acts taken by the board of directors, a committee organized by directors as authorized by the board of directors or any directors pursuant to good faith management policy, the effect would be equally valid as the acts taken by a director duly elected through normal process, or a director in the directorship qualifications even if it is found subsequently later on defective in the election process or that the director is not in qualified directorship.

40 Management business by directors

The Company's business shall be under management and execution by the board of directors. In management upon the Company's business, within the scope of the Articles of Incorporation, the Company Act of the British Cayman Islands and the Company's instructions toward the shareholders' meeting, except the issues as required under the Company Act of the British Cayman Islands or the Articles of Incorporation to be exclusively exercised by the Company's shareholders' meeting, the board of directors is entitled to exercise all sorts of powers bestowed to the Company.

41 Responsibilities and powers of board of directors`

Where not untowardly affecting the general requirements set forth under Article 40 of the Articles of Incorporation and not in contravention of applicable laws, the board of directors is entitled to:

- (a) Appoint, terminate or discharge any of the Company's managerial officers, secretary, staff, agents or employees and resolve their remuneration and duties.
- (b) Borrow funds, mortgage, pledge or collateralize the Company's business, properties and outstanding share capital either in whole or in part, or issue bonds, bonds-oriented shares or other negotiable securities or issue such negotiable securities to collateralize liabilities, responsibilities or obligations of the Company or a third party;
- (c) Appoint one or several director(s) to serve as the Company's executive director or Chief Executive Officer (CEO) to oversee and manage all general business and affairs of the Company.
- (d) Appoint the Company's managerial officers to take charge of all routine business operation and may commission and bestow the managerial officers with appropriate powers and responsibilities required to perform business transactions.
- (e) Appoint by means of authorization a company, firm, individual or entity nominated by the board of directors either directly or indirectly to act as the Company's agent; bestow such agent with appropriate power, authorization and discretionary power within the timeframe and conditions considered by the board of directors as appropriate toward appropriate purposes. Such power of attorney may cover terms and conditions as appropriate within the consideration of the board of directors to safeguard and facilitate the people taking charge of business affairs with such agent and may further authorize such agent with the power to sub-appoint into the power, authorization and discretionary power. Amidst the authorization, the said agent is entitled to execute any contracts or documents in a means as permitted under the Company Act of the British Cayman Islands.
- (f) Cause the Company to pay off expenses incurred for incorporation and establishment of the Company.
- (g) Authorize power (including power of sub-authorization) to the committee(s) established by one or several people designated by the board of directors and all committee(s) so established shall duly act as instructed by the board of directors. Unless otherwise instructed or regulated by director(s), all meetings and the meeting proceedings shall be handled exactly in accordance with the meeting process and proceedings enacted according to the Articles of Incorporation.
- (h) Bestow powers upon any people in the conditions and conditions seemed as appropriate by the board of directors (including the power for sub-appointment).
- (i) Lodge application or petition for liquidation or reorganization of the Company.
- (j) Pay off commission and brokerage fees as permitted by laws upon issuance of new shares, and
- (k) Authorize any company, firm, individual and entity to act for the Company for specific purposes and to sign any agreements, documents and contracts in the title of the Company.

42 Roster of directors and managerial officers

42.1 The board of directors shall, as required under the Company Act of the British Cayman Islands, prepare one or several sets of the rosters of directors and managerial officers at the venue of

registration, the contents of which should include the following key points of directors and managerial officers:

- (a) Names; and
- (b) Address.

42.2 The board of directors shall, within sixty days from occurrence of the events as enumerated below, update the entries, dates of occurrence entered into the rosters of directors and managerial officers and keep the Company's Registration Office informed in a manner as set forth under the Company Act of the British Cayman Islands:

- (a) A change in directors and managerial officers; or
- (b) Changes in entries into the rosters of directors and managerial officers;

43 managers

The term “managerial officers” as set forth in these Articles of Incorporation denotes shall be organized by the secretaries and other managerial officers appointed by the board of directors.

44 Appointed managerial officers

The secretaries (and other managerial officers, if any), shall be appointed by the board of directors from time to time.

45 Responsibilities and powers of managerial officers

The managerial officers shall be bestowed with the powers and responsibilities to take charge of all business affairs as commissioned by the board of directors all the time.

46 Remuneration to managerial officers

The remuneration to the managerial officers shall be fixed by the board of directors.

47 Conflicts of interests

47.1 Any directors or other companies, partners or companies linked up with the directors may, in any capacity, serve the Company, be hired by or render services to the Company. Such directors or other companies, partners or companies linked up with the directors are entitled to receive remuneration from the Company in the same conditions presumed as non-directors. This Article 47.1, nevertheless, does not apply to independent directors.

47.2 Notwithstanding the provision on the contrary set forth under Article 47 of the Articles of Incorporation, where a director involves interest relationship with a motion to be discussed in the board of directors, a contract of the Company, an agreement or contract the Company is about to execute either directly or indirectly, such a director shall expressly state the attribute and key contents of the interest relationship in accordance with the applicable laws. Where the Company intends to proceed with a transaction in accordance with Article 28.1 of the Articles of Incorporation or other merger/acquisition (M&A) in accordance with the applicable laws where a director involves the interest relationship, that director shall expressly state the key contents of the interest relationship in accordance with the applicable laws to the board of directors and shareholders' meeting as well as the reason of their pro or con about that transaction. Where a director's spouse, blood relative within the second degree of kinship or a company in control or auxiliary relationship with that director falls within the interest relationship with an issue being discussed in the board of directors, that director is deemed to have interest relationship with the said issue. The terms “control” “auxiliary relationship” set forth under this Article shall be defined in accordance with Regulations Governing Listed Public Companies.

47.3 Notwithstanding the provisions on the contrary to Article 47, whenever a director proves to be involved in interest relationship with an issue discussed in the board of directors, likely to impair the Company's interests, he or she shall not join the voting process nor shall he or she vote as a proxy on

behalf of another. The vote cast by a director who is not entitled to voting power as mentioned above shall not be counted into the voting powers of the participating directors.

- 47.4 Notwithstanding the provisions on the contrary to Article 47, whenever a director acts within the scope of the Company's business lines for himself or herself or others, he or she shall state the key contents of his or her acts to shareholders in the shareholders' meeting and obtain permit from the shareholders' meeting with a supermajority resolution.

48 Compensation and exemption from responsibility for directors and managerial officers

- 48.1 During the period while the Company's directors, managerial officers and any people commissioned into management take charge of business concerned, and the former directors, former managerial officers, former people commissioned to take charge of business affairs and their successors, executors, managers, individual representatives thereof (hereinafter collectively referred to as "compensated people") for the claims, costs, expenses, loss and expenditures deriving from or incurred by their acts or non-acts, the Company shall grant compensation with its assets. Besides, for the acts taken by the compensated people toward other compensated people, payments received, faults or defaults, collection in an occasional needs, the banks or others with the cash or properties obtainable to the Company, or other impairment, calamity or loss so incurred by their performance of duty or trust with the amount or property deposited or supplemented by the Company, they are not held responsible at all in all cases except an event as incurred by such people as a result of fraud, dishonesty or violation of Article 48.4 of the Articles of Incorporation.
- 48.2 For the liability incurred by directors or managerial officers because of their serving as directors or managerial officers, the Company shall acquire insurance or renew the insurance or shall use such insurance to compensate them from the impairment or obligations with a crime because of potential fault, default, violation of duty or breach of trust.
- 48.3 Within the scope where permitted by laws prevalent on the British Cayman Islands, a shareholder(s) who has (have) continually held more than 1% of the Company's total outstanding issued shares is(are) entitled to:
- (a) Request in writing the independent director of the audit committee authorized by the board of directors to file a lawsuit against a director on behalf of the Company, and the Taipei District Court of Taiwan may be the court of first instance; or
 - (b) Request in writing the independent director of the audit committee to file a lawsuit against a director on behalf of the Company, and the Taipei District Court of Taiwan may be the court of first instance;

Within 30 days after the request is made in accordance with Paragraph (a) or (b) above, if (i) the requested board of directors fails to authorize an independent director of the audit committee as described in Paragraph (a), or the independent director of the audit committee authorized by the board of directors fails to file a lawsuit as per Paragraph (a); or (ii) (ii) the independent director of the requested audit committee has not filed a lawsuit under Paragraph (b), the shareholders may, to the extent permitted by the law of the Cayman Islands, file a lawsuit against a director on behalf of the company, the Taipei District Court of Taiwan may be the court of first instance.

- 48.4 Without prejudice to the regulation that the directors of the company shall bear the general liability to the company and shareholders under the common law and laws of the Cayman Islands, the directors shall perform their duties faithfully and fulfill the duty of care by the manager; if any violation damages the company, the responsible directors shall be liable for damages therefrom to the maximum extent permitted by law. In the event that a director obtains any benefit for himself or another person in violation of the aforesaid provisions, the company shall take all appropriate actions and steps to the maximum extent permitted by law, as determined by the ordinary resolution of the shareholders' meeting. Any such proceeds arising from such directors shall be owned by the company. If a director of the company conducts business operations against any law or order, which causes the company to be liable for any compensation or damage to any person, the director shall be jointly and severally liable with the company for such compensation or damage. If the director is not liable to the company

for compensation for any reason, the director shall compensate the company for any losses suffered by the company in violation of its obligations. The manager shall bear the same liability for damages as the directors of the company within the scope of their duties.

Board of Directors

49 Board of Directors

- 49.1 The board of directors meeting is to be convened by the chairman and the board of directors may manage such board meeting in such means as convening, recess or other means as appropriate.
- 49.2 The Company shall convene one board of directors meeting on a quarterly basis as the minimum during a time for shares as emerging stocks or as listed in TWSE/TPEX of the Republic of China exactly in accordance with the Regulations Governing Listed Public Companies.
- 49.3 A decision in the board of directors meeting is deemed as resolved when adopted one half majority of the participating directors and is deemed vetoed when the pros and cons are equal in numbers. For such purposes, a director having participated in the meeting and been entitled to voting power is deemed to veto the motion if not exercising the voting power for that motion.
- 49.4 A director is entitled to authorize another in writing as his or her proxy agent to participate in any board of directors meeting. A proxy agent is counted into the number of participants. For all purposes, the vote cast by a proxy agent is deemed as the resolution by the principal director.
- 49.5 A proxy agent shall be authorized in writing in a manner as acknowledged by the director. The authorization may be annulled in a same manner at any time. The notice for proxy is same as the notice to rescind the proxy.
- 49.6 A proxy shall be confined only to a director and a proxy agent may attend the board of directors meeting only on behalf of one director.

50 Notices for board of directors meeting

- 50.1 The chairman is entitled to convene a board of directors meeting any time, provided, that the secretary shall convene the board of directors meeting at any time whenever requested by the chairman.
- 50.2 Before shares are registered as emerging stocks or listed in the Republic of China, the notice for convening of a board of directors meeting shall be served to all directors at least 48 hours in advance. In case of an emergency consented by one half majority of directors, nevertheless, the notice may be served with a shorter period of time in advance or the board meeting may be convened after each and every director is served with the notice or without a prior notice after each and every director consents. During a time for shares as emerging stocks or as listed in TWSE/TPEX of the Republic of China, a notice which shall expressly bear the issues to be discussed and acknowledged (where appropriate) shall be served to all directors by mail seven days prior to the date scheduled for the meeting. In case of an emergency consented by one half majority of the directors, a board meeting may be convened in a manner consistent with the Regulations Governing Listed Public Companies with a shorter period of time. For the purposes of this Article, notices of a board of directors meeting may be served by means of electronic transmission.

51 Participation in a board of directors meeting through meeting via visual communication network

A director may participate in a board of directors meeting via video-conference system or other telecommunications devices where permitted by applicable laws to enable all participants to participate in the discussions simultaneously. Such a director is deemed to have participated in the meeting in person.

52 Statutory quorum of board of directors meeting

The quorum in a board of directors meeting is directors that make one half majority of the total directorship seats.

53 Operation in case of a vacancy in the board of directors

The board of directors shall remain in a sound operation even with a vacancy.

54 Chairperson of the board of directors meeting

The chairman (if any) shall be the chairperson of the board of directors meeting if present. Where the chairman is absent, the chairperson for the meeting shall be duly appointed or elected in accordance with the Regulations Governing Listed Public Companies.

55 Validity of acts taken by the board of directors` previously

The enactment of or amendment to the Articles of Incorporation shall not make a valid act by the board of directors before enactment or amendment invalid.

Minutes of the Company

56 Minutes of the meeting

The board of directors shall put the minutes of the board meeting into the prepared book and databases ready for use into the following purposes:

- (a) Selection and appointment of all managerial officers.
- (b) The names of directors participating in all board of directors meetings and names of the directors participating in all meetings convened by the committees commissioned by the board of directors; and
- (c) All decisions resolved in the agendas of the shareholders' meeting, board of directors`, managerial officers meeting and committees commissioned by the board of directors;

57 Registry book for mortgage security

57.1 The board of directors shall prepare mortgage and collateralization registration books in accordance with the Company Act of the British Cayman Islands.

57.2 As required under the Company Act of the British Cayman Islands, all mortgage, pledge and collateralization registry books shall be placed at the venues of registration readily accessible to shareholders and creditors on all business days of the British Cayman Islands but shall be subject to restrictions by the board of directors; and, nevertheless, the period accessible on each and every business day shall not be shorter than two hours minimum.

58 Style and use of a seal

58.1 The seal may only be used by the directors and the director members of the committees organized by directors; until otherwise resolved by directors, the seal may be used to affix only in presence of the director, secretary or assistant secretary or the person authorized by the director or director members of the committees organized by directors.

58.2 Notwithstanding the aforementioned provisions, where not duly authorized, the seal may be affixed onto a document submitted to the Registry Office of the Company on the British Cayman Islands by means of verification through any director, secretary, assistant secretary or other person or entity entitled to submit the aforementioned document.

58.3 Where permitted under the Company Act of the British Cayman Islands, the Company may have one or several seal(s), Where the directors consider appropriate, the names of cities, territories, regions or venues of uses may be added onto the surfaces of the duplicated seals.

Open acquisition and account book

59 Public Acquisition

During a time for shares as emerging stocks or as listed in TWSE/TPEX of the Republic of China, any public announcements linked up with public tender offers of the Company's shares shall be compliance with the Regulations Governing Listed Public Companies, including but not limited to Regulations Governing Public Tender Offers for Securities of Public Companies.

60 Accounting books

60.1 For all transactions of the Company, the board of directors shall prepare accounting books, in particular:

- (a) All amounts of the Company's revenues and expenditures and all issues linked up with such revenues and expenditures.
- (b) All sorts of articles sold and purchased by the Company; and
- (c) All assets and liabilities of the Company.

The accounting books shall be archived for five years minimum for the date of preparation.

60.2 The accounting books shall be put into prudential custody. In the event that accurate account books to fairly reflect the Company's business affairs and relevant transactions are not provided at the venue(s) where the board of directors considers appropriate, the accounting books to reflect the aforementioned issues are deemed as having not been appropriately provided.

60.3 The proxies, documents, books and electronic media worked out in accordance with the Articles of Incorporation and laws and ordinances concerned shall be duly archived for one year minimum. In the event that a shareholder lodges litigation involving the information mentioned in the proxies, documents, books and/or information mentioned under this Article and that litigation lasts more than one year, all such documents and data shall be archived until conclusion of the litigation.

61 Closure of a fiscal year

Unless otherwise specified by the Company's board of directors, the Company's fiscal year:

- (a) shall end on December 31 every year on the year of incorporation and each and every year thereafter, and
- (b) Starting from the moment of incorporation of the Company and starting from January 1 of each and every year thereafter.

Audit Committee

62 Number of Audit Committee members

During a time for shares as emerging stocks or as listed in TWSE/TPEX of the Republic of China, the board of directors shall set up Audit Committee. The Audit Committee is organized by independent directors and all independent directors shall be the composing members of the Audit Committee. The Audit Committee shall be made up with a minimum of three members, including one convener, responsible for convening the meeting for Audit Committee members. At least one of the member shall be equipped with accounting or financial expertise. A decision in the Audit Committee shall be resolved by more than one-second majority (inclusive) of the entire Committee members. The board of directors may resolve the decision to set up Audit Committee before registry for emerging stocks or being listed in TWSE/TPEX of the Republic of China..

63 Responsibilities and powers of Audit Committee

63.1 The Audit Committee (if having been established) shall duly exercise responsibilities and powers in accordance with Regulations Governing Listed Public Companies. The issues as enumerated below shall be subject to consent by one-second majority of all Audit Committee members and be submitted to the board of directors for resolution:

- (a) Enactment of or amendment to the Company's internal control system;
- (b) Performance evaluation of the effectiveness of the internal control system.
- (c) Enactment of or amendment to handling procedures for finance and business operation related behaviors, e.g., acquisition or disposal of assets, transactions for derivative financial instruments, loaning of funds to others or making of endorsements/guarantees for others;
- (d) Issues involving interest relationship for directors;

- (e) Transactions of major assets or derivative financial instruments;
- (f) Significant loaning of funds, endorsements or guarantees;
- (g) Offering, issuance, or private placement of any equity-type securities;
- (h) Appointment, discharge or remuneration of the attesting certified public accountants.
- (i) Appointment, discharge or remuneration of a financial, accounting, or internal audit officer
- (j) Approval of annual, semiannual/second quarter financial statements (where applicable under Regulations Governing Listed Public Companies) and;
- (k) Other key issues that the Company identifies or the supervisory authority of the Company requests.

Except Paragraph (j), any other issue not agreed upon by one half majority (inclusive) of the Audit Committee members may be conducted if agreed upon by two-thirds majority of all directors, free of the restriction of the preceding Paragraph. The decision resolved in the Audit Committee shall be expressly entered into the minutes of the board of directors meeting.

- 63.2 Where not in contravention of applicable laws and within the scope permitted under laws prevalent on the British Cayman Islands, the independent directors as members of Audit Committee shall oversee the Company in execution of business operation and are entitled to investigate into the Company's business and financial conditions, audit books and documents and further request the board of directors or the managerial officers to submit reports. Where not in contravention of applicable laws and within the scope permitted under laws prevalent on the British Cayman Islands, where the independent directors as members of Audit Committee exercises the responsibilities and powers, the Audit Committee or the independent directors thereof may retain certified public accountant, lawyer(s) for verification.
- 63.3 Audit Committee shall check the various forms prepared by the Board and submitted at shareholders' meeting and report the opinions to the shareholders' meeting.
- 63.4 When not violating the Company Act of the British Cayman Islands and before the board of directors resolves a decision under Article 28.1 of Articles of Incorporation or is about to proceed with merger/acquisition (M&A) in accordance with applicable laws, the Audit Committee shall review the fairness, rationality of the merger/acquisition (M&A) plan or transaction and submit the review result to the board of directors and shareholders' meeting. Where such fact is not subject to a decision to be resolved in the shareholders' meeting, nevertheless, report to the shareholders' meeting may be exempted. Where the Audit Committee proceeds with the review process, the independent experts shall be requested to provide opinions about the rationality of the ratio of share swap or the cash or other properties to be allocated to shareholders. The review results by the Audit Committee and opinions by the independent experts about rationality shall be served to all shareholders along with the notice of the shareholders' meeting but shall be reported to the most recent shareholders' meeting on the issues of merger/acquisition (M&A) if resolution by the shareholders' meeting is not required under applicable laws. Where the same contents of the aforementioned documents to be served to shareholders have been promulgated by the Company into the website designated by the Financial Supervisory Commission, such same documents are deemed to have been served to shareholders.

Dissolution and liquidation at own discretion

64 Dissolution and liquidation at own discretion

- 64.1 The Company may dissolve itself at its discretion in accordance with Article 12.4 of the Articles of Incorporation.
- 64.2 Where the Company conducts liquidation, the liquidator may, after special resolution, have the Company's assets, either in whole or in part (disregarding they are composed of properties of the same attribute) allocated to all shareholders at objects in kind. Further as per applicable laws and in a manner believed fair, the liquidator may resolve the value of the assets to be allocated and method of allocation among shareholders. Subject to special resolution, the liquidator may, in a manner deemed

as appropriate, put the assets either in whole or in part into trust for maximum possible interests to shareholders. The shareholders are, nevertheless, not necessarily required to accept any shares or other negotiable securities or assets affiliated with liabilities.

Amendments of the "Articles of Incorporation"

65 Amendments of the "Articles of Incorporation"

Under the circumstances not in contravention of the Company Act of the British Cayman Islands and Outlines of Articles of Incorporation, the Company is entitled to change or add its Articles of Incorporation under a special resolution.

Litigious, non-litigious agent

66 Appointment of litigious, non-litigious agent

During a time for shares as emerging stocks or as listed in TWSE/TPEX of the Republic of China, the Company shall, pursuant to applicable laws, appoint litigious and non-litigious agent(s), serve as the responsible person within the territories of the Republic of China in accordance with the Securities and Exchange Act of the Republic of China to take charge of business affairs as stipulated under the Securities and Exchange Act and rules and regulations linked up with the Securities and Exchange Act of the Republic of China; The aforementioned litigious and non-litigious agent(s) shall be a natural person (individual) with settled address or domicile within territories of the Republic of China.

Other

67 Shareholder protection mechanism

Where the Company intends to engage in any transaction as enumerated below:

- (a) Merger (where the Company is extinguished after merger);
- (b) Sale, transfer or assign the Company's properties or business operation to another company either in whole or in part;
- (c) Share conversion; or
- (d) Demerger,

That would lead to termination from TWSE/TPEX listing and where the following shares are not listed in the TWSE/TPEX of the Republic of China: (i) the surviving company under (a) above; (ii) The assigned company under (b) above, (iii) another company with shares having been appropriated into swap into the Company's shares under circumstances (c), and (iv) the existing or newly incorporated company under circumstances (d) above; Unless otherwise specified in the Company Act of the British Cayman Islands, such transactions shall be subject to consent by shareholders holding two-thirds majority of the Company's total outstanding issued shares.

68 Securities related laws prevalent in the Republic of China

During a time for shares as emerging stocks or as listed in TWSE/TPEX of the Republic of China, on qualification requirements, organization, appointment, discharge, exercise of responsibilities and powers and other issues of compliance, the Company shall comply with securities related laws and regulations prevalent in the Republic of China as applicable to the Company.

69 Social responsibility

In all business operation, the Company shall faithfully comply with laws and ordinances concerned, commercial ethics with all acts to maximize public interests to faithfully fulfill the Company's corporate social responsibility (CSR).

[Appendix V]

TAISUN INT'L (HOLDING) CORP.

Directors' Shareholding

- I. The number of shares held by all the directors recorded in the register of shareholders as at the book closure date (i.e. May 1, 2021) at the 2021 regular shareholders meeting is listed below:

Book closure date: May 1, 2021

| Occupational title | Name | Date of elected to office | Tenure (Year) | Shareholding when elected | | Shareholding position as at the book closure date | |
|---------------------------------------|------------------------|---------------------------|---------------|---------------------------|----------------|---|----------------|
| | | | | Number of shares | Percentage (%) | Number of shares | Percentage (%) |
| Chairman | Everlink Overseas Inc. | June 29, 2020 | 3 | 16,907,000 | 43.05% | 16,907,000 | 43.05% |
| Director | KT Look Int'l Inc. | June 29, 2020 | 3 | 8,539,300 | 21.75% | 8,539,300 | 21.75% |
| Director | Wu Hsiung Liu | June 29, 2020 | 3 | 5,400 | 0.01% | 5,400 | 0.01% |
| Independent Director | Shang-Wu Yu | June 29, 2020 | 3 | 0 | 0.00% | 0 | 0.00% |
| Independent Director | Chao-Huang Hsieh | June 29, 2020 | 3 | 0 | 0.00% | 0 | 0.00% |
| Independent Director | Ming-Han Chen | June 29, 2020 | 3 | 3,300 | 0.01% | 3,300 | 0.01% |
| Independent Director | Kuei Fen Ho | June 29, 2020 | 3 | 0 | 0.00% | 0 | 0.00% |
| Total of all shareholders' percentage | | | | 25,455,000 | 64.82% | 25,455,000 | 64.82% |

Notes:

- I. As at May 1, 2021, the paid-up capital of TAISUN was NT\$392.7 million and the total number of outstanding shares were 39,270,000.
- II. As at the book closure date for this shareholder meeting, the respective shareholding of individual and all directors as recorded in the register of shareholders is listed above. The number of shares has reached the statutory percentage as set forth in Article 26 of the "Securities and Exchange Act".

[Appendix VI]

TAISUN INT'L (HOLDING) CORP.

Impacts of proposed stock dividends on TAISUN's business performance and earnings per share (EPS): TAISUN has not prepared the financial forecast, so this is not applicable.

TAISUN INT'L (HOLDING) CORP.
Information on Employee Bonus and Remunerations to Directors and Supervisors

TAISUN's 2020 Earnings Appropriation Statement was approved by the board of directors on March 12, 2021. The employee bonus and remuneration to directors to be distributed are listed below. Such distribution will be performed upon approval at the regular shareholders meeting on June 29, 2021.

- I. Amount of the employee bonus and remuneration to directors to be distributed:
 - (1) Cash bonus to employees: NT\$10,970,000;
 - (2) Cash dividends to employees: NT\$0; and
 - (3) Remunerations to directors and supervisors (in cash): NT\$880,000
- II. Number of shares for the employee stock dividends to be distributed and the proportion in the capitalization of earnings:

No stock dividend will be distributed to employees according to TAISUN's 2020 earnings distribution plan, so this is not applicable.
- III. Calculation of EPS after distribution of the employee bonus and remuneration to directors:
 - (1) Original EPS: NT\$9.96.
 - (2) Calculated EPS: NT\$9.96.



泰昇國際(控股)有限公司
TAISUN INT'L (HOLDING) CORP.