



**YUNGSHIN Global Holding Corporation**

# 2020

General Shareholders' Meeting

## Meeting Handbook



**Time:** 9:00 a.m., Thursday, May 28, 2020

**Venue:** No. 315, Chenggong Rd., Dajia District, Taichung City  
(Meeting Room on the 2nd Floor of Xiangye Villa on Dajia Tiejhen Mountain)

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## Chapter 1. Meeting Agenda

### Meeting Handbook for YungShin Global Holding Corporation's 2020 General Shareholders' Meeting

Time: 9:00 a.m., Thursday, May 28, 2020

Venue: No. 315, Chenggong Rd., Dajia District, Taichung City (Meeting Room on the 2nd Floor of Xiangye Villa on Dajia Tiejhen Mountain)

- I. Meeting Commencement & Chair's Opening Remarks
- II. Reading of the Rules and Procedures for Shareholders' Meetings
- III. Reports Items
  - (I) 2019 Business Report
  - (II) 2019 Report on the Review of the Final Statement from the Audit Committee
  - (III) 2019 Employees' and Directors' Compensation Distribution
  - (IV) Amendments to the Corporation's "Ethical Corporate Management Best Practice Principles"
  - (V) Amendments to the Corporation's "Code of Ethical Conduct"
- IV. Matters to be Ratified
  - (I) Adoption of the 2019 Business Report and Financial Statements
  - (II) Adoption of the 2019 Earnings Allocation
- V. Matters to be Discussed
  - (I) Release the Prohibition on Directors from Participation in Competitive Business
- VI. Extempore Motions
- VII. Adjournment

## Chapter 2. Reports Items

- I. 2019 Business Report: please see #page 3-4# in this Handbook.
- II. 2019 Report on the Review of the Final Statement from the Audit Committee: please see #page 5# in this Handbook.
- III. Employees' and Directors' Compensation Distribution for 2019.  
Description:
  - (I) Pursuant to Article 31 of the Articles of Incorporation, if the Corporation makes any profits within a fiscal year, shall set aside no less than 0.3% of the profits as the employees' compensation; and no more than 3% of the profits as compensation to its Directors and Supervisors. However, the Corporation shall have reserved a sufficient amount to offset its accumulated losses.
  - (II) In 2019, NT\$2,369,011 and NT\$11,845,058 were appropriated as compensation for employees and Directors respectively. All compensation will be distributed in cash.
- IV. Amendments to the Corporation's "Ethical Corporate Management Best Practice Principles"  
Description:
  - (I) Pursuant to Taiwan Stock Exchange's Directive Letter No. 108008378 issued on May 23, 2019 to amend the "Ethical Corporate Management Best Principles for TWSE/GTSM Listed Companies" and in line with the establishment of the Corporation's Audit Committee, the wording of the Supervisor shall be deleted. Hence, the Corporation proposes to amend its "Ethical Corporate Management Best Practice Principles" accordingly.
  - (II) This motion has been approved by the 7th Board meeting of the Corporation's Fourth Board of Directors. The amendments please see #page 6-12# in this Handbook.
- V. Amendments to the Corporation's "Code of Ethical Conduct"  
Description:
  - (I) Pursuant to Taiwan Stock Exchange's Directive Letter No. 1040001716 issued on January 28, 2015 to amend the "Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/GTSM Listed Companies " and in line with the establishment of the Corporation's Audit Committee, the wording of the Supervisor shall be deleted. Hence, the Corporation proposes to amend its "Code of Ethical Conduct" accordingly.
  - (II) This motion has been approved by the 7th Board meeting of the Corporation's Fourth Board of Directors. The amendments please see #page 13-15# in this Handbook.

# YungShin Global Holding Corporation

## 2019 Business Report

### I. Business Strategy

Since the beginning, YungShin Group has always been committed to developing the integrative value chain of pharmaceutical and health care industry. To pursue for sustainable business development and to keep up with the increasingly competitive global competition, YungShin Group has been developing its global business and regional strategic expansions since the 1980s. Currently, we have construed remarkable operational foundations in Taiwan, China, the USA, Japan, and Southeast Asia. YungShin Group's businesses encompass four major areas, including human drugs, animal drugs, healthcare supplements, and active pharmaceutical ingredients (API). YungShin Group's sustainable development objective is to become a global leader in generic drugs through combining research and development of upstream API and intermediates, midstream production of human drugs, animal drugs, and healthcare supplements, and downstream related product sales, and achieving vertical integrations throughout the industry value chain and regional horizontal expansion strategies.

### II. 2019 Business Performance and Results

With the collective effort from all employees, YungShin Group was able to achieve better management performance in 2019 over the previous year in spite of various operational environmental and legal challenges. Our consolidated revenue has been NT\$8,191,531,000, a growth of 9.02% compared to NT\$7,513,686,000 in 2018; while the consolidated profit after tax, net profit margin and earnings per share (EPS) after tax have been NT\$ 754,011,000, 9.20% and NT\$2.81 respectively.

### III. 2020 Prospects

In response to the drive for global pharmaceutical market growth from aging society trends throughout the world, as well as advanced and emerging countries' active efforts in advocating for generic drugs to control medical expense, there has been a gradual increase in the demand for generic drugs for cancer, curative or preventive medication for mental and physical dysfunctions, and anti-aging. Moreover, controlling the R&D, manufacturing, and supply of API is one of the critical factors in developing generic drug businesses. Having achieved an early start in the R&D and production of API, YungShin Group will continue to increase both categories and capacity of the field. In addition, due to the growing demand worldwide for animals' healthcare supplements, the safety and effectiveness of additives in animal feed is also a point of concern. YungShin Group will continue to focus on developing the pharmaceutical and healthcare industry. To optimize value chain and continue to expand our market scale, we will be committed to strategic resource integration and a principle of regional division of labor.

The impact of the 2019 coronavirus (COVID-19) pandemic has been a material operational variable in 2020. YungShin Group has established a cross-business joint response team to share API, transportation, emerging variables throughout the world and countermeasures. Currently, all businesses within YungShin Group are focused on reviewing the sources and supplies of API, and will expand the count of raw material inventory of major strategic products from a quarterly basis to an annual basis in the short-term to maintain normal production and supply. Over the long-run, YungShin Group's strategic guidelines include introducing secondary and tertiary sources of supply and developing API in-house to maintain long-term market competitiveness. In terms of operations, YungShin Group will continue to monitor changes in the market to flexibly control the supply, and pursue for sustainable development via employing a principle of stable, long-term management.

Important strategies to implement in 2020:

1. Continuous market cultivation of generic drug
2. Increased control in API supply chain
3. Closely monitoring the COVID-19 pandemic to flexibly control production and business strategies.
4. Continuous strategic expansion to global market
5. Innovation and R&D to care for everyone's health

Besides focusing on sustainable business development, YungShin Group also fulfills corporate social responsibility (CSR) and conveys our corporate value through platforms including "YungShin Social Welfare Foundation," "TianTe Lee Biomedical Foundation," "YungShin Elderly Nursing Home," and "YungShin Cup Volleyball Championships."

The Corporation will continue to share our management results with all shareholders through sustainable business development and a stable dividend policy.

Chairman: Dr. Lee, Fang-Shin

President: Dr. Lee, Fang-Shin

Accounting Manager: Lin, Shih-Yun

YungShin Global Holding Corporation  
Audit Committee's Review Report

The Board of Directors has prepared the Corporation's 2019 Business Report, Financial Statements (both Individual and Consolidated) and Proposal for Allocation of Profits. The CPA Wang, Yu-Chuan (Jane Wang) and Chian-Ye Hsu (Jason Hsu) of PwC Taiwan were retained to audit the Corporation's Financial Statements and have issued an audit report relating to the Financial Statements. The aforementioned Business Report, Financial Statement, and profit allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee of the Corporation. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report. Please review accordingly.

To

2020 General Shareholders' Meeting

Convener of the Audit Committee: Tsai, Shih-Kuang

March 30, 2020

# YungShin Global Holding Corporation

## Ethical Corporate Management Best Practice Principles

### Article 1. Purpose and Basis for Adoption

To foster a corporate culture of ethical management and sustainable development, the "Ethical Corporate Management Best Practice Principles" (hereinafter "these Principles") have been established in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.

### Article 2. Applicable Scope

These Principles are applicable to the Corporation, its subsidiaries and related companies.

### Article 3. Applicable Targets

Directors, managerial officers and all employees (hereinafter referred to as "the Corporation's personnel").

### Article 4. Prohibition against Unethical Conduct

When engaging in commercial activities, the Corporation's personnel shall not directly or indirectly offer, promise to offer, request, or accept any improper Benefits (defined as follows), or commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty ("unethical conduct") for purposes of acquiring or maintaining Benefits (defined as follows).

### Article 5. Types of Benefits

"Benefits" in these Principles means any valuable things, including money, endowments, commissions, positions, services, preferential treatment or rebates of any type or in any name. Benefits received or given occasionally in accordance with accepted social customs and that do not adversely affect specific rights and obligations shall be excluded. Benefits received or given occasionally in accordance with accepted social customs and that do not adversely affect specific rights and obligations shall be excluded.

### Article 6. Compliance

The Corporation shall comply with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Statute, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, TWSE/GTSM listing rules, or other laws or regulations regarding commercial activities, as the underlying basic premise to facilitate ethical corporate management.

### Article 7. Policy

The Corporation shall abide by the operational philosophies of honesty, transparency and responsibility, and shall formulate policies, which shall be approved by the Board of Directors, on the principle of good faith, and establish good corporate governance and management mechanism for risk control so as to create an operational environment for sustainable development.



#### Article 8. Prevention Programs

The Corporation shall actively forestall unethical conduct based on the aforementioned operational philosophies and policies. Operational procedures, guidelines, and training ("prevention programs") shall be prescribed when necessary.

When establishing the prevention programs, the Corporation shall comply with relevant laws and regulations of the territory where the Corporation and its business group are operating.

#### Article 9. Scope of Prevention Programs

When establishing prevention programs, the Corporation shall analyze the business activities within the scope of business which are possibly at a higher risk of being involved in unethical conduct and shall strengthen the preventive measures.

The Corporation shall refer to prevailing domestic and foreign standards or guidelines when establishing the prevention programs, which shall at least include preventive measures against the following:

- I. Offering and acceptance of bribes.
- II. Illegal political donations.
- III. Improper charitable donations or sponsorship.
- IV. Offering or acceptance of unreasonable presents or hospitality, or other improper Benefits.
- V. Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights.
- VI. Engaging in unfair competitive practices.
- VII. Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.

#### Article 10. Commitment and Implementation

The Corporation shall request their Directors and senior management to issue a statement of compliance with the ethical management policy and require in the terms of employment that employees comply with such policy.

The Corporation and its respective business group shall clearly specify in their rules, external documents and the Corporation's website the ethical corporate management policies, the commitment by the Board of Directors and the senior management on rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities.

The Corporation shall compile documented information on the ethical management policy, statement, commitment and implementation mentioned in the first and second paragraphs, and shall retain said information properly.

Article 11. Ethical Management of Commercial Activities

The Corporation shall engage in commercial activities in a fair and transparent manner based on the principle of ethical management.

Prior to any commercial transactions, the Corporation shall take into consideration the legality of their agents, suppliers, clients, or other trading counterparties and whether any of them are involved in unethical conduct, and shall avoid any dealings with persons so involved.

When entering into contracts with their agents, suppliers, clients, or other trading counterparties, the Corporation shall include in such contracts terms requiring compliance with ethical corporate management policy and that in the event the trading counterparties are involved in unethical conduct, the Corporation may at any time terminate or rescind the contracts.

Article 12. Prohibition against Offering and Acceptance of Bribes

The Corporation and its personnel may not, directly or indirectly, provide, promise, demand or accept any form of improper Benefits from or to customers, agents, contractors, suppliers, public servants or other stakeholders when conducting business.

Article 13. Prohibition against Illegal Political Donations

When the Corporation and its personnel provide direct or indirect contributions to political parties or political activities (including organizations and individuals), the Corporation and its personnel shall make certain to comply with the Political Donation Act and Corporation rules. Neither the Corporation nor its personnel shall use such actions to gain business interest or transaction advantages.

Article 14. Prohibition against Improper Charitable Donations or Sponsorship

When making or offering donations and sponsorship, the Corporation and its personnel shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.

Article 15. Prohibition against Unreasonable Presents, Hospitality, or Other Improper Benefits

The Corporation and its personnel shall not directly or indirectly offer or accept any unreasonable presents, hospitality or other improper Benefits to establish business relationship or influence commercial transactions.

Article 16. Prohibition on Infringement of Intellectual Property Rights

The Corporation and its personnel shall observe applicable laws and regulations, the Corporation's internal operational procedures, and contractual provisions concerning intellectual property, and may not use, disclose, dispose, or damage intellectual property or otherwise infringe intellectual property rights without the prior consent of the intellectual property rights holder.

#### Article 17. Prohibition on Unfair Competitive Practices

The Corporation shall engage in business activities in accordance with applicable competition laws and regulations, and may not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.

#### Article 18. Prevention of Damage to Stakeholders by Products or Services

In the course of research and development, procurement, manufacture, provision, or sale of products and services, the Corporation and its Directors, Supervisors, managerial officers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations and international standards to ensure the transparency of information about, and safety of, their products and services. They shall also adopt and publish a policy on the protection of the rights and interests of consumers or other stakeholders, and carry out the policy in their operations, with a view to preventing their products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders. Where there are sufficient facts to determine that the Corporation's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, the Corporation shall, in principle, recall those products or suspend the services immediately.

#### Article 19. Organization and Responsibilities

The Corporation's personnel shall exercise the due care of good administrators to urge the Corporation to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments, so as to ensure thorough implementation of its ethical corporate management policies.

To strengthen ethical corporate management, the Corporation's Audit Office will establish and supervise the implementation of ethical corporate management policy and prevention solutions and to regularly report to the Board of Directors at least once a year.

#### Article 20. Business Compliance

The Corporation's personnel shall comply with laws and regulations and the prevention programs when conducting business.

#### Article 21. Preventing Conflicts of Interest

The Corporation shall adopt policies for preventing conflicts of interest, and shall also offer appropriate means for Directors, Supervisors, managerial officers, and other stakeholders attending or present at Board meetings to voluntarily explain whether their interests would potentially conflict with those of the Corporation.

When a proposal at a given Board of Directors meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the Directors, Supervisors, managerial officers, and other stakeholders attending or present at Board meetings of a TWSE/GTSM listed company, the concerned person shall state the important aspects of

the relationship of interest at the given Board meeting. If his or her participation is likely to prejudice the interest of the Corporation, the concerned person may not participate in discussion of or voting on the proposal and shall recuse himself or herself from the discussion or the voting, and may not exercise voting rights as proxy for another Director. The Directors shall practice self-discipline and must not support one another in improper dealings.

The Corporation's personnel shall not take advantage of their positions and influence in the Corporation to obtain improper Benefits for themselves, their spouses, parents, children, or any other person.

#### Article 22. Accounting and Internal Control System

The Corporation shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, prohibit under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results.

The Corporation's Audit Office shall examine accordingly the compliance with the prevention programs. It may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.

The results of examination in the preceding paragraph shall be reported to senior management and the ethical management dedicated unit and put down in writing in the form of an audit report to be submitted to the Board of Directors.

#### Article 23. Operating Procedures and Guidelines

The Corporation shall establish operational procedures and guidelines in accordance with Article 8 hereof to guide its employees on how to conduct business. The procedures and guidelines should at least contain the following matters:

- I. Standards for determining whether improper Benefits have been offered or accepted.
- II. Procedures for offering legitimate political donations.
- III. Procedures and the standard rates for offering charitable donations or sponsorship.
- IV. Rules for avoiding work-related conflicts of interests and how they should be reported and handled.
- V. Rules for keeping confidential trade secrets and sensitive business information obtained in the ordinary course of business.
- VI. Regulations and procedures for dealing with suppliers, clients and business transaction counterparty suspected of unethical conduct.
- VII. Handling procedures for violations of these Principles.
- VIII. Disciplinary measures on offenders.

#### Article 24. Training and Evaluation

The Corporation shall communicate the importance of corporate ethics to its personnel on a regular basis.

The Corporation shall periodically organize training and awareness programs for its personnel and invite the Corporation's commercial transaction counterparties so they understand the Corporation's resolve to implement ethical corporate management, the related policies, prevention programs and the consequences of committing unethical conduct.

The Corporation shall apply the policies of ethical corporate management by combining its employee performance appraisal system and human resource policies to establish a clear and effective reward and discipline system.

#### Article 25. Whistleblowing System

The Corporation shall adopt a concrete whistle-blowing system and scrupulously operate the system. The whistle-blowing system shall include at least the following:

- I. An independent mailbox or hotline, either internally established and publicly announced or provided by an independent external institution, to allow internal and external personnel of the Corporation to submit reports.
- II. Dedicated personnel or unit appointed to handle the whistle-blowing system. Any tip involving a Director or senior management shall be reported to the Independent Directors or Supervisors. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted.
- III. Follow-up measures to be adopted depending on the severity of the circumstances after investigations of cases reported are completed. Where necessary, a case shall be reported to the competent authority or referred to the judicial authority.
- IV. Documentation of case acceptance, investigation processes, investigation results, and relevant documents.
- V. Confidentiality of the identity of whistle-blowers and the content of reported cases, and an undertaking regarding anonymous reporting.
- VI. Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.
- VII. Whistle-blowing incentive measures.

When material misconduct or likelihood of material impairment to the Corporation comes to their awareness upon investigation, the dedicated personnel or unit handling the whistle-blowing system shall immediately prepare a report and notify the Independent Directors in written form.

#### Article 26. Disciplinary and Grievance System

The Corporation shall adopt and publish a well-defined disciplinary and appeal system for handling violations of the ethical corporate management rules, and shall make immediate disclosure on the company's internal website of the title and name of the violator, the date and details of the violation, and the actions taken in response.

Article 27. Information Disclosure

The Corporation shall disclose the implementation of ethical corporate management on its websites and in the annual reports and prospectuses.

Article 28. Review of the Principles

The Corporation shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management and encourage its personnel to make suggestions, based on which the adopted ethical corporate management policies and measures taken will be reviewed and improved with a view to achieving better implementation of ethical management.

Article 29. Implementation and Amendments

These Principles shall be implemented after the Board of Directors grants the approval, and shall be sent to the Audit Committee. The same procedure shall be followed when these Principles are amended.

When the Principles are submitted to the Board of Directors for discussion pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each Independent Director's opinions. Any objections or reservations of any Independent Director shall be recorded in the minutes of the Board meeting. An Independent Director that cannot attend the Board meeting in person to express objections or reservations shall provide a written opinion before the Board meeting, unless there is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the Board meeting.

# YungShin Global Holding Corporation

## Code of Ethical Conduct

### Article 1. Purpose and Basis for Adoption

These Guidelines are adopted in line with the Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/GTSM Listed Companies for the purpose of encouraging Directors, managerial officers, and other persons authorized to manage affairs for the Corporation to act in line with ethical standards, and to help interested parties better understand the ethical standards of the Corporation.

### Article 2. Applicable Scope

Directors, managerial officers and all employees (hereinafter referred to as "the Corporation's personnel").

Managerial officers in the preceding paragraph include general managers or their equivalents, assistant general managers or their equivalents, deputy assistant general managers or their equivalents, chief financial and chief accounting officers, and other persons authorized to manage affairs and sign documents on behalf of the Corporation.

### Article 3. The Code shall abide by the following matters

#### I. Prevention of conflicts of interest:

To prevent personal interest from intervening the overall interest of the Corporation, making the Corporation's personnel fail to perform their duties in an objective and efficient manner, the Corporation's personnel shall not take advantage of their position in the Corporation to obtain improper benefits for either themselves or their spouse, parents, children, or relatives within the second degree of kinship.

To prevent conflicts of interest, the Corporation's Board of Directors shall review loans of funds, provisions of guarantees, and major asset transactions or the purchase (or sale) of goods involving the affiliated enterprise at which aforementioned personnel works. Such transactions shall also be carried out in accordance with relevant laws and Corporation rules. The Corporation shall establish a policy aimed at preventing conflicts of interest, and shall offer appropriate means for Directors and managerial officers to voluntarily explain whether there is any potential conflict between them and the Corporation. Purchase (or sale) of goods shall be carried out in the best of the Corporation's interests.

#### II. Minimizing incentives to pursue personal gain:

When opportunities for the Corporation to obtain profit arise, the Corporation's personnel have the responsibility to increase the legitimate and legal benefits the Corporation may possibly gain. The Corporation shall prevent its personnel from engaging in any of the following activities:

(I) Seeking an opportunity to pursue personal gain by using the Corporation's

property or information or taking advantage of their positions.

(II) Competing with the Corporation.

III. Confidentiality:

The Corporation's personnel shall be bound by the obligation to maintain the confidentiality of any information regarding the Corporation 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 Corporation or the suppliers and customers.

IV. Fair trade:

The Corporation's personnel 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.

V. Safeguarding and proper use of the Corporation's assets:

The Corporation's personnel have the responsibility to safeguard the Corporation's 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 Corporation's profitability.

VI. Legal compliance:

The Corporation personnel shall strengthen their compliance with the Company Act, the Securities and Exchange Act and other applicable laws, regulations, and bylaws.

VII. Encouraging reporting on illegal or unethical activities:

The Corporation shall raise awareness of ethics internally and encourage employees to report to a managerial officer, the Audit Committee, chief internal auditor, or other appropriate individual upon suspicion or discovery of any activity in violation of a law or regulation or the Code of Ethical Conduct.

To encourage employees to report illegal conduct, the Corporation shall establish a concrete whistle-blowing system and make employees aware that the Corporation will use its best efforts to ensure the safety of informants and protect them from reprisals. The Corporation shall discourage any reporting done in malcontent, and disciplinary measures shall be carried out when necessary to promote an atmosphere of justice and equality.

VIII. Disciplinary measures:

When an employee violates the Code of Ethical Conduct, the Corporation shall handle the matter in accordance with the disciplinary measures prescribed in the Code, and shall without delay disclose on the Market Observation Post System



(MOPS) the date of the violation by the violator, reasons for the violation, the provisions of the code violated, and the disciplinary actions taken. The Corporation shall also establish a relevant complaint system to provide the violator with remedies.

Article 4. Procedures for Exemption

The Code of Ethical Conduct adopted by the Corporation must require that any exemption for directors or managerial officers from compliance with the Code be adopted by a resolution of the Board of Directors, and that information on the date on which the Board of Directors adopted the resolution for exemption, objections or reservations of Independent Directors, and the period of, reasons for, and principles behind the application of the exemption be disclosed without delay on the MOPS, in order that the shareholders may evaluate the appropriateness of the Board resolution to forestall any arbitrary or dubious exemption from the Code, and to safeguard the interests of the Corporation by ensuring appropriate mechanisms for controlling any circumstance under which such an exemption occurs.

Article 5. Method of Disclosure

The Corporation shall disclose the Code of Ethical Conduct it has adopted, and any amendments to it, on its website, in its annual reports and prospectuses and on the MOPS.

Article 6. Enforcement and Amendment

The Code of Ethical Conduct, and any amendments to it, shall enter into force after it has been adopted by the Board of Directors and submitted to the Audit Committee.

### Chapter 3. Matters to be Ratified

#### Motion 1: (Proposed by the Board)

##### Proposal: Adoption of the 2019 Business Report and Financial Statements

##### Description:

- I. The CPA Wang, Yu-Chuan (Jane Wang) and Chian-Ye Hsu (Jason Hsu) of PwC Taiwan were retained to audit the Corporation's Financial Statements (both Consolidated and Individual) and have issued an audit report relating to the Financial Statements
- II. The Audit Committee's Review Report on the Corporation's 2019 Business Report and Consolidated and Individual Financial Statements, please see #page3-4 and 17-39# in this Handbook.
- III. Proposed for the Shareholders' Meeting's approval.

##### Resolution:

#### Motion 2: (Proposed by the Board)

##### Proposal: Adoption of the 2019 Earnings Allocation

##### Description:

- I. Earnings Allocation Table has been made in line with the Articles of Incorporation, please see #page40# in this Handbook.
- II. The Corporation proposes to distribute shareholders' dividends and cash dividends for a cumulative sum of NT\$586,130,563 (NT\$2.2 per shares).
- III. The aforementioned sum will be distributed based on the shareholding ratio recorded in the shareholders' roster on the ex-dividend date, and with calculation rounded down to the nearest one NTD (any amount under one NTD will be discarded). The remaining fraction will be recognized as other revenue for the Corporation.
- IV. The proposed ex-dividend trading date for cash dividend is July 9, 2020, and the book closure period is from July 11 to July 15, 2020. The ex-dividend record date will be July 15, 2020, and the cash dividend payment date will be August 7, 2020.
- V. In the event of any change in the number of outstanding shares resulting from the Corporation's shares repurchase, the dividend ratio must be adjusted. It is proposed to fully authorize Chairman to adjust the dividend ratio and to proceed on the relevant matters.
- VI. Proposed for the Shareholders' Meeting's approval.

##### Resolution:

## **Representation Letter**

In connection with the Consolidated Financial Statements of Affiliated Enterprises of YUNGSHIN GLOBAL HOLDING CORPORATION (the “Consolidated FS of the Affiliates”), we represent to you that, the entities required to be included in the Consolidated FS of the Affiliates as of and for the year ended December 31, 2019 in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those required to be included in the Consolidated Financial Statements of YUNGSHIN GLOBAL HOLDING CORPORATION and its subsidiaries (the “Consolidated FS of the Group”) in accordance with International Financial Reporting Standard 10, as well as that, the information required to be disclosed in the Consolidated FS of Affiliates is disclosed in the Consolidated FS of the Group. Consequently, YUNGSHIN GLOBAL HOLDING CORPORATION does not prepare a separate set of Consolidated FS of Affiliates.

Very truly yours,

YUNGSHIN GLOBAL HOLDING CORPORATION

By

Lee Fang Hsin, Chairman

March 30, 2020

## REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Shareholders of YungShin Global Holding Corporation

### ***Opinion***

We have audited the accompanying consolidated balance sheets of YungShin Global Holding Corporation and its subsidiaries (the “Group”) as at December 31, 2019 and 2018, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other independent accountants (please refer to Other Matter section of our report), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

### ***Basis for opinion***

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

## ***Key audit matters***

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

Key audit matters for the Group's consolidated financial statements of the current period are stated as follows :

### ***Allowance for inventory valuation losses***

#### Description

Please refer to Note 4(12) for description of accounting policy on inventory valuation, Note 5(2) for accounting estimates and assumptions, and Note 6(4) for details of allowance for inventory valuation losses.

The Group was engaged in manufacturing and selling human drugs and health food. The Group's inventories were measured at the lower of cost and net realisable value, and provided the allowance for inventory valuation losses based on individually identified reasonable net realisable value of inventories. Considering that the Group's inventories and the allowance for inventory valuation losses were material to its financial statements, and the determination of net realisable value in balance sheet date involved judgements and estimates, we identified the allowance for inventory valuation losses a key audit matter.

#### How our audit addressed the matter

As this key audit matter had covered different consolidated entities based on our audit and the reports of other independent accountants, we performed the following audit procedures on the above key audit matter:

1. Assessed the reasonableness of provision policies on allowance for inventory valuation losses and procedures based on our understanding of the Group's operation and industry.
2. Obtained an understanding of the Group's warehousing control procedures. Reviewed annual physical inventory count plan and participated in the annual inventory count event in order to assess the classification of obsolete inventory and effectiveness of obsolete inventory internal control
3. Obtained the net realisable value of each kind of inventory and checked whether the applied calculation logic was in agreement with all inventory, and tested the reasonableness of supporting document in relation to net realisable value.
4. Verified whether the inventory aging reports that the Group applied to value inventories were accurate. Recalculated and evaluated the reasonableness of allowance for inventory valuation losses in order to confirm the report information were in line with its policies.

***Other matter –Audits by other independent accountants***

We did not audit the financial statements of a wholly-owned consolidated subsidiary and investments recognized under the equity method that are included in the financial statements. Total assets of the subsidiary and the investees (including investments accounted for using equity method) of \$2,632,704 thousand and \$2,655,156 thousand as at December 31, 2019 and 2018, constituted 21% and 23% of consolidated total assets, operating income of the subsidiary and the investees of \$1,338,008 thousand and 1,200,671 thousand, for the years ended December 31, 2019 and 2018, both constituted 16% of consolidated total operating income, and comprehensive income of aforementioned investments accounted for using equity method of \$72,609 thousand and \$119,447 thousand, constituted 10% and 17% of consolidated total comprehensive income, respectively. Those financial statements were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on the audit reports of the other independent accountants.

***Other matter – Parent company only financial reports***

We have audited and expressed an unqualified opinion and other matter section on the parent company only financial statements of YungShin Global Holding Corporation as at and for the years ended December 31, 2019 and 2018.

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

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

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

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

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

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

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

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

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

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

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

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[Wang, Yu-Juan]

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[Xu, Jian-Ye]

For and on behalf of PricewaterhouseCoopers, Taiwan

March 30, 2020

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

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

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



**YUNGSHIN GLOBAL HOLDING CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2019 AND 2018**  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Assets		Notes	December 31, 2019		December 31, 2018			
			AMOUNT	%	AMOUNT	%		
Current assets								
1100	Cash and cash equivalents	6(1)	\$	1,311,760	11	\$	1,174,242	10
1136	Current financial assets at amortised cost	6(2)		24,755	-		26,542	-
1150	Notes receivable, net	6(3)		302,418	2		411,076	3
1170	Accounts receivable, net	6(3)		1,586,047	13		1,488,960	13
1180	Accounts receivable due from related parties, net	7		59,653	1		57,249	-
1200	Other receivables	7		54,334	-		11,678	-
1220	Current tax assets	6(23)		-	-		14,755	-
130X	Inventory	6(4)		2,510,726	20		2,305,831	20
1410	Prepayments			228,400	2		194,201	2
1470	Other current assets			5,728	-		3,241	-
11XX	Current Assets			6,083,821	49		5,687,775	48
Non-current assets								
1517	Non-current financial assets at fair value through other comprehensive income	6(5)		70,246	1		51,832	-
1550	Investments accounted for using equity method	6(6)		1,173,857	9		1,141,309	10
1600	Property, plant and equipment	6(7) and 8		4,537,304	37		4,441,706	38
1755	Right-of-use assets	6(8)		109,500	1		-	-
1760	Investment property - net	6(9)		39,959	-		25,973	-
1780	Intangible assets			41,252	-		45,977	-
1840	Deferred tax assets	6(23)		93,552	1		83,161	1
1900	Other non-current assets	6(10)		209,963	2		287,916	3
15XX	Non-current assets			6,275,633	51		6,077,874	52
1XXX	Total assets		\$	12,359,454	100	\$	11,765,649	100

(Continued)

**YUNGSHIN GLOBAL HOLDING CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2019 AND 2018**  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Liabilities and Equity		Notes	December 31, 2019		December 31, 2018	
			AMOUNT	%	AMOUNT	%
<b>Current liabilities</b>						
2100	Current borrowings	6(12) and 8	\$ 2,927,434	24	\$ 2,918,934	25
2130	Current contract liabilities	6(19)	18,149	-	19,140	-
2150	Notes payable		1,986	-	6,518	-
2170	Accounts payable		431,657	4	436,590	4
2180	Accounts payable to related parties	7	30,109	-	32,055	-
2200	Other payables	6(13) and 7	975,895	8	911,844	8
2230	Current tax liabilities	6(23)	146,237	1	152,250	1
2280	Current lease liabilities	6(8)	27,133	-	-	-
2365	Current refund liabilities	6(19)	128,524	1	140,019	1
2399	Other current liabilities, others	6(14) and 8	391,032	3	76,033	1
21XX	<b>Current Liabilities</b>		<u>5,078,156</u>	<u>41</u>	<u>4,693,383</u>	<u>40</u>
<b>Non-current liabilities</b>						
2540	Non-current portion of non-current borrowings	6(14) and 8	312,031	3	393,281	3
2570	Deferred tax liabilities	6(23)	290,392	2	265,805	2
2580	Non-current lease liabilities	6(8)	47,924	-	-	-
2640	Net defined benefit liability, non-current	6(15)	152,744	1	170,917	2
2670	Other non-current liabilities, others		59,382	1	42,834	-
25XX	<b>Non-current liabilities</b>		<u>862,473</u>	<u>7</u>	<u>872,837</u>	<u>7</u>
2XXX	<b>Total Liabilities</b>		<u>5,940,629</u>	<u>48</u>	<u>5,566,220</u>	<u>47</u>
<b>Equity attributable to owners of parent</b>						
<b>Share capital</b>		6(16)				
3110	Ordinary share		2,664,230	22	2,664,230	23
<b>Capital surplus</b>		6(17)				
3200	Capital surplus		2,143,919	17	2,118,665	18
<b>Retained earnings</b>		6(18)				
3310	Legal reserve		573,689	5	503,491	4
3320	Special reserve		243,197	2	261,289	2
3350	Unappropriated retained earnings (accumulated deficit)		892,485	7	780,703	7
<b>Other equity interest</b>						
3400	Other equity interest		( 265,965)	( 2)	( 243,197)	( 2)
3500	<b>Treasury stocks</b>		<u>( 1,439)</u>	<u>-</u>	<u>( 1,439)</u>	<u>-</u>
31XX	<b>Equity attributable to owners of the parent</b>		<u>6,250,116</u>	<u>51</u>	<u>6,083,742</u>	<u>52</u>
36XX	<b>Non-controlling interest</b>		<u>168,709</u>	<u>1</u>	<u>115,687</u>	<u>1</u>
3XXX	<b>Total equity</b>		<u>6,418,825</u>	<u>52</u>	<u>6,199,429</u>	<u>53</u>
<b>Significant contingent liabilities</b>		9				
3X2X	<b>Total liabilities and equity</b>		<u>\$ 12,359,454</u>	<u>100</u>	<u>\$ 11,765,649</u>	<u>100</u>

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

**YUNGSHIN GLOBAL HOLDING CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Items	Notes	Year ended December 31			
		2019		2018	
		AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(19) and 7	\$ 8,191,531	100	\$ 7,513,686	100
5000 Operating costs	6(4)(22) and 7	( 4,383,759)	( 53)	( 4,078,723)	( 55)
5950 Net operating margin		3,807,772	47	3,434,963	45
Operating expenses	6(22) and 7				
6100 Selling expenses		( 1,962,565)	( 24)	( 1,706,262)	( 23)
6200 Administrative expenses		( 555,321)	( 7)	( 555,804)	( 7)
6300 Research and development expenses		( 397,982)	( 5)	( 370,735)	( 5)
6000 Total operating expenses		( 2,915,868)	( 36)	( 2,632,801)	( 35)
6900 Net operating profit		891,904	11	802,162	10
Non-operating income and expenses					
7010 Other income	6(20)	77,727	1	80,667	1
7020 Other gains and losses	6(21)	14,250	-	1,871	-
7050 Finance costs		( 70,676)	( 1)	( 62,005)	( 1)
7060 Share of profit/(loss) of associates and joint ventures accounted for under equity method		98,693	1	110,472	2
7000 Total non-operating revenue and expenses		119,994	1	131,005	2
7900 Profit from continuing operations before tax		1,011,898	12	933,167	12
7950 Tax expense (income)	6(23)	( 257,887)	( 3)	( 247,915)	( 3)
8200 Profit		\$ 754,011	9	\$ 685,252	9

(Continued)

**YUNGSHIN GLOBAL HOLDING CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

				Year ended December 31			
				2019		2018	
Items		Notes	AMOUNT	%	AMOUNT	%	
	<b>Other comprehensive income</b>						
	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>						
8311	Gains (loss) on remeasurements of defined benefit plans	6(15)	\$ 2,357	-	\$ 6,858	-	
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(5)	17,590	-	( 9,342)	-	
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		1,052	-	( 63)	-	
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(23)	( 471)	-	4,606	-	
8310	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>		20,528	-	2,059	-	
	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>						
8361	Exchange differences on translation		( 23,946)	-	4,613	-	
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method		( 21,445)	-	7,262	-	
8399	Income tax relating to components of other comprehensive income that will be reclassified to profit or loss	6(23)	10,469	-	( 690)	-	
8360	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>		( 34,922)	-	11,185	-	
8300	<b>Other comprehensive income, net</b>		(\$ 14,394)	-	\$ 13,244	-	
8500	<b>Total comprehensive income</b>		\$ 739,617	9	\$ 698,496	9	
	<b>Profit (loss), attributable to:</b>						
8610	Owners of the parent		\$ 748,601	9	\$ 701,982	9	
8620	Non-controlling interest		5,410	-	( 16,730)	-	
	<b>Total</b>		\$ 754,011	9	\$ 685,252	9	
	<b>Comprehensive income attributable to:</b>						
8710	Owners of the parent		\$ 727,251	9	\$ 723,100	9	
8720	Non-controlling interest		12,366	-	( 24,604)	-	
	<b>Total</b>		\$ 739,617	9	\$ 698,496	9	
	<b>Basic earnings per share</b>						
9750	<b>Total basic earnings per share</b>	6(24)	\$ 2.81		\$ 2.64		
	<b>Diluted earnings per share</b>						
9850	<b>Total diluted earnings per share</b>		\$ 2.81		\$ 2.63		

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

YUNGSHIN GLOBAL HOLDING CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2019 AND 2018  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Equity attributable to owners of the parent															

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

YUNGSHIN GLOBAL HOLDING CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2019 AND 2018  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

		Year ended December 31	
	Notes	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 1,011,898	\$ 933,167
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense (including investment property)	6(7)(9)	358,801	339,801
Depreciation expense on right-of-use assets	6(8)	19,388	-
Amortisation expense	6(22)	18,152	17,209
Expected credit loss/Provision for bad debt expense	(	5,369 )	5,626
Amortisation charges of long-term prepaid rent	6(10)	-	2,025
Interest expense		70,378	62,005
Interest expense-lease liabilities	6(8)	298	-
Interest income	6(20)	( 3,935 )	( 3,410 )
Share of loss of associates and joint ventures	(	98,963 )	( 110,472 )
Loss on disposal of investments - subsidiary	6(21)	24,291	-
Loss on disposal of property, plant and equipment	6(21)	13,623	1,178
Impairment loss of biological asset		-	2,885
Gain on disposal of non-current assets classified as held for sale	6(21)	( 70,950 )	-
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		108,658	( 34,726 )
Accounts receivable	(	104,566 )	( 15,859 )
Accounts receivable - related parties, net	(	3,574 )	6,896
Other receivables	(	42,656 )	13,407
Inventories	(	204,895 )	( 247,401 )
Prepayments	(	34,671 )	1,727
Other current assets		2,913	65
Changes in operating liabilities			
Contract liabilities	(	991 )	4,661
Notes payable	(	4,532 )	4,996
Accounts payable	(	6,879 )	( 67,083 )
Other payables		91,072	207,231
Other current liabilities		49,461	19,078
Other non-current liabilities		11,430	( 36,274 )
Cash inflow generated from operations		1,198,382	1,106,732
Interest received		3,935	3,295
Interest paid	(	70,378 )	( 62,005 )
Income tax paid	(	246,081 )	( 152,512 )
Cash dividends long-term of investments at equity		54,791	58,404
Net cash flows from operating activities		940,649	953,914

(Continued)

**YUNGSHIN GLOBAL HOLDING CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

**CASH FLOWS FROM INVESTING ACTIVITIES**

Decrease in financial liabilities at amortised cost		\$	700	\$	15,218
Proceeds from disposal of non-current assets classified as held for sale	6(11)		260,264		-
Proceeds from disposal of subsidiaries	6(25)	(	29,978 )		-
Acquisition of property, plant and equipment	6(25)	(	609,699 )	(	461,214 )
Proceeds from disposal of property, plant and equipment			22,281		507
Acquisition of intangible assets		(	13,466 )	(	24,423 )
Increase in refundable deposits		(	53,298 )	(	27,787 )
Increase in restricted assets		(	4,000 )		-
Decrease (increase) in other non-current assets		(	12,306 )		2,303
Net cash flows used in investing activities		(	439,502 )	(	495,396 )

**CASH FLOWS FROM FINANCING ACTIVITIES**

Increase in short-term borrowings			4,810,176		6,271,576
Decrease in short-term borrowings		(	4,777,868 )	(	6,116,785 )
Proceeds from long-term debt			225,000		370,000
Repayments of long-term borrowings		(	6,250 )	(	359,450 )
Increase (decrease) in guarantee deposits received		(	10,698 )		19,350
Other payables—related parties		(	29,980 )		-
Principal repayments of lease	6(8)	(	17,012 )		-
Cash dividends paid		(	586,131 )	(	479,561 )
Cash dividends from capital surplus			-	(	53,283 )
Increase in non-controlling interest			40,656		-
Net cash flows used in financing activities		(	352,107 )	(	348,153 )
		(	11,522 )	(	9,194 )
Net increase in cash and cash equivalents			137,518		101,171
Cash and cash equivalents at beginning of year			1,174,242		1,073,071
Cash and cash equivalents at end of year		\$	1,311,760	\$	1,174,242

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

## REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of YungShin Global Holding Corporation

### ***Opinion***

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

In our opinion, based on our audits and the reports of other independent accountants (please refer to Other Matter section of our report), the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2019 and 2018, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### ***Basis for opinion***

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

### ***Key audit matters***

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the parent company only financial statements of the current period. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

As of December 31, 2019, the Company recognised Yung Shin Pharm. Ind. Co., Ltd and YSP INTERNATIONAL COMPANY LIMITED, of \$6,209,733 thousand as investments accounted for using the equity method. The aforementioned investments accounted for using equity method constitute 90% of the Company’s total assets. Thus, we consider the following key audit matters of the Company’s investees (Allowance for inventory valuation losses) also as key audit matters of the Company.



## ***Investment accounted for using the equity method-Allowance for inventory valuation losses***

### **Description**

The Company was engaged in manufacturing and selling human drugs and health food. The Company's inventories were measured at the lower of cost and net realisable value, and provided the allowance for inventory valuation losses based on individually identified reasonable net realisable value of inventories. Considering that the Company's inventories and the allowance for inventory valuation losses were material to its financial statements, and the determination of net realisable value in balance sheet date involved judgements and estimates, we identified the allowance for inventory valuation losses a key audit matter.

### **How our audit addressed the matter**

As this key audit matter had covered different parent company only entities based on our audit and the reports of other independent accountants, we performed the following audit procedures on the above key audit matter:

1. Assessed the reasonableness of provision policies on allowance for inventory valuation losses and procedures based on our understanding of the Company's operation and industry.
2. Obtained an understanding of the Company's warehousing control procedures. Reviewed annual physical inventory count plan and participated in the annual inventory count event in order to assess the classification of obsolete inventory and effectiveness of obsolete inventory internal control.
3. Obtained the net realisable value of each kind of inventory and checked whether the applied calculation logic was in agreement with all inventory, and tested the reasonableness of supporting document in relation to net realisable value.
4. Verified whether the inventory aging reports that the Company applied to value inventories were accurate. Recalculated and evaluated the reasonableness of allowance for inventory valuation losses in order to confirm the report information were in line with its policies.

## ***Other matter –Audits by other independent accountants***

We did not audit the financial statements of a wholly-owned parent company only subsidiary and investments recognized under the equity method that are included in the financial statements and Note 13. Total assets of the subsidiary and the investees (including investments accounted for using equity method) of \$1,560,435 thousand and \$1,532,857 thousand as at December 31, 2019 and 2018, constituted 23% and 22% of parent company only total assets, operating income of the subsidiary and the investees of \$0 thousand and 12,238 thousand, for the years ended December 31, 2019 and 2018, both constituted 0% and 2% of parent company only total operating income, and comprehensive income of aforementioned investments accounted for using equity method of \$128,455 thousand and \$92,980 thousand, constituted 18% and 13% of parent company only total comprehensive income, respectively. Those financial statements were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on the audit reports of the other independent accountants.

### ***Responsibilities of management and those charged with governance for the parent company only financial statements.***

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### ***Auditor’s responsibilities for the audit of the parent company only financial statements***

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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 Company’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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the Company 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 parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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[Wang, Yu-Juan]

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[Xu, Jian-Ye]

For and on behalf of PricewaterhouseCoopers, Taiwan

March 30, 2020

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

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

YUNGSHIN GLOBAL HOLDING CORPORATION  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2019 AND 2018

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Assets			December 31, 2019		December 31, 2018	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 69,997	1	\$ 137,839	2
1210	Other receivables - related parties	7	12,202	-	55,773	1
1410	Prepayments		1,340	-	2,681	-
11XX	Current Assets		83,539	1	196,293	3
Non-current assets						
1550	Investments accounted for under equity method	6(2)	6,805,936	98	6,649,280	97
1600	Property, plant and equipment	6(3)	2,037	-	6,996	-
1755	Right-of-use assets	6(4)	3,767	-	-	-
1780	Intangible assets		4,119	-	4,498	-
1840	Deferred income tax assets	6(16)	28,740	1	17,849	-
1900	Other non-current assets		3	-	1,241	-
15XX	Non-current assets		6,844,602	99	6,679,864	97
1XXX	Total assets		\$ 6,928,141	100	\$ 6,876,157	100

(Continued)

**YUNGSHIN GLOBAL HOLDING CORPORATION**  
**PARENT COMPANY ONLY BALANCE SHEETS**  
**DECEMBER 31, 2019 AND 2018**

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Liabilities and Equity			Notes	December 31, 2019		December 31, 2018		
				AMOUNT	%	AMOUNT	%	
Current liabilities								
2100	Short-term borrowings	6(5)	\$	160,000	2	\$	280,000	4
2200	Other payables			20,360	-		40,949	1
2230	Current income tax liabilities	6(16)		3,687	-		1,161	-
2280	Current lease liabilities	6(4)		2,244	-		-	-
2300	Other current liabilities	6(6)		312,529	5		1,391	-
21XX	Current Liabilities			498,820	7		323,501	5
Non-current liabilities								
2540	Long-term borrowings	6(6)		-	-		300,000	5
2570	Deferred income tax liabilities	6(16)		177,203	3		156,557	2
2580	Non-current lease liabilities	6(4)		1,883	-		-	-
2640	Accrued pension liabilities	6(7)		119	-		119	-
2650	Credit balance of investments	6(2)						
	accounted for using equity method			-	-		12,238	-
25XX	Non-current liabilities			179,205	3		468,914	7
2XXX	Total Liabilities			678,025	10		792,415	12
Equity								
Share capital		6(8)						
3110	Share capital - common stock			2,664,230	38		2,664,230	39
Capital surplus		6(9)						
3200	Capital surplus			2,143,919	31		2,118,665	31
Retained earnings		6(10)						
3310	Legal reserve			573,689	8		503,491	7
3320	Special reserve			243,197	4		261,289	4
3350	Total unappropriated retained earnings			892,485	13		780,703	11
Other equity interest								
3400	Other equity interest		(	265,965)	( 4)	(	243,197)	( 4)
3500	Treasury stocks		(	1,439)	-	(	1,439)	-
3XXX	Total equity			6,250,116	90		6,083,742	88
3X2X	Total liabilities and equity		\$	6,928,141	100	\$	6,876,157	100

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

**YUNGSHIN GLOBAL HOLDING CORPORATION**  
**PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

		Year ended December 31			
Items	Notes	2019		2018	
		AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(11) and 7	\$ 917,231	100	\$ 848,480	100
Operating expenses					
6200 General & administrative expenses	6(14) and 7	( 87,199)	( 10)	( 111,919)	( 13)
6900 Operating profit		<u>830,032</u>	<u>90</u>	<u>736,561</u>	<u>87</u>
Non-operating income and expenses					
7010 Other income	6(12)	3,286	1	3,070	-
7020 Other gains and losses	6(13)	( 55,108)	( 6)	( 742)	-
7050 Finance costs		( 6,702)	( 1)	( 8,259)	( 1)
7000 Total non-operating revenue and expenses		( 58,524)	( 6)	( 5,931)	( 1)
7900 Profit before income tax		<u>771,508</u>	<u>84</u>	<u>730,630</u>	<u>86</u>
7950 Income tax (expense) benefit	6(16)	( 22,907)	( 3)	( 28,648)	( 3)
8200 Profit for the year		<u>\$ 748,601</u>	<u>81</u>	<u>\$ 701,982</u>	<u>83</u>
Other comprehensive income					
Components of other comprehensive income that will not be reclassified to profit or loss					
8330 Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		\$ 20,528	2	\$ 2,059	-
8310 Components of other comprehensive income that will not be reclassified to profit or loss		<u>20,528</u>	<u>2</u>	<u>2,059</u>	<u>-</u>
Components of other comprehensive income that will be reclassified to profit or loss					
8361 Other comprehensive income, before tax, exchange differences on translation		( 30,902)	( 3)	12,487	1
8380 Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss		( 21,445)	( 2)	7,262	1
8399 Income tax relating to the components of other comprehensive income	6(16)	<u>10,469</u>	<u>1</u>	( 690)	-
8360 Components of other comprehensive income that will be reclassified to profit or loss		( 41,878)	( 4)	<u>19,059</u>	<u>2</u>
8300 Other comprehensive income for the year		<u>(\$ 21,350)</u>	<u>( 2)</u>	<u>\$ 21,118</u>	<u>2</u>
8500 Total comprehensive income for the year		<u>\$ 727,251</u>	<u>79</u>	<u>\$ 723,100</u>	<u>85</u>
Basic earnings per share	6(17)				
9750 Total basic earnings per share		<u>\$ 2.81</u>		<u>\$ 2.64</u>	
Diluted earnings per share					
9850 Total diluted earnings per share		<u>\$ 2.81</u>		<u>\$ 2.63</u>	

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

YUNGSHIN GLOBAL HOLDING CORPORATION  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2019 AND 2018  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

		Capital Reserves				Retained Earnings			Other equity interest				
	Notes	Share capital - common stock	Capital surplus, additional paid-in capital	Capital Surplus, changes in ownership interests in subsidiaries	Capital surplus, donated assets received	Legal reserve	Special reserve	Total unappropriated retained earnings	Financial statements translation differences of foreign operations	Total Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Unrealized gain or loss on available-for-sale financial assets	Treasury stocks	Amount
Year 2018													
Balance at January 1, 2018		\$ 2,664,230	\$ 2,165,650	\$ 3,225	\$ 530	\$ 452,085	\$ 234,090	\$ 625,428	(\$ 264,621 )	\$ -	\$ 3,332	(\$ 1,439 )	\$ 5,882,510
Effects of retrospective application and retrospective restatement		-	-	-	-	-	-	-	-	11,765	( 3,332 )	-	8,433
Balance at 1 January after adjustments		2,664,230	2,165,650	3,225	530	452,085	234,090	625,428	( 264,621 )	11,765	-	( 1,439 )	5,890,943
Profit (loss)		-	-	-	-	-	-	701,982	-	-	-	-	701,982
Other comprehensive income		-	-	-	-	-	-	11,459	19,059	( 9,400 )	-	-	21,118
Total comprehensive income		-	-	-	-	-	-	713,441	19,059	( 9,400 )	-	-	723,100
Appropriations of 2017 earnings:	6(10)												
Legal reserve		-	-	-	-	-	27,199	( 27,199 )	-	-	-	-	-
Special reserve		-	-	-	-	51,406	-	( 51,406 )	-	-	-	-	-
Cash dividends		-	-	-	-	-	-	( 479,561 )	-	-	-	-	( 479,561 )
Cash dividends paid from capital surplus		-	( 53,283 )	-	-	-	-	-	-	-	-	-	( 53,283 )
Adjustments arising from changes in percentage of ownership in subsidiaries		-	-	2,543	-	-	-	-	-	-	-	-	2,543
Balance at December 31, 2018		\$ 2,664,230	\$ 2,112,367	\$ 5,768	\$ 530	\$ 503,491	\$ 261,289	\$ 780,703	(\$ 245,562 )	\$ 2,365	\$ -	(\$ 1,439 )	\$ 6,083,742
Year 2019													
Balance at January 1, 2019		\$ 2,664,230	\$ 2,112,367	\$ 5,768	\$ 530	\$ 503,491	\$ 261,289	\$ 780,703	(\$ 245,562 )	\$ 2,365	\$ -	(\$ 1,439 )	\$ 6,083,742
Profit (loss)		-	-	-	-	-	-	748,601	-	-	-	-	748,601
Other comprehensive income		-	-	-	-	-	-	1,418	( 41,878 )	19,110	-	-	( 21,350 )
Total comprehensive income		-	-	-	-	-	-	750,019	( 41,878 )	19,110	-	-	727,251
Appropriations of 2018 earnings:	6(10)												
Legal reserve		-	-	-	-	-	( 18,092 )	18,092	-	-	-	-	-
Special reserve		-	-	-	-	70,198	-	( 70,198 )	-	-	-	-	-
Cash dividends		-	-	-	-	-	-	( 586,131 )	-	-	-	-	( 586,131 )
Adjustments arising from changes in percentage of ownership in subsidiaries		-	-	25,254	-	-	-	-	-	-	-	-	25,254
Balance at December 31, 2019		\$ 2,664,230	\$ 2,112,367	\$ 31,022	\$ 530	\$ 573,689	\$ 243,197	\$ 892,485	(\$ 287,440 )	\$ 21,475	\$ -	(\$ 1,439 )	\$ 6,250,116

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



**YUNGSHIN GLOBAL HOLDING CORPORATION**  
**PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

		Year ended December 31	
	Notes	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 771,508	\$ 730,630
Adjustments			
Adjustments to reconcile profit (loss)			
Amortisation	6(14)	2,471	2,529
Depreciation	6(14)	2,138	2,711
Depreciation expense-Right-of-use assets	6(14)	5,527	-
Interest expense		6,606	8,259
Interest expense-lease liabilities	6(4)	96	-
Interest income		( 719 )	( 1,021 )
Loss on disposal of property, plant and equipment	6(13)	3,694	-
Loss on disposal of susidiaries	6(13)	24,291	-
Adjustment due to change of investees' equity under the equity mehtod	6(2)(11)	( 906,764 )	( 837,810 )
Changes in operating assets and liabilities			
Changes in operating assets			
Other receivables - related parties		( 1,429 )	( 1,361 )
Prepayments		1,337	( 654 )
Changes in operating liabilities			
Other payables		( 20,678 )	7,750
Other current liabilities		11,347	380
Cash outflow generated from operations		( 100,575 )	( 88,587 )
Interest received		719	1,021
Cash dividends received from investments accounted for under the equity method		766,806	744,083
Interest paid		( 6,712 )	( 8,074 )
Income tax paid		( 153 )	( 7,394 )
Net cash flows from operating activities		<u>660,085</u>	<u>641,049</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Increase (decrease) in other receivables - related parties		45,000	( 6,000 )
Increase in Investments accounted for under equity method		( 70,000 )	( 488 )
Payment of shares return		-	3,048
Proceeds from disposal of susidiaries		10,000	-
Acquisition of property,plant and equipment		( 860 )	-
Acquisition of intangible assets		( 2,092 )	( 827 )
Decrease on refundable deposits		1,238	-
Net cash flows used in investing activities		<u>( 16,714 )</u>	<u>( 4,267 )</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase in short-term borrowings		310,000	850,000
Decrease in short-term borrowings		( 430,000 )	( 1,015,000 )
Increase in long-term borrowings		-	300,000
Decrease in long-term borrowings		-	( 300,000 )
Payments of lease liabilities	6(4)	( 5,082 )	-
Cash dividends paid	6(10)	( 586,131 )	( 479,561 )
Cash dividends paid from capital surplus		-	( 53,283 )
Net cash flows used in financing activities		<u>( 711,213 )</u>	<u>( 697,844 )</u>
Net decrease in cash and cash equivalents		( 67,842 )	( 61,062 )
Cash and cash equivalents at beginning of year		137,839	198,901
Cash and cash equivalents at end of year	6(1)	<u>\$ 69,997</u>	<u>\$ 137,839</u>

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

**YungShin Global Holding Corporation**  
**2019 Earnings Allocation Table**

Unit: New Taiwan Dollars (NT\$)

Item	Amount
Initial Undistributed Earnings	142,466,004
Add: other comprehensive income/loss from affiliates accounted for using equity method	1,417,112
Add: 2019 after-tax net profit	748,601,338
Less: appropriations of legal reserve	(75,001,845)
Less: special surplus reserve	(22,767,238)
Distributable earnings	794,715,371
Appropriations:	
Dividend (appropriated based on 10% share capital)	(266,422,983)
Shareholders' dividends: cash dividend NT\$1.2 per share	(319,707,580)
Unappropriated retained earnings	208,584,808

## Chapter 4. Matters to be Discussed

Motion 1: (Proposed by the Board)

Proposal: Release the Prohibition on Directors from Participation in Competitive Business

Description:

- I. In accordance with Paragraph 1 of Article 209 of the Company Act, " A Director who does anything for himself or on behalf of another person that is within the scope of the Corporation's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval."
- II. The Corporation's Directors who also serve as Directors for businesses which may be the same or similar with the Corporation's business, please see the following list.
- III. According to Paragraph 1 of Article 209, of the Company Act, the permission for releasing the prohibition on Directors from participation in competitive business has been submitted for deliberation and approval.

Name	Position submitted for release of the prohibition on Directors from participation in competitive business
Lee, Chi-Li Director	1. Director of YungShin Pharm. Ind. (KS) Co., Ltd. 2. Director of Shanghai Yung Zip Pharm. Trading Co., Ltd. 3. Director of Yung Shin Company Limited. 4. Director of Globecare Trading (Shanghai) Co., Ltd. 5. Director of Farmtec Research Co, Ltd. 6. Director of Chung Shin (JiangSu) Clinical Research Co, Ltd. 7. Director of Carlsbad Technology, Inc.

Resolution:

## Chapter 5. Extempore Motions

## Chapter 6. Adjournment

## Chapter 7. Appendices

### I. Articles of Incorporation

#### Articles of Incorporation for YungShin Global Holding Corporation.

##### (I) General Provisions

- Article 1. The Corporation shall be incorporated, as a company limited by shares, under the Business Mergers And Acquisitions Act, Company Act, and other relevant laws, regulations, and bylaws, and its official Chinese name is 永信國際投資控股股份有限公司, and its official English name is YungShin Global Holding Corporation.
- Article 2. The scope of the Corporation's business: H201010 Investment.
- Article 3. The Corporation shall have its head office in Taichung City, Taiwan, R.O.C., and may establish or close branches or representative offices at proper locations domestically and abroad according to business needs and resolved by the Board of Directors and approved by the competent authority.
- Article 4. The Corporation may provide endorsement and guarantee and act as a guarantor. Procedures shall be in compliance with the Corporation's rules for endorsement and guarantee.
- Article 5. The Corporation may invest in other businesses when necessary, and may become limited liability shareholders in other companies as resolved by the Board of Directors. The Corporation's total investment in other businesses is not subject to the limitation of 40% of the Corporation's paid-up capital under Article 13 of the Company Act.

##### (II) Shares

- Article 6. The Corporation's total authorized capital is NT\$6.1 billion consisting of 610 million shares. NT\$100 million of the capital is divided into 10 million shares with par value of NT\$10 each, and these shares are reserved for the stock warrants, preferred shares with warrants, and corporate bonds with warrants for exercising options. The unissued shares can be issued in installments, and the Board of Directors is authorized to issue the shares pursuant to the Company Act and relevant laws and regulations.
- Article 7. All shares issued by the Corporation shall be name-bearing and signed or sealed by at least three Directors. Shares can be issued by the competent authority or the competent authority's approved share-issuing institution after the shares are recorded.
- The Corporation may issue shares without printing share certificate(s). However, the Corporation shall appoint a centralized securities custody enterprise/institution to make registration of such shares.

- Article 8. The Corporation's stock-related services are performed according to the Regulations Governing the Administration of Shareholder Services of Public Companies.
- Article 9. Registration of share transfers shall be suspended for a 60-day period immediately prior to a general shareholders' meeting; for a 30-day period immediately prior to an interim meeting of the shareholders; and for a 5-day period immediately prior to the record date for distribution of dividend, bonuses or other benefits.
- Article 10. The Corporation's dividends shall be no more than 1% per year, and if there are no earnings, the Corporation shall not pay dividends from the capital.

(III) Shareholders' Meeting

- Article 11. Shareholders' meetings shall be of two kinds: general shareholders' meetings and interim shareholders' meeting. The general shareholders' meetings shall be convened by the Board of Directors within 6 months after the closing of each fiscal year, and a notice to convene a general shareholders' meeting shall be given to each shareholder no later than 30 days prior to the scheduled meeting date. The interim shareholders' meeting shall be convened as regulated when necessary, and a notice to convene an interim shareholders' meeting shall be given to each shareholder no later than 15 days prior to the scheduled meeting date.

The aforesaid notice in the preceding paragraph shall indicate the date and venue and purpose for convening the meeting, and may be given to shareholders via written notice or electronically in accordance with the law. However, for shareholders who own less than 1,000 shares of nominal stocks, may be given in the form of a public announcement. Except as provided in the Company Act, the aforementioned shareholders' meeting shall be convened by the Board of Directors.

- Article 12. If a shareholder cannot attend a shareholders' meeting in person, he or she may appoint a proxy to attend and vote on behalf of the shareholder at the shareholders' meeting by completing and submitting to the Corporation, a form prescribed by the Corporation stating the scope of authorization. All proxy appointments have to comply with Article 177 of the Company Act, and the Regulations Governing the Use of Proxies for Attendance at Shareholders' Meetings of Public Companies from the regulatory authority.
- Article 13. The resolutions of shareholders' meeting, shall be required a majority (more than 50%) of vote of attending shares at a meeting attended by shareholders of a majority (more than 50%) of total issued shares or its proxies, subject to the provisions of the relevant laws and regulations.

Resolutions at the shareholders' meetings shall adopt voting rights that are exercised electronically in accordance with relevant laws. When voting rights are exercised electronically, the method to exercise such rights shall be specified in the notice for meeting.

Article 14. A shareholder of the Corporation shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under the Company Act.

Article 15. Shareholders' meetings shall be convened by the Board of Directors and chaired by the Chairman of the Board. When the Chairman of the Board is on leave, the Chairman shall appoint a proxy to act as chair, or, where the Chairman does not make such a designation, the Directors shall select from among themselves one person to serve as Chair. When the shareholders' meeting is not convened by the Board of Directors, the convener will be the chair, and where there is more than one convener, the conveners shall select from among themselves one person to serve as chair.

The shareholders' meeting shall be implemented according to the Rules and Procedure for Shareholders' Meeting of the Corporation.

Article 16. Matters relating to the resolutions of a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The production and distributions of meeting minutes shall be in accordance with Article 183 of the Company Act.

#### (IV) Board Meetings

Article 17. The Corporation shall have seven to eleven Directors to be elected through a candidate nomination system from a list of nominees at a shareholders' meeting. Each Director shall hold office for a term of 3 years and is eligible for re-election.

The aforesaid Board of Directors shall be no less than three Independent Directors, and shall represent no less than one fifth of the total number of Directors. Elections of Independent and non-Independent Directors shall be held together, however, the number of Independent and non-Independent Directors elected shall be calculated separately.

The total number of registered shares and shareholding ratios held by all Directors of the Corporation is determined in accordance with the standards set out in the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies issued by the Financial Supervisory Commission, Executive Yuan.

Pursuant to Article 14-4 of the Securities and Exchange Act, the Corporation has set up an Audit Committee, which shall consist of the entire Independent Directors. The members of the Audit Committee exercise duties and other matters of compliance in line with relevant laws and regulations, which shall be stipulated by the Board of Directors.

Article 18. The Board shall be formed by the Directors. The Directors shall elect from among themselves a Chairman of the Board of Directors, and may elect a Vice Chairman of the Board of Directors, by a majority in a meeting attended by over two-thirds of the Directors. The Chairman shall have the right to execute the resolutions of the Board of Directors and the Shareholders' meeting in accordance with applicable laws and regulations and the Articles of Incorporation internally and represent the Corporation externally. When the Chairman of the Board is on leave or for any reason is unable to exercise the powers of the Chairman, the Vice Chairman shall do so in place of the Chairman. If the Vice Chairman also is on leave or for any reason is unable to act, the Chairman shall designate one director as the chair. If the Chairman does not make such designation, the Directors shall select from among themselves.

Article 19. Duties of the Board of Directors

- I. Reviewing the Corporation's operational guidelines, medium and long-term developmental plans; reviewing and supervising the implementation of annual business plans.
- II. Reviewing and discussing the budget and final accounts.
- III. Proposing capital increase/decrease plans.
- IV. Proposing earnings allocation or making of loss plans.
- V. Proposing and reviewing reinvestments in other businesses.
- VI. Reviewing material capital expenditure plans.
- VII. Examination of important contracts.
- VIII. Obtaining, transferring, granting and leasing of professional technologies and patent rights and approving, revising, and terminating technical cooperation contracts.
- IX. Examination of Articles of Incorporation and its amendments, and important business rules of the Corporation.
- X. Decision in establishment, terminating, reorganization, or dismissing of branch organizations.
- XI. Appointing or discharging the President, deputy general managers and other important personnel.
- XII. Convening shareholders' meetings and execution of resolutions adopted at shareholders' meetings.
- XIII. Proposing capital increase from dividends or capital surplus.
- XIV. Reviewing matters submitted by the President for approval.
- XV. Other functional rights authorized by relevant laws and regulations and the shareholders' meeting.

- Article 20. The Board meetings shall be held quarterly, and the reason for calling a Board meeting shall be notified to each Director at least 7 days in advance. In emergency circumstances, a meeting may be called on shorter notice. The notice set forth in the preceding paragraph may be effected by means of written, electronic or facsimile transmission.
- Article 21. Unless otherwise provided by the Company Act, resolutions of a Board meeting shall require the approval of a majority vote of the Directors present at a meeting that shall be attended by a majority of all Directors. The production and distribution of meeting minutes may be performed in electronic form.
- Article 22. Attendance of Board meetings and the use of proxy  
In case a Director is unable to attend a Board meeting in person, he or she may appoint another Director to attend as his/her proxy. A Director may accept a proxy from one person only. Any other matter shall be proceeded in line with Article 205 of the Company Act.
- Article 23. The Board of Directors is authorized to decide the compensation to all Directors based on the degree of their participation in and contribution to the operations of the Corporation and in reference to both domestic and overseas general practices in the industry.  
The Corporation may purchase liability insurance for Directors with respect to liabilities arising from performance of duties during their term of office so as to reduce and spread the risk of material damage to the Corporation and shareholders arising from the wrongdoings or negligence of Directors.
- Article 24. When the number of vacancies in the Board of Director equals to one third of the total number, or when all Independent Directors are dismissed, the Corporation shall call an interim shareholders' meeting within 60 days to hold a by-election to fill the vacancies.
- Article 25. A Director who does anything for himself or on behalf of another person that is within the scope of the Corporation's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.
- Article 26. When a Director concurrently serves in another position at the Corporation, the shareholders' meeting shall authorize the President to handle compensations for the concurrently served position according to the Corporation's internal management procedures.
- Article 27. The honorarium for all Directors shall be discussed and approved by the Board meeting.

(V) Employees

- Article 28. Appointment, discharge and the remuneration of the managerial personnel shall be in line with Article 29 of the Company Act.
- Article 29. The President shall adhere to the Chairman and functional authority from the Board of Directors in comprehensively managing all matters of the Corporation.



(VI) Closing of Accounts and Earnings Allocation

Article 30. The fiscal year for the Corporation shall be from January 1 of each year to December 31 of the same year. After the close of each fiscal year, the Board of Directors shall prepare the following documents and submit to the general shareholders' meeting for acceptance:

- I. Business report.
- II. Financial statements.
- III. Proposals of the allocation of earnings or covering of losses.

Article 31. To encourage employees and the management team, if the Corporation makes any profits within a fiscal year, shall set aside no less than 0.3% of the profits as the employees' compensation; and no more than 3% of the profits as compensation to its Directors and Supervisors. However, that the Corporation shall have reserved a sufficient amount to offset its accumulated losses.

Directors' compensation shall be distributed in cash and employees' compensation are resolved by a majority voting present at a Board meeting attended by at least two-thirds of total number of the Directors, and shall be reported to the Shareholders' meeting.

The aforementioned employees' compensation may be distributed to employees of an affiliated company meeting certain requirements established by the Board of Directors.

Article 32. The Corporation operates in a rapidly changing industry environment, and its business life cycle is in a stable growth phase. If the Corporation has fiscal year-end earnings,, they shall be utilized for the following uses in order:

- I. Payment of taxes required by law.
- II. Making up for loss in previous years.
- III. Setting aside 10% for legal reserve.
- IV. Appropriating or reversing special reserve in accordance with laws and regulations.
- V. Payment of dividends.
- VI. The remaining balance, together with the undistributed profits of previous years, shall be distributed as shareholders' dividends and submitted as a motion to the shareholders' meeting. The sum of shareholders' dividends shall be anywhere from 10% to 90% of the aforesaid accumulated undistributed profits. For payment of shareholders' dividend, no less than 20% of the total payment shall be in cash.
- VII. The distribution of dividends will be done in three ways: capital increase from earnings, capital increase from capital surplus, and cash dividends. In case of appropriate investment plan capable of increasing the Corporation's profitability, a low cash dividend ratio policy will be adopted, and either capital increase from earnings or capital increase from capital surplus will be adopted. In case capital expansion will impact the profitable standards, the ratio of cash dividend payment will be increased accordingly.

(VII) Supplementary Provisions

Article 33. In regard to all matters not provided for in this Articles of Incorporation, the Company Act shall govern.

Article 34. The Board of Directors is authorized to establish separately the Corporation's organization guidelines and detailed operational procedures.

Article 35. The Articles of Incorporation are concluded in June 9, 2010.

The first amendment was on June 10, 2011.

The second amendment was on June 13, 2012.

The third amendment was on June 11, 2013.

The fourth amendment was on June 23, 2015.

The fifth amendment was on June 22, 2016.

The sixth amendment was on June 20, 2017.

YungShin Global Holding Corporation

Chairman, Dr. Lee, Fang-Hsin

## II. Rules and Procedures for Shareholders' Meeting

### Rules and Procedures for Shareholders' Meeting of YungShin Global Holding Corporation

Article 1. Except as otherwise provided by laws and regulations, this Rules and Procedures for shareholders' meetings of the Corporation shall govern.

Article 2. This Corporation shall specify in its shareholders' meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations. This Corporation shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.

Article 3. Attendance at shareholders' meetings shall be calculated based on numbers of shares.

Article 4. The venue for a shareholders' meeting shall be the premises of the Corporation, or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.

Article 5. If a shareholders' meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairman of the Board. When the Chairman of the Board is on leave or for any reason unable to exercise the powers of the Chairman, the Vice Chairman shall act in place of the Chairman; if there is no Vice Chairman or the Vice Chairman also is on leave or for any reason unable to exercise the powers of the Vice Chairman, the Chairman shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the Chairman does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.

When a managing Director or a Director serves as chair, as referred to in the preceding paragraph, the managing Director or a Director shall be one who has held that position for 6 months or more and who understands the financial and business conditions of the Corporation. The same shall be true for a representative of a juristic person Director that serves as chair.

If a shareholders' meeting is convened by a party with power to convene but other than the Board of Directors, the convening party shall chair the meeting.

Article 6. The Corporation may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders' meeting in a non-voting capacity.

Staff handling administrative affairs of a shareholders' meeting shall wear identification cards or arm bands.

Article 7. The Corporation shall record with an audio or video tape the whole proceedings of the shareholders' meeting, and said video tape or audio tape shall be kept for at least one year.

Article 8. The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

Article 9. If a shareholders' meeting is convened by the board of directors, the meeting agenda shall be set by the Board of Directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a shareholders' meeting convened by a party with the power to convene that is not the Board of Directors. The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extempore motions), except by a resolution of the shareholders' meeting.

After close of the said meeting, shareholders shall not elect another chair to hold another meeting at the same place or at any other place. If the chair declares the meeting adjourned in violation of this Rules and Procedures for shareholders' meetings of the Corporation, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

Article 10. Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

Article 11. Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes.

If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

Article 12. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

When a juristic person shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives so appointed may speak on the same proposal.

Article 13. After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

Article 14. When the chairman considers that the discussion for a motion has reached the extent for making a resolution, he may announce discontinuance of the discussion and submit the motion for resolution.

Article 15. Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Corporation.

Vote counting for shareholders' meeting proposals or elections shall be conducted in public at the place of the shareholders' meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

Article 16. When a meeting is in progress, the chair may announce a break based on time considerations.

- Article 17. Except as otherwise provided in the Company Act and in the Corporation's Articles of Incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. When a proposal comes to a vote at a Board of Directors meeting, if the chair puts the matter before all Directors present at the meeting and none voices an objection, the matter is deemed approved.
- Article 18. When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.
- Article 19. The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."
- Article 20. These Rules, and any amendments hereto, shall be implemented after adoption by shareholders' meetings.
- Article 21. These Rules were established on June 9, 2010.  
The first amendment was on June 11, 2013.

### III. Description of How Proposals Raised by Shareholders in This General Shareholders' Meeting Are Handled

The Corporation was open to accepting proposals from shareholders from March 9, 2020 to March 19, 2020. No shareholders have submitted proposals.

### IV. Information on Director Shareholdings of the Corporation

(I) As of the book closure date on March 30, 2020, a total of 266,422,983 shares have been issued.

The legal minimum amount of all Directors' shareholding shall be 12,000,000 shares.

(II) Description of all shareholding of Directors is as follows:

Title	Name	Shares held on the book closure date (Note 1)	Ratio
Chairman of the Board	Dr. Lee, Fang-Hsin	11,260,832	4.23%
Director	Lee Ling-Chin	14,401,368	5.41%
Director	Dr. Lee, Fang-Chen	10,522,344	3.95%
Director	Dr. Lee, Fang-Yu	7,986,918	3.00%
Director	Lin Meng-Be	5,923,326	2.22%
Director	Lee, Chi-Li	828,650	0.31%
Independent Director	Tsai, Shih-Kuang	0	0.00%
Independent Director	Lin, Kun-Xian	0	0.00%
Independent Director	Dr. Chen, Hong-Yi	0	0.00%
Number of shares actually held by all directors		50,923,438	19.12%

Note 1. Book closure period for the Shareholders' Meeting is from March 30, 2020 to May 28, 2020.

Note 2. The Corporation has established an Audit Committee and therefore there is no statutory number of shares held by the Supervisor applicable.

Note 3. Shareholding from all Directors of the Corporation complies with the legally required shareholding ratio.



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