

Stock Code

**3705**



**YUNGSHIN GLOBAL HOLDING CORPORATION**

# 2023

## **MEETING HANDBOOK**

General Shareholders' Meeting

## **Table of Contents**

|  |    |
|--|----|
| Meeting Agenda-----  | 2  |
| Announcements-----   | 3  |
| Ratifications-----   | 5  |
| Discussions-----   | 6  |
| Extempore Motions-----   | 6  |
| Attachments  |    |
| Attachment 1. Business Report-----   | 7  |
| Attachment 2. Summary of the Communication between the Audit Committee and the Internal Audit Officer in 2022-----           | 9  |
| Attachment 3. Audit Report and Financial Statements (Including Consolidated Financial Statements)-----                       | 10 |
| Attachment 4. Proposed List of Directors Released from the Prohibition of Participating in Competitive Business -----        | 33 |
| Appendices   |    |
| Appendix 1. Articles of Incorporation-----   | 34 |
| Appendix 2. Rules and Procedures for Shareholders' Meeting-----  | 41 |
| Appendix 3. Description of the Proposal Screening Results Raised by Shareholders in This General Shareholders' Meeting ----- | 55 |
| Appendix 4. Shareholding Status of this Corporation's Directors-----   | 56 |

## **Chapter 1. Meeting Agenda**

Meeting Convening Method: Physical Shareholders' Meeting

Time: 9:00 a.m., May 25, 2023 (Thursday)

Venue: No. 315, Chenggong Rd., Dajia Dist., Taichung City

(Conference Room, 2nd Floor, Xiangye Village, Tiezhen Mountain, Dajia)

### **I. Announcements**

- (I) 2022 Business Report
- (II) 2022 Report on the Review of the Final Statement From the Audit Committee
- (III) 2022 Employees' and Directors' Compensation Distribution
- (IV) Report on Earnings Distribution and Cash Dividends of 2022.
- (V) Report on the Communication Between the Audit Committee and Internal Audit Officer

### **II. Ratifications**

- (I) Adoption of the 2022 Business Report and Financial Statements
- (II) Adoption of the 2022 Earnings Allocation

### **III. Discussions**

- (I) Lift the Non-Compete Restriction on Directors.

### **IV. Extempore Motions**

### **V. Adjournment**

## Chapter 2. Announcements

### I. 2022 Business Report

Description: For 2022 Business Report, please refer to Attachment 1 of this Handbook, P7-8.

### II. 2022 Report on the Review of the Final Statement From the Audit Committee

Description:

#### **YungShin Global Holding Corporation**

#### **Audit Committee's Audit Report**

The Board of Directors prepared the Corporation's 2022 Business Report, financial statements (including parent company only and consolidated) and proposal for earnings distribution, among which the financial statements have been audited by Accountants Chih-Yuan Chen and Han-Ni Fang from Deloitte & Touche Taiwan, by whom an audit report has been issued accordingly. The said business report, financial statements, and the proposal for earnings distribution have been audited by the Audit Committee and determined to be in compliance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please review.

To:

2023 Shareholders' Meeting

Convener of the Audit Committee: Shih-Kuang Tsai

March 29, 2023

III. 2022 Employees' and Directors' Compensation Distribution

Description:

- (I) In accordance with 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, that the Corporation shall have reserved a sufficient amount to offset its accumulated losses.
- (II) For the year 2022, the Corporation provided employees' remuneration of 2,707,910 and directors' remuneration of 18,052,731, all of which was paid in cash.

IV. Report on Earnings Distribution and Cash Dividends of 2022.

Description:

- (I) An earnings distribution statement is formulated according to Article 32 of the Articles of Incorporation, allocating a cash dividend of NT\$612,772,861 to shareholders and NT\$2.30 per share.
- (II) The cash dividends distributed are calculated based on the distribution ratio and rounded to the nearest dollar and the aggregate amount of dividends arising from fractional shares distributed that less than NT\$1 is counted into Corporation's other income. Handling fees and remittance fees will be borne by the shareholders and deducted from the dividends payable.
- (III) The proposed ex-dividend date for cash dividends is June 20, 2023, and the book closure dates are from June 26, 2023, to June 30, 2023, with the record date of dividend distribution on June 30, 2023, and the issuance date of dividend distribution on July 13, 2023.
- (IV) The Chairman of the Board of Directors is authorized to adjust the dividend distribution ratio at his discretion due to a change in the number of outstanding shares of the Corporation that affects the shareholders.
- (V) According to Article 32-1 of the Articles of Incorporation, the Board of Directors is authorized to distribute the dividends and bonuses distributed, in whole or in part, to be paid in cash after a special resolution and a report of such distribution shall be submitted to the shareholders' meeting.

V. Report on the Communication Between the Audit Committee and the Internal Audit Officer

Description: The Corporation's internal audit officer submits relevant information of the internal audit report to the independent directors for review each month. The independent directors guide the internal audit unit. For summary of the communication between the Audit Committee and the internal audit officer in 2022, please refer to Attachment 2 on P9 of this Handbook.

## Chapter 3. Ratifications

### Proposal 1: (Proposed by the Board of Directors)

Subject: Adoption of the 2022 Business Report and Financial Statements.

Description:

- (I) The Corporation's Consolidated Financial Statements and the Parent Corporation Only Financial Statements have been audited by Accountants Chih-Yuan Chen and Han-Ni Fang from Deloitte & Touche Taiwan, by whom an audit report has been issued accordingly.
- (II) The Corporation's 2022 Business Report, Consolidated Financial Statements, and Parent Corporation Only Financial Statements have been reviewed and approved by the Audit Committee. Please refer to Attachment 1 and Attachment 3 of this Handbook, P7-8 and P10-32.
- (III) Proposed for ratification.

Resolution:

### Proposal 2: (Proposed by the Board of Directors)

Subject: Adoption of the 2022 Earnings Allocation.

Description:

- (I) An earnings distribution statement is formulated according to Article 32 of the Articles of Incorporation, allocating a cash dividend of NT\$612,772,861 to shareholders and NT\$2.30 per share. The earnings distribution statement for 2022 is attached as follows.
- (II) The Chairman of the Board of Directors is authorized to adjust the dividend distribution ratio at his discretion due to a change in the number of outstanding shares of the Corporation that affects the shareholders.
- (III) Upon review and approval by the Audit Committee, the proposal is submitted to the Board of Directors for resolution and for adoption at the 2023 Annual Shareholders' Meeting.
- (IV) Proposed for ratification.

YungShin Global Holding Corporation  
2022 Schedule of Earnings Distribution

Unit: New Taiwan Dollar (NT\$)

| Item   | Amount        |
|--|---------------|
| Beginning balance of retained earnings   | 468,354,915   |
| Less: Other comprehensive income of affiliated companies using the equity method | (29,990,137)  |
| Add: 2022 net income after tax   | 839,034,751   |
| Less: Legal reserve  | (80,904,461)  |
| Add: Special reserve   | 78,333,642    |
| Earnings available for distribution  | 1,274,828,710 |
| Distribution item:   |               |
| Dividend distribution: Distribution of 10% of the share capital                  | (266,422,983) |
| Dividends to shareholders: Cash dividend @ NT1.3                                 | (346,349,878) |
| Distribution amount subtotal   | (612,772,861) |
| Unappropriated retained earnings at the end of period                            | 662,055,849   |

Chairman: Fang-Hsin Lee

President: Fang-Hsin Lee

Accounting Manager: Yu-Yi Lee

Resolution:

## **Chapter 4. Discussions**

### **Proposal 1: (Proposed by the Board of Directors)**

Subject: Lift the Non-Compete Restriction on Directors.

Description:

- (I) This proposal is made 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 company's business shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.”
- (II) If the Corporation’s directors establish, invest in, or operate another company with the same or similar business as the Corporation and serves as a director or manager, the approval of the General Shareholders’ Meeting to lift the non-complete restriction is requested according to the regulations.
- (III) For the proposed list of directors to be released from the non-competes restriction, please refer to Attachment 4 of this Handbook, P33.
- (IV) Proposed for discussion.

Resolution:

## **Chapter 5. Extempore Motions**

## **Chapter 6. Adjournment**

## Attachments

### Attachment 1. Business Report

#### **YungShin Global Holding Corporation 2022 Business Report**

##### I. Operating Directions

YungShin Group has focused on the upstream and downstream development of the pharmaceutical and health industry since its establishment. In pursuit of sustainable development and in the face of increasingly fierce global competition, the Group has been gradually expanding its global business since the 1980s and has established cross-border and cross-regional operational bases in Taiwan, the United States, Japan, and Southeast Asia, with the Group's business areas covering health care-related fields, including human drugs, health care products, animal drugs, feed additives, and APIs. From the research and development, production, and sales of APIs in the upstream of the industry to human drugs, animal drugs, feed additives, and health food products in the midstream, the Group's sustainable development goal is to ingrain and develop diversification of operations related to the health industry through the vertical integration of production and regional expansion strategies in the value chain of each company.

##### II. 2022 Operational Performance Overview and Results

Due to the gradual lifting of COVID-19 restrictions in various countries and continued emphasis on environmental protection issues, there have been significant fluctuations in the supply and prices of raw materials throughout the year. The YungShin Group has continued to optimize its structure and enhance its competitiveness by quickly adapting to the rapidly changing market and adjusting strategies accordingly in the face of severe changes in the business environment. In recent years, the Group has been promoting asset activation continuously. In addition to selling its pharmaceutical manufacturing plant in China externally and internally, the Group promotes the animal drugs business in Taiwan to prepare to enter the capital market to improve the financial situation of the Group continuously and strengthen the foundation for future development. The overall business performance in 2022 remained steady, with consolidated revenue amounting to NT\$7,311,769,000, a slight decrease by 6.32% compared to NT\$7,805,055,000 in 2021; the consolidated net profit after tax attributable to the owner of the parent company amounted to NT\$839,035,000. The earnings per share after tax were NT\$3.15, an increase of 13.72% compared to NT\$2.77 in 2021.

##### III. Operating Outlook of 2023

As population ageing in developed and developing countries continues to rise, the global pharmaceutical market value has been growing steadily. Also, as the governments in advanced and emerging countries are actively promoting generic drug substitution policies to control medical expenditures due to the pressure on government spending caused by aging populations, there has been a significant increase in the demand for generic drugs in areas such as chronic diseases, cancer treatment, and physical and mental dysfunction. YungShin Group has a long history of investing in the upstream, midstream, and downstream development, production, and sales of famous pharmaceuticals in a one-stop shop. In addition to Taiwan, YungShin Group has manufacturing plants and direct sales teams in the U.S., Japan, Malaysia, Vietnam and Indonesia, with sales in more than 35 countries. Moreover, the Group continues to develop its business in the field of health care, and is actively developing health care products and preventive medicine in the regional area to realize the concept of whole-person care. In addition, with the global emphasis on food safety, the safety and efficacy of economic animal care and feed additives are high-potential markets, and YungShin Group has established a



complete industrial layout in the animal medicine industry. YungShin Group will continue to focus on entering and fully developing in the pharmaceutical and health-related industries and commit to optimizing the industry value chain to maximize the value of the industry by focusing on resource integration strategies and regional division of labor.

In recent years, the post-pandemic era and global inflation have posed great challenges to the operations of industrial companies. The Group has reviewed the sources and supply of raw materials, and in the short term, the inventory of raw materials for important strategic products has been lengthened from quarterly to annual stocking to maintain normal production and supply, while in the long term, new secondary and tertiary sources and independent supply of raw materials have been added as a strategic direction. The Group also reviews the optimization of various production processes to maintain the long-term market competitiveness for the regional companies. In terms of operations, the Group will continue to observe market changes and make flexible production and supply control in order to maintain stable long-term operations. In the future, in the face of drastic changes in the macro environment, the Group will continue to prune and terminate or sell underperforming assets, increase the Group's cash ratio to respond to economic downturns and increase capital for new industries, and promote the continuous expansion and development of the Corporation.

The key strategies that YungShin Group will continue to pursue in 2023 are as follows:

1. Improve the efficiency of investment and development in industries related to pharmaceuticals and health care.
2. Integrate the Group's active pharmaceutical ingredients and preparations and control the supply chain
3. Continuously optimize production efficiency, flexibly adjust inventory and business strategies
4. Promote the activation of tangible and intangible assets of the Group.
5. Continue to promote ESG sustainable investment development

In addition to its business operations, the YungShin Group also serves as a platform to fulfill its corporate social responsibility through the YungShin Social Welfare Foundation, the YungShin Lee Tiande Medical Foundation, the YungShin Pine Garden Elderly Care Center, and the YungShin National Volleyball Tournament, which convey the values of its internal and external shareholders and society.

The Corporation will share the results of its operations with all shareholders by balancing the sustainable development of the Group's businesses with a stable dividend policy.

Chairman      Fang-Hsin Lee

President      Fang-Hsin Lee

Accounting Manager: Yu-Yi Lee

**Attachment 2. Summary of the Communication Between the Audit Committee and Internal Audit Officer in 2022:**

| Date       | Methods of communication                  | Key points of communication   | Status and results of communication  |
|------------|---|---|--|
|            | (Tenure of office of the Audit Committee) |   |  |
| 2022/01/26 | Audit Committee(2-18)                     | Audit work report for the fourth quarter of 2021                    | Acknowledged   |
| 2022/03/30 | Audit Committee(2-19)                     | Supplement to the audit work report for the fourth quarter of 2021. | All committee members presented have no objections and approved during discussions |
|            |   | Issue 2021 internal control statement.                              | Acknowledged   |
| 2022/05/11 | Audit Committee(2-20)                     | Audit work report for the first quarter of 2022                     | Acknowledged   |
| 2022/08/08 | Audit Committee(3-02)                     | Audit work report for the second quarter of 2022                    | Acknowledged   |
| 2022/11/04 | Audit Committee(3-04)                     | Audit work report for the third quarter of 2022                     | Acknowledged   |
|            |   | 2023 Audit Plan   | All committee members presented have no objections and approved during discussions |

**Attachment 3.        Audit Report and Financial Statements**  
**(Including Consolidated Financial Statements)**

**Representation Letter**

In connection with the consolidated financial statements of affiliated enterprises of YungShin Global Holding Corporation, entities required to be included in the consolidated financial statements of affiliated enterprises as of and for the year ended December 31, 2022 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 subsidiaries in accordance with the International Financial Reporting Standard No. 10. Also, information required to be disclosed in the consolidated financial statements of affiliated enterprises has been disclosed in the consolidated financial statements of YungShin Global Holding Corporation and subsidiaries. Consequently, YungShin Global Holding Corporation does not prepare the consolidated financial statements of affiliated enterprises separately.

Sincerely,

YungShin Global Holding Corporation

Chairman: Fang-Hsin Lee

March 29, 2023

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders YungShin Global Holding Corporation

### **Opinion**

We have audited the accompanying financial statements of YungShin Global Holding Corporation (the "Corporation") and its subsidiaries (collectively, the Group) as of December 31, 2022 and 2021, which comprise the consolidated Balance Sheets, the Consolidated Statements of Comprehensive Income, Consolidated Statements of Changes in Equity, Consolidated Statements of Cash Flows and related notes to Consolidated Financial Statements (including Summary of Significant Accounting Policies) for the period from January 1 to December 31, 2022 and 2021.

In our opinions, based on our audit results and the audit reports of other auditors (please refer to the Other Matters section of our report), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022, and 2021, and its consolidated financial performance and its consolidated cash flows from January 1 to December 31, 2022, and 2021 in accordance with the Regulations Governing Preparation of Financial Reports by Securities Issuers, and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations (collectively, the "IFRSs") as endorsed and issued into effect by the Financial Supervisory Commission (the "FSC").

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and General Accepted Auditing Standards (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the Code), and we have fulfilled our other responsibilities in accordance with the Code. Based on our audit results and the audit reports of other auditors, we believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements for the year ended December 31, 2022 are stated as follows:

Operating revenue from major customers

For the year ended December 31, 2022, the Group's operating revenue from major growing amounted to NT\$3,125,772 thousand, accounting for 42.75% of consolidated operating revenue. As the amount of revenue from growing was significant, revenue from growing was identified as a key audit matter for the year ended December 31, 2022. Please refer to Note 4 to the consolidated financial statements for an explanation of the accounting policy on revenue recognition.

The main audit procedures for the aforementioned key audit matters are as follows:

1. Understood and tested the design and effectiveness of internal controls for operating revenue.
2. Sampling basis, whether freight bills were signed to acknowledge the receipt and were consistent with the invoices in terms of products and quantities and the amounts of revenue recognized.
3. Reviewed the reasonableness of the collection of accounts receivable and confirmed whether the accounts and amounts of receivable were consistent with the recognition of revenue.

**Other Matters**

Included in the consolidated financial statements, the financial statements of some subsidiaries for the year ended December 30, 2022 were audited by other auditors. Therefore, our opinion on the parts in relation to the amounts specified in the financial statements of the subsidiaries above was solely based on the audit reports of other auditors. As of December 31, 2022, and 2021, the total assets of the aforementioned subsidiaries amounted to NT\$2,948,394 thousand and NT\$1,360,904 thousand, accounting for 24.88% and 11.33% of the consolidated total assets, respectively. The net operating revenue from January 1 to December 31, 2022, and 2021 amounted to NT\$2,335,100 thousand and NT\$1,212,277 thousand, accounting for 31.94% and 15.53% of the consolidated net operating revenue, respectively. Included in the consolidated financial statements, the financial statements of some associates were audited by other auditors. Therefore, our opinion on the parts in relation to investments in the aforementioned associates accounted for using equity method, share of profit or loss of associates accounted for using equity method, and share of comprehensive income of associates accounted for using equity method, and information on investees was solely based on the audit opinion of other auditors. As of December 31, 2022 and 2021, the balance of investments in the aforementioned associates using equity method was NT\$1,074,868 thousand and NT\$941,378 thousand, accounting for 9.07% and 7.84% of the consolidated total assets, respectively. The comprehensive income of the associates from January 1 to December 31, 2022, and 2021 amounted to NT\$108,049

thousand, and NT\$39,555 thousand, accounting for 11.85% and 5.83% of the consolidated total comprehensive income, respectively.

YungShin Global Holding Corporation has also prepared the financial statements for the year ended December 31, 2022, and 2021, for which we have issued an audit report containing the unqualified opinion and the Other Matters section.

### **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 IFRSs as endorsed and issued into effect by the FSC, and for such internal control as management determines is necessary to ensure the preparation of consolidated financial statements that are free from material misstatements, 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 related matters, and using the going concern basis of accounting unless management intends to liquidate the Group or cease operations or has no realistic alternative but to do so.

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

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards 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 the consolidated financial statements.

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

1. Identify and assess the risks of material misstatements 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 relevant 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 report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of 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 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 Group's consolidated financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our audit 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.

Deloitte & Touche

CPA Chih-Yuan Chen

Financial Supervisory Commission Approval  
Document No.  
Financial-Supervisory-Securities-Auditing-  
1060023872

CPA Han-Ni Fang

Financial Supervisory Commission Approval  
Document No.  
Financial-Supervisory-Securities-Auditing-  
1090347472

March 29, 2023

YUNGSHIN GLOBAL HOLDING CORPORATION AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
December 31, 2022, and 2021

| Code | ASSETS  | December 31, 2022 |     | In Thousands of New Taiwan Dollars<br>December 31, 2021 |     |
|------|---|-------------------|-----|---|-----|
|      |   | Amount            | %   | Amount  | %   |
| 1100 | CURRENT ASSETS  |                   |     |   |     |
| 1110 | Cash and cash equivalents (Notes 4 and 6)   | \$ 1,956,548      | 16  | \$ 1,186,209  | 10  |
| 1110 | Financial assets at fair value through profit or loss - current (Notes 4 and 7)                 | 63,482            | 1   | 63,482  | 1   |
| 1136 | Financial assets at amortized cost - current (Notes 4 and 8)                                    | 2,000             | -   | 2,000   | -   |
| 1150 | Notes receivable, net (Notes 4, 10 and 24)  | 318,498           | 3   | 281,747   | 2   |
| 1170 | Accounts receivable, net (Notes 4, 10 and 24)   | 1,337,037         | 11  | 1,455,366   | 12  |
| 1180 | Accounts receivable from related parties (Notes 4, 24 and 33)                                   | 75,411            | 1   | 21,981  | -   |
| 1200 | Other receivables (Notes 4 and 33)  | 32,677            | -   | 33,932  | -   |
| 1220 | Current tax assets (Notes 4 and 26)   | 95                | -   | 3,408   | -   |
| 130X | Inventories (Notes 4 and 11)  | 2,719,323         | 23  | 3,101,357   | 26  |
| 1429 | Other prepayments   | 166,374           | 1   | 175,459   | 2   |
| 1460 | Non-current assets held for sale (Notes 4, 14, and 17)  | -                 | -   | 47,509  | -   |
| 1479 | Other current assets  | 15,342            | -   | 14,833  | -   |
| 11XX | Total current assets  | 6,686,787         | 56  | 6,387,283   | 53  |
| 1517 | NON-CURRENT ASSETS  |                   |     |   |     |
| 1517 | Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 9) | 51,556            | 1   | 47,780  | 1   |
| 1550 | Investments accounted for using the equity method (Notes 4 and 13)                              | 1,074,868         | 9   | 952,044   | 8   |
| 1600 | Property, plant, and equipment (Notes 4, 14, 33 and 34)   | 3,697,322         | 31  | 4,204,912   | 35  |
| 1755 | Right-of-use assets (Notes 4, 15, and 33)   | 40,506            | -   | 73,695  | 1   |
| 1760 | Investment properties (Notes 4 and 16)  | 32,420            | -   | 34,776  | -   |
| 1780 | Intangible assets (Note 4)  | 20,740            | -   | 45,240  | -   |
| 1840 | Deferred tax assets (Notes 4 and 26)  | 162,048           | 2   | 140,878   | 1   |
| 1990 | Other non-current assets (Notes 4, 18 and 34)   | 86,465            | 1   | 122,658   | 1   |
| 15XX | Total non-current assets  | 5,165,925         | 44  | 5,621,983   | 47  |
| 1XXX | TOTAL ASSETS  | \$ 11,852,712     | 100 | \$ 12,009,266   | 100 |
| Code | LIABILITIES AND EQUITY  |                   |     |   |     |
| 2100 | CURRENT LIABILITIES   |                   |     |   |     |
| 2100 | Short-term borrowings (Notes 19 and 34)   | \$ 1,554,511      | 13  | \$ 2,001,136  | 17  |
| 2130 | Contract liabilities - current (Note 24)  | 8,912             | -   | 27,782  | -   |
| 2150 | Notes payable (Note 20)   | 677               | -   | 2,063   | -   |
| 2170 | Accounts payable (Note 20)  | 424,785           | 4   | 468,235   | 4   |
| 2180 | Accounts payable to related parties (Note 33)   | 21,030            | -   | 23,882  | -   |
| 2219 | Other payables (Notes 21 and 33)  | 673,407           | 6   | 893,258   | 7   |
| 2230 | Current tax liabilities (Notes 4 and 26)  | 143,690           | 1   | 120,170   | 1   |
| 2280 | Lease liabilities - current (Notes 4, 15, and 33)   | 14,322            | -   | 12,984  | -   |
| 2320 | Current portion of long-term borrowings (Notes 19 and 34)                                       | 113,328           | 1   | 3,660   | -   |
| 2365 | Refund liabilities - current (Note 24)  | 34,108            | -   | 23,829  | -   |
| 2399 | Other current liabilities   | 30,068            | -   | 77,976  | 1   |
| 21XX | Total current liabilities   | 3,018,838         | 25  | 3,654,975   | 30  |
| 2527 | NON-CURRENT LIABILITIES   |                   |     |   |     |
| 2527 | Contract liabilities - non-current (Note 24)  | 350,933           | 3   | 350,933   | 3   |
| 2540 | Long-term borrowings (Notes 19 and 34)  | 133,683           | 1   | 692,600   | 6   |
| 2550 | Provision of employee benefits - non-current (Notes 4 and 22)                                   | 57,885            | 1   | 52,343  | -   |
| 2570 | Deferred tax liabilities (Notes 4 and 26)   | 356,424           | 3   | 332,355   | 3   |
| 2580 | Lease liabilities - non-current (Notes 4, 15, and 33)   | 13,918            | -   | 15,716  | -   |
| 2640 | Net defined benefit liabilities (Notes 4 and 22)  | 75,084            | 1   | 64,363  | 1   |
| 2675 | Refund liabilities - non-current (Note 24)  | 142,772           | 1   | -   | -   |
| 2670 | Other non-current liabilities   | 24                | -   | 57,882  | -   |
| 25XX | Total non-current liabilities   | 1,130,723         | 10  | 1,566,192   | 13  |
| 2XXX | TOTAL LIABILITIES   | 4,149,561         | 35  | 5,221,167   | 43  |
| 3110 | Equity attributable to owners of the Corporation (Note 23)                                      |                   |     |   |     |
| 3110 | Share capital   | 2,664,230         | 22  | 2,664,230   | 22  |
| 3200 | Capital surplus   | 2,340,374         | 20  | 2,152,909   | 18  |
| 3310 | Retained Earnings   |                   |     |   |     |
| 3310 | Legal reserve   | 800,994           | 7   | 726,190   | 6   |
| 3320 | Special reserve   | 391,162           | 3   | 304,005   | 3   |
| 3350 | Unappropriated earnings   | 1,277,400         | 11  | 1,083,235   | 9   |
| 3300 | Total retained earnings   | 2,469,556         | 21  | 2,113,430   | 18  |
| 3400 | Other equity  | (312,829)         | (3) | (391,162)   | (3) |
| 3500 | Treasury shares   | (1,439)           | -   | (1,439)   | -   |
| 31XX | Total equity attributable to owners of the Corporation  | 7,159,892         | 60  | 6,537,968   | 55  |
| 36XX | Non-controlling interests   | 543,259           | 5   | 250,131   | 2   |
| 3XXX | TOTAL EQUITY  | 7,703,151         | 65  | 6,788,099   | 57  |
|      | TOTAL LIABILITIES AND EQUITY  | \$ 11,852,712     | 100 | \$ 12,009,266   | 100 |

The accompanying notes are an integral part of the consolidated financial statements.  
(Please refer to Deloitte & Touche auditors' report on March 29, 2023)

Chairman: Fang-Hsin Lee

President: Fang-Hsin Lee

Accounting Manager: Yu-Yi Lee



YUNGSHIN GLOBAL HOLDING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

January 1 to December 31, 2022 and 2021

| Code |   | In Thousands of New Taiwan Dollars,<br>Except Earnings Per Share |           |                  |           |
|------|---|--|-----------|------------------|-----------|
|      |   | 2022   |           | 2021             |           |
|      |   | Amount   | %         | Amount           | %         |
| 4000 | Net operating revenue (Notes 4, 24, and 33)                     | \$ 7,311,769   | 100       | \$ 7,805,055     | 100       |
| 5000 | Operating costs (Notes 11, 25 and 33)                           | <u>4,170,433</u>   | <u>57</u> | <u>4,081,809</u> | <u>52</u> |
| 5900 | Gross profit  | <u>3,141,336</u>   | <u>43</u> | <u>3,723,246</u> | <u>48</u> |
|      | OPERATING EXPENSES<br>(Notes 10, 25, and 33)                    |  |           |                  |           |
| 6100 | Selling and marketing expenses                                  | 1,545,825  | 21        | 1,871,196        | 24        |
| 6200 | General and administrative expenses                             | 490,599  | 7         | 495,935          | 7         |
| 6300 | Research and development expenses                               | 347,032  | 5         | 395,483          | 5         |
| 6450 | Expected credit losses  | <u>608</u>   | <u>-</u>  | <u>3,003</u>     | <u>-</u>  |
| 6000 | Total operating expenses  | <u>2,384,064</u>   | <u>33</u> | <u>2,765,617</u> | <u>36</u> |
| 6900 | Income from Operations  | <u>757,272</u>   | <u>10</u> | <u>957,629</u>   | <u>12</u> |
|      | NON-OPERATING<br>INCOME AND<br>EXPENSES (Note 25 and 33)        |  |           |                  |           |
| 7100 | Interest income   | 14,291   | -         | 2,762            | -         |
| 7010 | Other income  | 36,859   | -         | 44,532           | 1         |
| 7020 | Other gains and losses  | 188,161  | 3         | ( 13,774 )       | -         |
| 7050 | Finance costs   | ( 32,862 )   | -         | ( 30,009 )       | -         |
| 7060 | Share of profit of associates accounted for using equity method | <u>100,061</u>   | <u>1</u>  | <u>37,406</u>    | <u>-</u>  |
| 7000 | Total non-operating income and expenses                         | <u>306,510</u>   | <u>4</u>  | <u>40,917</u>    | <u>1</u>  |

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| Code |  | 2022              |           | 2021              |              |
|------|--|-------------------|-----------|-------------------|--------------|
|      |  | Amount            | %         | Amount            | %            |
| 7900 | Profit before income tax   | \$ 1,063,782      | 14        | \$ 998,546        | 13           |
| 7950 | Tax expenses (Notes 4 and 26)  | <u>211,689</u>    | <u>3</u>  | <u>242,253</u>    | <u>3</u>     |
| 8200 | Net profit for the year  | <u>852,093</u>    | <u>11</u> | <u>756,293</u>    | <u>10</u>    |
|      | OTHER COMPREHENSIVE<br>INCOME (LOSS) (Notes 22<br>and 26)  |                   |           |                   |              |
| 8310 | Items that will not be reclassified<br>subsequently to profit or loss:   |                   |           |                   |              |
| 8311 | Remeasurement of defined<br>benefit plans  | ( 37,327 )        | -         | 13,745            | -            |
| 8316 | Unrealized gain/(loss) on<br>investments in equity<br>instruments at fair value<br>through other comprehensive<br>income | 3,759             | -         | ( 1,570 )         | -            |
| 8320 | Share of other comprehensive<br>income (loss) of associates<br>accounted for using the equity<br>method                  | 7,014             | -         | 67                | -            |
| 8349 | Income tax relating to items that<br>will not be reclassified to<br>profit or loss                                       | 7,618             | -         | ( 2,751 )         | -            |
| 8360 | Items that may be reclassified<br>subsequently to profit or loss:  |                   |           |                   |              |
| 8361 | Exchange differences on<br>translating foreign operations  | 40,189            | -         | ( 62,713 )        | ( 1 )        |
| 8370 | Share of other comprehensive<br>income (loss) of associates<br>accounted for using the equity<br>method                  | 55,171            | 1         | ( 46,452 )        | -            |
| 8399 | Income tax relating to items that<br>may be reclassified to profit<br>or loss  | ( <u>16,876</u> ) | <u>-</u>  | <u>21,307</u>     | <u>-</u>     |
| 8300 | Other comprehensive income<br>(loss) of the year   | <u>59,548</u>     | <u>1</u>  | ( <u>78,367</u> ) | ( <u>1</u> ) |
| 8500 | TOTAL COMPREHENSIVE<br>INCOME OF THE YEAR  | <u>\$ 911,641</u> | <u>12</u> | <u>\$ 677,926</u> | <u>9</u>     |

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| Code |                           | 2022              |           | 2021              |           |
|------|---------------------------|-------------------|-----------|-------------------|-----------|
|      |                           | Amount            | %         | Amount            | %         |
|      | NET PROFIT                |                   |           |                   |           |
|      | ATTRIBUTABLE TO:          |                   |           |                   |           |
| 8610 | Owners of the Corporation | \$ 839,035        | 11        | \$ 736,622        | 10        |
| 8620 | Non-controlling interests | 13,058            | -         | 19,671            | -         |
| 8600 |                           | <u>\$ 852,093</u> | <u>11</u> | <u>\$ 756,293</u> | <u>10</u> |
|      | TOTAL COMPREHENSIVE       |                   |           |                   |           |
|      | INCOME ATTRIBUTABLE       |                   |           |                   |           |
|      | TO:                       |                   |           |                   |           |
| 8710 | Owners of the Corporation | \$ 887,378        | 12        | \$ 660,884        | 9         |
| 8720 | Non-controlling interests | 24,263            | -         | 17,042            | -         |
| 8700 |                           | <u>\$ 911,641</u> | <u>12</u> | <u>\$ 677,926</u> | <u>9</u>  |
|      | EARNINGS PER SHARE        |                   |           |                   |           |
|      | (NOTE 27)                 |                   |           |                   |           |
|      | From continuing           |                   |           |                   |           |
|      | operations                |                   |           |                   |           |
| 9750 | Basic                     | <u>\$ 3.15</u>    |           | <u>\$ 2.77</u>    |           |
| 9850 | Diluted                   | <u>\$ 3.15</u>    |           | <u>\$ 2.76</u>    |           |

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

(With Deloitte & Touche auditors' report dated March 29, 2023)

Chairman: Fang-Hsin Lee

President: Fang-Hsin Lee

Accounting Manager: Yu-Yi Lee

**YUNGSHIN GLOBAL HOLDING CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**January 1 to December 31, 2022 and 2021**

In Thousands of New Taiwan Dollars

| Equity attributable to owners of the Corporation (Note 23)  |                   |                 |               |                 |                         |              |  |   |                |                 |                           |              |
|---|-------------------|-----------------|---------------|-----------------|-------------------------|--------------|--|---|----------------|-----------------|---------------------------|--------------|
| Code  | Retained Earnings |                 |               |                 |                         |              | Other equity   |   |                |                 |                           |              |
|   | Share Capital     | Capital surplus | Legal reserve | Special reserve | Unappropriated earnings | Total        | Exchange differences on translating foreign operations | Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income | Total          | Treasury shares | Non-controlling interests | Total Equity |
| A1  | \$ 2,664,230      | \$ 2,146,301    | \$ 648,691    | \$ 265,965      | \$ 983,579              | \$ 1,898,235 | \$ 318,358   | \$ 14,353   | \$ 6,403,322   | \$ 1,439        | \$ 172,940                | \$ 6,576,262 |
| B1  | -                 | -               | 77,499        | -               | ( 77,499 )              | -            | -  | -   | -              | -               | -                         | -            |
| B3  | -                 | -               | -             | 38,040          | ( 38,040 )              | -            | -  | -   | -              | -               | -                         | -            |
| B5  | -                 | -               | -             | -               | ( 532,846 )             | ( 532,846 )  | -  | -   | ( 532,846 )    | -               | -                         | ( 532,846 )  |
|   | -                 | -               | 77,499        | 38,040          | ( 648,385 )             | ( 532,846 )  | -  | -   | ( 532,846 )    | -               | -                         | ( 532,846 )  |
| C7  | -                 | 327             | -             | -               | -                       | -            | -  | -   | 327            | -               | -                         | 327          |
| M1  | -                 | -               | -             | -               | -                       | -            | -  | -   | -              | -               | -                         | -            |
| M7  | -                 | 6,196           | -             | -               | -                       | -            | -  | -   | 6,196          | -               | ( 1,419 )                 | 4,777        |
| O1  | -                 | -               | -             | -               | -                       | -            | -  | -   | -              | -               | ( 6,934 )                 | ( 6,934 )    |
| D1  | -                 | -               | -             | -               | 736,622                 | 736,622      | -  | -   | 736,622        | -               | 19,671                    | 756,293      |
| D3  | -                 | -               | -             | -               | 11,419                  | 11,419       | ( 85,229 )   | ( 1,928 )   | ( 87,157 )     | -               | ( 2,629 )                 | ( 78,367 )   |
| D5  | -                 | -               | -             | -               | 748,041                 | 748,041      | ( 85,229 )   | ( 1,928 )   | ( 87,157 )     | -               | 17,042                    | 677,926      |
| O1  | -                 | -               | -             | -               | -                       | -            | -  | -   | -              | -               | 68,502                    | 68,502       |
| Z1  | 2,664,230         | 2,152,909       | 726,190       | 304,005         | 1,083,235               | 2,113,430    | ( 403,587 )  | 12,425  | ( 391,162 )    | ( 1,439 )       | 250,131                   | 6,788,099    |
| B1  | -                 | -               | 74,804        | -               | ( 74,804 )              | -            | -  | -   | -              | -               | -                         | -            |
| B3  | -                 | -               | -             | 87,157          | ( 87,157 )              | -            | -  | -   | -              | -               | -                         | -            |
| B5  | -                 | -               | -             | -               | ( 452,919 )             | ( 452,919 )  | -  | -   | ( 452,919 )    | -               | -                         | ( 452,919 )  |
|   | -                 | -               | 74,804        | 87,157          | ( 614,880 )             | ( 452,919 )  | -  | -   | ( 452,919 )    | -               | -                         | ( 452,919 )  |
| C7  | -                 | ( 380 )         | -             | -               | -                       | -            | -  | -   | ( 380 )        | -               | -                         | ( 380 )      |
| E3  | -                 | -               | -             | -               | -                       | -            | -  | -   | -              | -               | ( 28,961 )                | ( 28,961 )   |
| M1  | -                 | -               | -             | -               | -                       | -            | -  | -   | -              | -               | -                         | 73           |
| M3  | -                 | -               | -             | -               | -                       | -            | -  | -   | -              | -               | ( 147,456 )               | ( 147,456 )  |
| M5  | -                 | 194,909         | -             | -               | -                       | -            | -  | -   | 194,909        | -               | 390,708                   | 585,617      |
| M7  | -                 | ( 7,137 )       | -             | -               | -                       | -            | -  | -   | ( 7,137 )      | -               | 12,435                    | 5,298        |
| O1  | -                 | -               | -             | -               | -                       | -            | -  | -   | -              | -               | ( 10,858 )                | ( 10,858 )   |
| D1  | -                 | -               | -             | -               | 839,035                 | 839,035      | -  | -   | 839,035        | -               | 13,058                    | 852,093      |
| D3  | -                 | -               | -             | -               | ( 29,990 )              | ( 29,990 )   | 67,503   | 10,830  | 78,333         | -               | 11,205                    | 59,548       |
| D5  | -                 | -               | -             | -               | 809,045                 | 809,045      | 67,503   | 10,830  | 78,333         | -               | 24,263                    | 911,641      |
| O1  | -                 | -               | -             | -               | -                       | -            | -  | -   | -              | -               | 52,997                    | 52,997       |
| Z1  | \$ 2,664,230      | \$ 2,340,374    | \$ 800,994    | \$ 391,162      | \$ 1,277,400            | \$ 2,469,556 | ( \$ 336,084 )   | \$ 23,255   | ( \$ 312,829 ) | ( \$ 1,439 )    | \$ 543,259                | \$ 7,703,151 |
| The accompanying notes are an integral part of the consolidated financial statements.<br>(With Deloitte & Touche auditors' report dated March 29, 2023) |                   |                 |               |                 |                         |              |  |   |                |                 |                           |              |

The accompanying notes are an integral part of the consolidated financial statements.  
(With Deloitte & Touche auditors' report dated March 29, 2023)

Chairman: Fang-Hsin Lee

President: Fang-Hsin Lee

Accounting Manager: Yu-Yi Lee

YUNGSHIN GLOBAL HOLDING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

January 1 to December 31, 2022 and 2021

In Thousands of New Taiwan Dollars

| Code   |   | 2022         | 2021        |
|--------|---|--------------|-------------|
|        | CASH FLOWS FROM OPERATING ACTIVITIES                                  |              |             |
| A10000 | Profit before income tax  | \$ 1,063,782 | \$ 998,546  |
| A20010 | Adjustments for:  |              |             |
| A20100 | Depreciation  | 353,488      | 380,944     |
| A20200 | Amortization  | 22,373       | 25,887      |
| A20300 | Expected credit losses  | 608          | 3,003       |
| A20900 | Finance costs   | 32,862       | 30,009      |
| A21200 | Interest income   | ( 14,291 )   | ( 2,762 )   |
| A21300 | Dividend income   | ( 659 )      | ( 677 )     |
| A21900 | Share-based remuneration payment cost                                 | 5,298        | 4,777       |
| A22300 | Share of profit or loss of associates using the equity method         | ( 100,061 )  | ( 37,406 )  |
| A22500 | Loss on disposal of property, plant and equipment                     | 51           | 859         |
| A22900 | Gains (loss) on lease modifications                                   | 10           | ( 6,152 )   |
| A23000 | Gain on disposal of non-current assets held for sale                  | ( 7,823 )    | -           |
| A23200 | Loss on disposal of investments accounted for using the equity method | -            | 2           |
| A23700 | Write-downs and disposal of inventories                               | 35,046       | 46,338      |
| A24100 | Unrealized loss (profit) on foreign exchange                          | ( 6,582 )    | 1,366       |
| A29900 | Gain on disposal of subsidiaries                                      | ( 109,706 )  | ( 1,427 )   |
| A30000 | Changes in operating assets and liabilities                           |              |             |
| A31130 | Notes receivable  | ( 36,392 )   | ( 233 )     |
| A31150 | Accounts receivable   | ( 147,242 )  | ( 87,225 )  |
| A31160 | Accounts receivable from related parties                              | ( 53,430 )   | 4,851       |
| A31180 | Other receivables   | ( 24,491 )   | 16,264      |
| A31200 | Inventories   | 79,974       | ( 316,110 ) |
| A31230 | Prepayments   | ( 47,381 )   | 28,429      |
| A31240 | Other current assets  | ( 509 )      | 10,676      |
| A32125 | Contract liabilities  | ( 3,202 )    | 107,185     |
| A32130 | Notes payable   | ( 1,386 )    | ( 1,465 )   |
| A32150 | Accounts payable  | ( 10,230 )   | ( 25,611 )  |
| A32160 | Accounts payable to related parties                                   | ( 2,831 )    | 3,820       |
| A32180 | Other payables  | 37,125       | ( 97,951 )  |
| A32200 | Provisions for liabilities  | 5,542        | 5,296       |

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| Code                                 |  | 2022               | 2021               |
|--------------------------------------|--|--------------------|--------------------|
| A32230                               | Other current liabilities  | ( \$ 32,635 )      | \$ 46,555          |
| A32240                               | Net defined benefit liabilities  | ( 26,606 )         | ( 33,057 )         |
| A32990                               | Other non-current liabilities  | <u>142,395</u>     | ( <u>878</u> )     |
| A33000                               | Cash generated from operations   | 1,153,097          | 1,103,853          |
| A33100                               | Interest received  | 14,291             | 2,762              |
| A33200                               | Cash dividends received from investments accounted for using the equity method               | 29,135             | 136,100            |
| A33300                               | Interest paid  | ( 30,278 )         | ( 28,788 )         |
| A33500                               | Income tax paid  | ( <u>199,000</u> ) | ( <u>245,569</u> ) |
| AAAA                                 | Net cash generated from operating activities   | <u>967,245</u>     | <u>968,358</u>     |
| CASH FLOWS FROM INVESTING ACTIVITIES |  |                    |                    |
| B00010                               | Acquisition of financial assets at fair value through other comprehensive income             | ( 230 )            | ( 237 )            |
| B00050                               | Disposal of financial assets at amortized cost   | -                  | 161,850            |
| B00100                               | Acquisition of financial assets at fair value through profit or loss                         | -                  | ( 39,614 )         |
| B01900                               | Net cash generated from disposal of the associates   | -                  | 3,713              |
| B02300                               | Proceeds from disposal of subsidiaries   | 527,911            | -                  |
| B02400                               | Refund of stock capital from capital reduction of investee companies using the equity method | -                  | 84,000             |
| B02600                               | Proceeds from disposal of non-current assets held for sale                                   | 55,637             | -                  |
| B02700                               | Acquisition of property, plant and equipment   | ( 149,684 )        | ( 174,700 )        |
| B02800                               | Proceeds from disposal of property, plant and equipment                                      | 1,357              | 2,342              |
| B03800                               | Decrease (increase) in refundable deposits   | 30,415             | ( 24,589 )         |
| B04500                               | Acquisition of intangible assets   | ( 1,394 )          | ( 6,106 )          |
| B06700                               | Decrease in other non-current assets   | 2,012              | 2,854              |
| B07200                               | Decrease (increase) in prepayments for equipment   | ( 19,654 )         | 30,387             |
| B07300                               | Increase in prepayments for investment   | ( 24,000 )         | -                  |
| B07600                               | Dividends received from associates   | <u>659</u>         | <u>677</u>         |
| BBBB                                 | Net cash generated from investing activities   | <u>423,029</u>     | <u>40,577</u>      |
| CASH FLOWS FROM FINANCING ACTIVITIES |  |                    |                    |
| C00100                               | Increase in short-term borrowings  | 1,076,144          | 2,334,050          |
| C00200                               | Decrease in short-term borrowings  | ( 1,461,383 )      | ( 2,827,654 )      |
| C01600                               | Proceeds from long-term borrowings   | 796,660            | 606,000            |
| C01700                               | Repayments of long-term borrowings   | ( 1,245,523 )      | ( 845,701 )        |
| C03100                               | Increase in guarantee deposits   | 10,006             | 3,942              |
| C04020                               | Repayment of the principal portion of lease liabilities                                      | ( 16,283 )         | ( 27,835 )         |

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| <u>Code</u> |   | <u>2022</u>         | <u>2021</u>          |
|-------------|---|---------------------|----------------------|
| C04500      | Payment of cash dividends                                     | ( \$ 463,704 )      | ( \$ 539,695 )       |
| C04700      | Cash reduction of subsidiaries                                | ( 28,961 )          | -                    |
| C05500      | Proceeds from disposal of subsidiaries' partial equity        | 585,617             | -                    |
| C05800      | Changes in non-controlling interests                          | <u>45,248</u>       | <u>68,502</u>        |
| CCCC        | Net cash used in financing activities                         | ( <u>702,179</u> )  | ( <u>1,228,391</u> ) |
| DDDD        | Effects of exchange rate changes on cash and cash equivalents | <u>82,244</u>       | ( <u>72,337</u> )    |
| EEEE        | Net increase (decrease) in cash and cash equivalents          | 770,339             | ( 291,793 )          |
| E00100      | Cash and cash equivalents at the beginning of the year        | <u>1,186,209</u>    | <u>1,478,002</u>     |
| E00200      | Cash and cash equivalents at the end of the year              | <u>\$ 1,956,548</u> | <u>\$ 1,186,209</u>  |

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

(Please refer to Deloitte & Touche auditors' report dated March 29, 2023)

Chairman: Fang-Hsin Lee

President: Fang-Hsin Lee

Accounting Manager: Yu-Yi Lee

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders YungShin Global Holding Corporation

### **Opinion**

We have audited the accompanying financial statements of YungShin Global Holding Corporation (the "Corporation"), which comprise the balance sheets as of December 31, 2022, and 2021, the Statements of Comprehensive Income, Statements of Changes in Equity, Statements of Cash Flows and Notes to Financial Statements (including Summary of Significant Accounting Policies) for the period from January 1 to December 31, 2022 and 2021.

In our opinions, based on our audit results and the audit reports of other auditors (please refer to the Other Matters section of our report), the accompanying financial statements present fairly, in all material respects, the financial position of YungShin Global Holding Corporation as of December 31, 2022, and 2021, and its parent company only financial performance and its cash flows from January 1 to December 31, 2022, and 2021 in accordance with the Regulations Governing Preparation of Financial Reports by Securities Issuers.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and General Accepted Auditing Standards (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Corporation 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 responsibilities in accordance with the Code. Based on our audit results and the audit reports of other auditors, we believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Corporation's financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Key audit matters for the Corporation's financial statements for the year ended December 31, 2022 are stated as follows:

Investment under equity method - subsidiaries' operating revenue from major customers

The net operating revenue for the year ended December 31, 2022 was mainly attributable to the share of profit or loss of subsidiaries accounted for using equity method amounting to NT\$915,448 thousand, representing 97.70% of the net operating revenue. The effect of share of profit or loss of Corporation was mainly attributable to the operating revenue of subsidiaries. For the year ended December 31, 2022, subsidiaries' operating revenue from major growing amounted to NT\$3,125,772 thousand, accounting for 42.75% of consolidated operating revenue. As the amount of revenue from growing was significant, revenue from growing was identified as a key audit matter for the year ended December 31, 2022. Please refer to Note 4 to the consolidated financial statements for an explanation of the accounting policy on revenue recognition.

The main audit procedures for the aforementioned key audit matters are as follows:

1. Understood and tested the design and effectiveness of internal controls for operating revenue.
2. Sampling basis, whether freight bills were signed to acknowledge the receipt and were consistent with the invoices in terms of products and quantities and the amounts of revenue recognized.
3. Reviewed the reasonableness of the collection of accounts receivable and confirmed whether the accounts and amounts of receivable were consistent with the recognition of revenue.

**Other Matters**

Included in the financial statements, the financial statements of some investees companies accounted for using the equity method for the year ended December 31, 2022 were audited by other auditors. Therefore, our opinion on the parts in relation to investments in the aforementioned corporations accounted for using equity method, share of profit or loss of subsidiaries and associates accounted for using equity method, and share of other comprehensive income of subsidiaries and associates accounted for using equity method, and information on investees was solely based on the audit opinion of other auditors. As of December 31, 2022 and 2021, the balance of investments in the aforementioned associates using equity method was NT\$2,695,243 thousand and NT\$1,613,189 thousand, accounting for 35.79% and 22.27% of the total assets, respectively. The comprehensive income of the associates from January 1 to December 31, 2022, and 2021 amounted to NT\$236,609 thousand, and NT\$75,037 thousand, accounting for 26.66% and 11.35% of the total comprehensive income, respectively.

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

Management is responsible for the preparation and fair presentation of the 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 ensure the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

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

Those charged with governance, including the Audit Committee, are responsible for overseeing the Corporation's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards 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 the financial statements.

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

1. Identify and assess the risks of material misstatements of the 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 Corporation's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and relevant 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 Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.

5. Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Corporation to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal 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 financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our audit 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.

Deloitte & Touche

CPA Chih-Yuan Chen

CPA Han-Ni Fang

Financial Supervisory Commission  
Approval Document No.

Financial-Supervisory-Securities-  
Auditing-1060023872

Financial Supervisory Commission  
Approval Document No.

Financial-Supervisory-Securities-  
Auditing-1090347472

March 29, 2023

YUNGSHIN GLOBAL HOLDING CORPORATION  
BALANCE SHEETS  
December 31, 2022, and 2021

In Thousands of New Taiwan Dollars

| Code | ASSETS  | December 31, 2022   |            | December 31, 2021   |            |
|------|---|---------------------|------------|---------------------|------------|
|      |   | Amount              | %          | Amount              | %          |
|      | <b>CURRENT ASSETS</b>   |                     |            |                     |            |
| 1100 | Cash and cash equivalents (Notes 4 and 6)                         | \$ 1,052,089        | 14         | \$ 47,145           | 1          |
| 1200 | Other receivables (Note 4)  | 1,073               | -          | -                   | -          |
| 1210 | Other receivables—related parties (Notes 4 and 21)                | 7,828               | -          | 15,377              | -          |
| 1422 | Prepayments for investment  | 24,000              | -          | -                   | -          |
| 1429 | Prepayments   | 294                 | -          | 506                 | -          |
| 11XX | Total current assets  | <u>1,085,284</u>    | <u>14</u>  | <u>63,028</u>       | <u>1</u>   |
|      | <b>NON-CURRENT ASSETS</b>   |                     |            |                     |            |
| 1550 | Investments accounted for using the equity method (Notes 4 and 7) | 6,401,163           | 85         | 7,119,787           | 98         |
| 1600 | Property, plant, and equipment (Notes 4 and 8)                    | 461                 | -          | 850                 | -          |
| 1755 | Right-of-use assets (Notes 4, 9, and 21)                          | 2,839               | -          | 708                 | -          |
| 1780 | Intangible assets (Note 4)  | 1,298               | -          | 1,530               | -          |
| 1840 | Deferred tax assets (Notes 4 and 16)                              | 40,515              | 1          | 57,471              | 1          |
| 1920 | Other non-current assets (Note 4)                                 | 3                   | -          | 3                   | -          |
| 15XX | Total non-current assets  | <u>6,446,279</u>    | <u>86</u>  | <u>7,180,349</u>    | <u>99</u>  |
| 1XXX | <b>TOTAL ASSETS</b>   | <u>\$ 7,531,563</u> | <u>100</u> | <u>\$ 7,243,377</u> | <u>100</u> |
|      | <b>LIABILITIES AND EQUITY</b>                                     |                     |            |                     |            |
|      | <b>CURRENT LIABILITIES</b>  |                     |            |                     |            |
| 2219 | Other payables (Note 11)  | \$ 23,467           | -          | \$ 21,647           | 1          |
| 2230 | Current tax liabilities (Notes 4 and 16)                          | 11,877              | -          | 6,085               | -          |
| 2280 | Lease liabilities - current (Notes 4, 9, and 32)                  | 1,058               | -          | 717                 | -          |
| 2320 | Current portion of long-term borrowings (Note 10)                 | 110,000             | 2          | -                   | -          |
| 2399 | Other current liabilities (Note 21)                               | 633                 | -          | 12,942              | -          |
| 21XX | Total Current Liabilities   | <u>147,035</u>      | <u>2</u>   | <u>41,391</u>       | <u>1</u>   |
|      | <b>NON-CURRENT LIABILITIES</b>                                    |                     |            |                     |            |
| 2540 | Long-term borrowings (Note 10)                                    | -                   | -          | 460,000             | 6          |
| 2570 | Deferred tax liabilities (Notes 4 and 16)                         | 222,851             | 3          | 204,018             | 3          |
| 2580 | Lease liabilities - non-current (Notes 4, 9, and 21)              | 1,785               | -          | -                   | -          |
| 25XX | Total non-current liabilities                                     | <u>224,636</u>      | <u>3</u>   | <u>664,018</u>      | <u>9</u>   |
| 2XXX | <b>TOTAL LIABILITIES</b>  | <u>371,671</u>      | <u>5</u>   | <u>705,409</u>      | <u>10</u>  |
|      | <b>EQUITY (Note 13)</b>   |                     |            |                     |            |
| 3110 | Share capital   | <u>2,664,230</u>    | <u>35</u>  | <u>2,664,230</u>    | <u>37</u>  |
| 3200 | Capital surplus   | <u>2,340,374</u>    | <u>31</u>  | <u>2,152,909</u>    | <u>30</u>  |
|      | Retained Earnings   |                     |            |                     |            |
| 3310 | Legal reserve   | 800,994             | 11         | 726,190             | 10         |
| 3320 | Special reserve   | 391,162             | 5          | 304,005             | 4          |
| 3350 | Unappropriated earnings   | <u>1,277,400</u>    | <u>17</u>  | <u>1,083,235</u>    | <u>15</u>  |
| 3300 | Total retained earnings   | <u>2,469,556</u>    | <u>33</u>  | <u>2,113,430</u>    | <u>29</u>  |
| 3400 | Other equity  | ( 312,829 )         | ( 4 )      | ( 391,162 )         | ( 6 )      |
| 3500 | Treasury shares   | ( 1,439 )           | -          | ( 1,439 )           | -          |
| 3XXX | <b>TOTAL EQUITY</b>   | <u>7,159,892</u>    | <u>95</u>  | <u>6,537,968</u>    | <u>90</u>  |
|      | <b>TOTAL LIABILITIES AND EQUITY</b>                               | <u>\$ 7,531,563</u> | <u>100</u> | <u>\$ 7,243,377</u> | <u>100</u> |

The accompanying notes are an integral part of the financial statements.  
(Please refer to Deloitte & Touche auditors' report on March 29, 2023)

Chairman: Fang-Hsin Lee

President: Fang-Hsin Lee

Accounting Manager: Yu-Yi Lee

YUNGSHIN GLOBAL HOLDING CORPORATION  
STATEMENTS OF COMPREHENSIVE INCOME  
January 1 to December 31, 2022 and 2021

In Thousands of New Taiwan Dollars,  
Except Earnings Per Share

| Code |   | 2022           |           | 2021           |           |
|------|---|----------------|-----------|----------------|-----------|
|      |   | Amount         | %         | Amount         | %         |
| 4000 | NET OPERATING REVENUE<br>(Notes 4, 14, and 21)  | \$ 936,956     | 100       | \$ 814,729     | 100       |
| 6000 | OPERATING EXPENSES<br>(Notes 15 and 21)   | <u>51,020</u>  | <u>6</u>  | <u>43,611</u>  | <u>5</u>  |
| 6900 | INCOME FROM OPERATIONS  | <u>885,936</u> | <u>94</u> | <u>771,118</u> | <u>95</u> |
|      | NON-OPERATING INCOME AND EXPENSES<br>(Note 15 and 21)   |                |           |                |           |
| 7100 | Interest income   | 6,858          | 1         | 36             | -         |
| 7010 | Other income  | 1,612          | -         | 1,891          | -         |
| 7020 | Other gains and losses  | ( 7,559)       | ( 1)      | ( 1,674)       | -         |
| 7050 | Finance costs   | ( 4,971)       | -         | ( 3,696)       | ( 1)      |
| 7000 | Total non-operating income and expenses   | ( 4,060)       | -         | ( 3,443)       | ( 1)      |
| 7900 | Profit before income tax  | 881,876        | 94        | 767,675        | 94        |
| 7950 | Tax Expenses (Notes 4 and 16)   | <u>42,841</u>  | <u>4</u>  | <u>31,053</u>  | <u>4</u>  |
| 8200 | Net Profit for the year   | <u>839,035</u> | <u>90</u> | <u>736,622</u> | <u>90</u> |
|      | Other comprehensive income (loss)   |                |           |                |           |
| 8310 | Items that will not be reclassified subsequently to profit or loss:   |                |           |                |           |
| 8330 | Share of other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method | ( 19,160)      | ( 2)      | 9,491          | 1         |

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| Code |   | 2022              |           | 2021              |           |
|------|---|-------------------|-----------|-------------------|-----------|
|      |   | Amount            | %         | Amount            | %         |
| 8360 | Items that may be reclassified subsequently to profit or loss:  |                   |           |                   |           |
| 8361 | Exchange differences on translating foreign operations  | (\$ 10,433)       | ( 1)      | (\$ 47,530)       | ( 6)      |
| 8380 | Share of other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method | 94,812            | 10        | ( 59,006)         | ( 7)      |
| 8399 | Income tax relating to items that may be reclassified to profit or loss   | ( 16,876)         | ( 2)      | 21,307            | 3         |
| 8300 | Other comprehensive income (loss) of the year   | 48,343            | 5         | ( 75,738)         | ( 9)      |
| 8500 | TOTAL COMPREHENSIVE INCOME OF THE YEAR  | <u>\$ 887,378</u> | <u>95</u> | <u>\$ 660,884</u> | <u>81</u> |
|      | EARNINGS PER SHARE  |                   |           |                   |           |
|      | (Note 17)   |                   |           |                   |           |
|      | From continuing operations  |                   |           |                   |           |
| 9750 | Basic   | <u>\$ 3.15</u>    |           | <u>\$ 2.77</u>    |           |
| 9850 | Diluted   | <u>\$ 3.15</u>    |           | <u>\$ 2.76</u>    |           |

The accompanying notes are an integral part of the financial statements.  
(Please refer to Deloitte & Touche auditors' report on March 29, 2023)

Chairman: Fang-Hsin Lee

President: Fang-Hsin Lee

Accounting Manager: Yu-Yi Lee

YUNGSHIN GLOBAL HOLDING CORPORATION  
STATEMENTS OF CHANGES IN EQUITY  
January 1 to December 31, 2022 and 2021

In Thousands of New Taiwan Dollars

| Code |   | Other equity                      |                                     |                         |                           |                                   |  |   |                           |              |                           |
|------|---|-----------------------------------|-------------------------------------|-------------------------|---------------------------|-----------------------------------|--|---|---------------------------|--------------|---------------------------|
|      |   | Retained Earnings (Note 13)       |                                     |                         |                           |                                   | Exchange differences on translating foreign operations<br>( \$ ) | Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income<br>( \$ ) | Treasury shares<br>( \$ ) | Total        |                           |
|      |   | Share Capital (Note 13)<br>( \$ ) | Capital surplus (Note 13)<br>( \$ ) | Legal reserve<br>( \$ ) | Special reserve<br>( \$ ) | Unappropriated earnings<br>( \$ ) |  |   |                           |              | Total<br>( \$ )           |
| A1   | Balance on January 1, 2021  | \$ 2,664,230                      | \$ 2,146,301                        | \$ 648,691              | \$ 265,965                | \$ 983,579                        | \$ 1,898,235   | ( \$ ) 318,358  | \$ 14,353                 | ( \$ ) 1,439 | Total<br>( \$ ) 6,403,322 |
| B1   | Appropriation of 2020 earnings  | -                                 | -                                   | 77,499                  | -                         | ( 77,499 )                        | -  | -   | -                         | -            | -                         |
| B3   | Legal reserve   | -                                 | -                                   | -                       | 38,040                    | ( 38,040 )                        | -  | -   | -                         | -            | -                         |
| B5   | Cash dividends distributed by the Corporation   | -                                 | -                                   | -                       | -                         | ( 532,846 )                       | ( 532,846 )  | -   | -                         | -            | ( 532,846 )               |
|      | Subtotal  | -                                 | -                                   | 77,499                  | 38,040                    | ( 648,385 )                       | ( 532,846 )  | -   | -                         | -            | ( 532,846 )               |
| C7   | Changes in capital surplus from investments in associates accounted for using the equity method | -                                 | 327                                 | -                       | -                         | -                                 | -  | -   | -                         | -            | 327                       |
| M1   | Adjustment to capital surplus from dividends paid to subsidiary                                 | -                                 | -                                   | -                       | -                         | -                                 | -  | -   | -                         | -            | 85                        |
| M7   | Changes in ownership interests in subsidiaries  | -                                 | 6,196                               | -                       | -                         | -                                 | -  | -   | -                         | -            | 6,196                     |
| D1   | Net profit for Year Ended 2021  | -                                 | -                                   | -                       | -                         | 736,622                           | 736,622  | -   | -                         | -            | 736,622                   |
| D3   | Other comprehensive income (loss) for Year Ended 2021   | -                                 | -                                   | -                       | -                         | 11,419                            | 11,419   | ( 85,229 )  | ( 1,928 )                 | -            | ( 75,738 )                |
| D5   | Total comprehensive income (loss) for Year Ended 2021   | -                                 | -                                   | -                       | -                         | 748,041                           | 748,041  | ( 85,229 )  | ( 1,928 )                 | -            | 660,884                   |
| Z1   | Balance on December 31, 2021  | 2,664,230                         | 2,152,909                           | 726,190                 | 304,005                   | 1,083,235                         | 2,113,430  | ( 403,587 )   | 12,425                    | ( 1,439 )    | 6,537,968                 |
| B1   | Appropriation of 2021 earnings  | -                                 | -                                   | 74,804                  | -                         | ( 74,804 )                        | -  | -   | -                         | -            | -                         |
| B3   | Legal reserve   | -                                 | -                                   | -                       | 87,157                    | ( 87,157 )                        | -  | -   | -                         | -            | -                         |
| B5   | Cash dividends distributed by the Corporation   | -                                 | -                                   | -                       | -                         | ( 452,919 )                       | ( 452,919 )  | -   | -                         | -            | ( 452,919 )               |
|      | Subtotal  | -                                 | -                                   | 74,804                  | 87,157                    | ( 614,880 )                       | ( 452,919 )  | -   | -                         | -            | ( 452,919 )               |
| C7   | Changes in capital surplus from investments in associates accounted for using the equity method | -                                 | ( 380 )                             | -                       | -                         | -                                 | -  | -   | -                         | -            | ( 380 )                   |
| M1   | Adjustment to capital surplus from dividends paid to subsidiary                                 | -                                 | 73                                  | -                       | -                         | -                                 | -  | -   | -                         | -            | 73                        |
| M5   | Actual disposal of subsidiaries' partial equity   | -                                 | 194,909                             | -                       | -                         | -                                 | -  | -   | -                         | -            | 194,909                   |
| M7   | Changes in ownership interests in subsidiaries  | -                                 | ( 7,137 )                           | -                       | -                         | -                                 | -  | -   | -                         | -            | ( 7,137 )                 |
| D1   | Net profit for Year Ended 2022  | -                                 | -                                   | -                       | -                         | 839,035                           | 839,035  | -   | -                         | -            | 839,035                   |
| D3   | Other comprehensive income (loss) for Year Ended 2022   | -                                 | -                                   | -                       | -                         | ( 29,990 )                        | ( 29,990 )   | 67,503  | 10,830                    | -            | 48,343                    |
| D5   | Total comprehensive income (loss) for Year Ended 2022   | -                                 | -                                   | -                       | -                         | 809,045                           | 809,045  | 67,503  | 10,830                    | -            | 887,378                   |
| Z1   | Balance on December 31, 2022  | \$ 2,664,230                      | \$ 2,340,374                        | \$ 800,994              | \$ 391,162                | \$ 1,277,400                      | \$ 2,469,556   | ( \$ ) 336,084  | \$ 23,255                 | ( \$ ) 1,439 | \$ 7,159,892              |

Chairman: Fang-Hsin Lee

President: Fang-Hsin Lee

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

(Please refer to Deloitte & Touche auditors' review report on March 29, 2023)

Accounting Manager: Yu-Yi Lee

## YUNGSHIN GLOBAL HOLDING CORPORATION

## STATEMENTS OF CASH FLOWS

January 1 to December 31, 2022 and 2021

|                                      |  | In Thousands of New Taiwan Dollars |                |
|--------------------------------------|--|------------------------------------|----------------|
| Code                                 |  | 2022                               | 2021           |
| CASH FLOWS FROM OPERATING ACTIVITIES |  |                                    |                |
| A10000                               | Profit before income tax   | \$ 881,876                         | \$ 767,675     |
| A20010                               | Adjustments for:   |                                    |                |
| A20100                               | Depreciation   | 1,452                              | 1,842          |
| A20200                               | Amortization   | 232                                | 769            |
| A20900                               | Finance costs  | 4,971                              | 3,696          |
| A21200                               | Interest income  | ( 6,858 )                          | ( 36 )         |
| A22300                               | Share of profit or loss of subsidiaries and associates accounted for using the equity method | ( 930,129 )                        | ( 807,469 )    |
| A22500                               | Loss on disposal of property, plant and equipment  | -                                  | 65             |
| A24100                               | Unrealized loss (profit) on foreign exchange   | ( 8,846 )                          | 382            |
| A29900                               | Loss on disposal of subsidiaries   | 10,391                             | -              |
| A30000                               | Changes in operating assets and liabilities  |                                    |                |
| A31180                               | Other receivables - related parties  | 27,608                             | 1,949          |
| A31230                               | Prepayments  | 212                                | 1,670          |
| A32180                               | Other payables   | 2,130                              | ( 1,088 )      |
| A32230                               | Other current liabilities  | 17                                 | -              |
| A33000                               | Cash used in operations  | ( 16,944 )                         | ( 30,545 )     |
| A33100                               | Interest received  | 5,785                              | 36             |
| A33200                               | Cash dividends received from investments accounted for using the equity method               | 728,933                            | 572,422        |
| A33300                               | Interest paid  | ( 5,281 )                          | ( 3,890 )      |
| A33500                               | Income tax paid  | ( 18,136 )                         | ( 10,640 )     |
| AAAA                                 | Net cash generated from operating activities   | <u>694,357</u>                     | <u>527,383</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES |  |                                    |                |
| B02300                               | Net cash generated from disposal of subsidiaries   | 3,511                              | -              |
| B02800                               | Proceeds from disposal of property, plant and equipment                                      | -                                  | 191            |
| B04500                               | Acquisition of intangible assets   | -                                  | ( 351 )        |
| B07300                               | Increase in prepayments for investment   | ( 24,000 )                         | -              |
| BBBB                                 | Net cash used in investing activities  | <u>( 20,489 )</u>                  | <u>( 160 )</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES |  |                                    |                |
| C01700                               | Repayments of long-term borrowings   | ( 350,000 )                        | -              |
| C04020                               | Repayment of the principal portion of lease liabilities                                      | ( 1,068 )                          | ( 1,458 )      |

(Continued on next page)



(Continued from previous page)

| Code   |   | 2022                | 2021               |
|--------|---|---------------------|--------------------|
| C04500 | Payment of cash dividends                                     | ( \$ 452,919 )      | ( \$ 532,846 )     |
| C04700 | Cash reduction of subsidiaries                                | 540,600             | -                  |
| C05500 | Proceeds from disposal of subsidiaries' partial equity        | <u>585,617</u>      | <u>-</u>           |
| CCCC   | Net cash generated from (used in) financing activities        | <u>322,230</u>      | ( <u>534,304</u> ) |
| DDDD   | Effects of exchange rate changes on cash and cash equivalents | <u>8,846</u>        | ( <u>382</u> )     |
| EEEE   | Net increase (decrease) in cash and cash equivalents          | 1,004,944           | ( 7,463 )          |
| E00100 | Cash and cash equivalents at the beginning of the year        | <u>47,145</u>       | <u>54,608</u>      |
| E00200 | Cash and cash equivalents at the end of the year              | <u>\$ 1,052,089</u> | <u>\$ 47,145</u>   |

The accompanying notes are an integral part of the financial statements.  
(Please refer to Deloitte & Touche auditors' report on March 29, 2023)

Chairman: Fang-Hsin Lee

President: Fang-Hsin Lee

Accounting Manager: Yu-Yi Lee

**Attachment 4. Proposed List of Directors Released from the Prohibition of Participating in Competitive Business**

| Candidate<br>(Type)                   | Concurrent positions in the Corporation's business operations   |
|---------------------------------------|---|
| Fang-Hsin Lee<br>(Chairman)           | The legal representative of the Directors of Vetnostrum Animal Health Co., Ltd., and Yung Zip Chemical Ind. Co., Ltd..  |
| Fang-Yu Lee<br>(Director)             | 1. Chairman of the Board of Vetnostrum Animal Health Co., Ltd.<br>2. The legal representative of the Directors of Yung Zip Chemical Ind. Co., Ltd.  |
| Fang-Chen Lee<br>(Director)           | Chairman of the Board of LTC Holding Company Limited, and TC Pharmaceuticals (Jiangsu) Co., Ltd..   |
| Meng-Be Lin<br>(Director)             | The legal representative of the Directors of Vetnostrum Animal Health Co., Ltd., Shanghai Yung Zip Pharm. Trading Co., Ltd., Yung Shin Co. Ltd., and Carlsbad Technology, Inc..                           |
| Chi-Li Lee<br>(Director)              | 1. The legal representative and Chairman of the Board of Shanghai Yung Zip Pharm. Trading Co., Ltd., and Yung Shin Co. Ltd..<br>2. The legal representative of the Directors of Carlsbad Technology, Inc. |
| Hong-I Chen<br>(Independent Director) | Dean of the Doctors' Doctor Clinic  |

# Appendices

## Appendix 1. Articles of Incorporation

### YungShin Global Holding Corporation Articles of Incorporation

#### Chapter 1. General Principles

- 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.

#### Chapter 2. 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 the directors acting on behalf of the Corporation. Shares can be issued by the bank acting as issuer of shares 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.

### **Chapter 3. 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 shareholders' meeting may be held by video conferencing or the method announced by the competent authorities. 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 convener 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.

#### **Chapter 4. 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. 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.

## **Chapter 5. 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.

## **Chapter 6. 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, 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 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.

Article 32-1. The distribution of dividends and bonuses, capital surplus or legal reserve, in whole or in part, in the form of cash is authorized to be approved by the board of directors with at least two-thirds of the directors present and a majority of



the directors present, and reported to the shareholders' meeting; if the distribution is made by issuing new shares, the distribution shall be approved by the shareholders' meeting.

**Chapter 7. 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 was 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.

The seventh amendment was made on May 24, 2022.

YungShin Global Holding Corporation

Chairman     Fang-Hsin Lee

## **Appendix 2. Rules and Procedures for Shareholders' Meeting**

### **YungShin Global Holding Corporation**

#### **Rules and Procedures for Shareholders' Meeting**

##### **Article 1. (Purpose)**

To establish a strong governance system and sound supervisory capabilities for this Corporation's shareholders meetings, and to strengthen management capabilities, these Rules are adopted pursuant to Article 5 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

##### **Article 2. (Scope of application)**

The rules of procedures for this Corporation's shareholders meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.

##### **Article 3. (Convening shareholders meetings and shareholders meeting notices)**

Unless otherwise provided by law or regulation, the Corporation's shareholders' meetings shall be convened by the Board of Directors.

Any change in the method of holding a shareholders' meeting shall be resolved by the Board of Directors and shall be made at the latest before mailing the notice of the shareholders' meeting.

This Corporation shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. The shareholders' meeting handbook and supplementary information shall be submitted to the Market Observation Post System (MOPS) electronically no later than 21 days prior to a general shareholders' meeting or 15 days prior to an interim shareholders' meeting, and the handbook and supplementary information shall be made available for review by shareholders at any time and shall be displayed at the Corporation and at the agency that provides professional shareholder services for the Corporation.

The shareholders' meeting handbook and supplemental meeting materials referred to in the preceding paragraph shall be provided for the shareholders to review on the day of the shareholders' meeting through the following methods:

- I. The materials shall be distributed on-site at the meeting place when holding physical shareholders' meetings.
- II. The materials shall be distributed on-site at the meeting place as well as uploaded as electronic files to the video conference platform when holding hybrid shareholders' meetings.
- III. The materials shall be uploaded as electronic files to the video conference

platform when holding shareholders' meetings through video conferencing.

The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.

Election or dismissal of Directors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the Corporation by Directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities Exchange Act, Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion;

Where re-election of all directors as well as their inauguration date is stated in the notice of the reasons for convening the shareholders meeting, after the completion of the re-election in said meeting such inauguration date may not be altered by any extraordinary motion or otherwise in the same meeting.

A shareholder holding one percent or more of the total number of issued shares may submit to this Corporation a proposal for discussion at a regular shareholders meeting. The number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. When the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.

A shareholder may propose a recommendation for urging the corporation to promote public interests or fulfill its social responsibilities, provided procedurally the number of items so proposed is limited only to one in accordance with Article 172-1 of the Company Act, and no proposal containing more than one item will be included in the meeting agenda.

Prior to the book closure date before a regular shareholders meeting is held, this Corporation shall publicly announce its acceptance of shareholder proposals in writing or electronically, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.

Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal.

Prior to the date for issuance of notice of a shareholders meeting, this Corporation shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the

provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

Article 4. (Attending in person or appoint the proxy)

For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by this Corporation and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to this Corporation before five days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

After a proxy form has been delivered to this Corporation, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to this Corporation before two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

After the proxy form has been submitted to the Corporation, if the shareholder intends to attend the meeting through video conferencing, a written notice of proxy cancellation shall be submitted to the Corporation 2 days prior to the meeting date. If the cancellation notice is submitted after that time, the votes cast at the meeting by the proxy shall prevail.

Article 5. (Principles determining the time and place of a shareholders meeting)

The venue for a shareholders meeting shall be the premises of this 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. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

When holding a shareholders' meeting through video conferencing, the Corporation shall not be subject to the aforementioned restrictions on the venue for shareholders' meetings.

Article 6. (Preparation of documents such as the attendance book)

The Corporation shall specify in its shareholders' meeting notices the time and place of attendance registration and other matters to be noted for shareholders, solicitors, and proxies (hereinafter collectively referred to as "shareholders").

The time of attendance registration stated in the preceding paragraph shall be at least 30 minutes prior to the start time of the meeting. The place of attendance registration shall be clearly marked, and a sufficient number of suitable personnel shall be assigned to handle the registration. When the Corporation holds a shareholders' meeting through video conferencing, attendance registration shall be

accepted on the video conferencing platform of the shareholders' meeting at least 30 minutes prior to the start time of the meeting. A shareholder who has completed the attendance registration shall be deemed to have attended the meeting in person.

Shareholders shall attend shareholders' meetings based on attendance cards, sign-in cards, or other certificates of attendance. The Corporation may not arbitrarily require other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

Attending shareholders may hand in a sign-in card in lieu of signing in.

This Corporation shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors, pre-printed ballots shall also be furnished.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

When the Corporation holds a shareholders' meeting through video conferencing, shareholders who intend to attend the shareholders' meeting through video conferencing shall register with the Corporation at least 2 days before the date of the shareholders' meeting.

When holding a shareholders' meeting through video conferencing, the Corporation shall upload the shareholders' meeting handbook, annual report, and other relevant meeting materials to the video conferencing platform for the shareholders' meeting at least 30 minutes prior to the start time of the meeting and continue to disclose such materials until the meeting ends.

Article 6-1. (Shareholders' meetings through video conferencing and the particulars required in the meeting notice)

When holding a shareholders' meeting through video conferencing, the Corporation shall specify the following particulars in the shareholders' meeting notice:

- I. The procedures for shareholders to participate in the shareholders' meeting through video conferencing and to exercise their rights.
- II. Actions to be taken if the video conference platform or participation in the video conference meeting is obstructed due to natural disasters, emergencies, or other force majeure events, including, but not limited to:
  - (I) To what time the meeting is postponed or from what time the meeting will reconvene if the above obstruction continues and cannot be removed, and, if applicable, the date to which the meeting is postponed or on which the meeting will reconvene.
  - (II) Shareholders who did not register to attend the original shareholders'

meeting by video conferencing may not attend the postponed or reconvened meeting.

(III) When the Corporation holds a hybrid shareholders' meeting, in the event that the meeting cannot be reconvened through video conferencing, after deducting the number of shares represented by the shareholders attending through video conferencing, if the total number of the remaining shares meets the minimum legal amount of meeting participants, the shareholders' meeting shall continue. For the shareholders attending through video conferencing, their shares shall be counted toward the total number of shares represented by the shareholders present at the meeting; however, they shall be considered abstained in all proposals of that meeting.

(IV) The procedures for when the resolutions of all proposals have been announced and no extempore motion has been made.

III. When holding a shareholders' meeting through video conferencing, the Corporation shall specify the provisions of adequate alternative measures for shareholders who have difficulties attending the shareholders' meeting through video conferencing.

Article 7. (The chair and non-voting participants of a shareholders meeting)

If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson 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 chairperson 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 director shall be one who has held that position for six 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.

It is advisable that shareholders meetings convened by the board of directors be chaired by the chairperson of the board in person and attended by a majority of the directors in person, and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.

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. When there are two or more such convening parties, they shall mutually select a chair from



among themselves.

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

Article 8. (Documentation of a shareholders meeting by audio or video)

The Corporation shall make a video of the shareholder attendance registration process and an uninterrupted audio and video recording of the proceedings of the shareholders' meeting as well as the voting and vote counting procedures.

The recorded materials of the preceding paragraph shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

When holding the shareholders' meeting through video conferencing, the Corporation shall keep records of shareholders' enrollment, registration, attendance, questions asked, votes cast, and voting results and also make an uninterrupted audio and video recording of the proceedings of any shareholders' meeting held through video conferencing.

The information as well as the audio and video recording mentioned in the preceding paragraph shall be properly preserved by the Corporation, and the audio and video recording shall be submitted to the personnel in charge of video conferencing on behalf of the Corporation for safekeeping.

Article 9. (The standard of calling the meeting)

Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book or the sign-in cards handed in and the number of shares registered at the video conferencing platform plus the number of shares whose voting rights are exercised by correspondence or electronically.

The chair shall call the meeting to order at the appointed meeting time and disclose information concerning the number of nonvoting shares and number of shares represented by shareholders attending the meeting.

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 one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chairman shall declare the meeting adjourned. When holding the shareholders' meeting through video conferencing, the Corporation shall also declare the meeting adjourned on the video conferencing platform for the shareholders' meeting.

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 Paragraph 1 of Article 175 of the Company Act; all shareholders shall be notified of

the tentative resolution and another shareholders' meeting shall be convened within 1 month. When the Corporation holds a shareholders' meeting through video conferencing, shareholders intending to attend the meeting through video conferencing shall re-register with the Corporation in accordance with Article 6.

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 10. (Discussion of proposals)

If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. Votes shall be cast on each separate proposal in the agenda (including extraordinary motions and amendments to the original proposals set out in the agenda). 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 extraordinary motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, 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.

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

Article 11. (Shareholder speech)

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.

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.

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.

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.

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

When the Corporation holds a shareholders' meeting through video conferencing, the shareholders attending through video conferencing may ask questions by text on the video conferencing platform for the shareholders' meeting from the time the meeting is commenced by the chair until the meeting is adjourned, subject to a limit of two questions per motion of 200 words each, provided that the provisions in Paragraph I to V do not apply.

If the aforementioned question does not violate the regulations or is within the scope of the motion, it is appropriate to disclose the question on the video conferencing platform of the shareholders' meeting for public information.

Article 12. (Calculation of voting shares and recusal system)

Voting at a shareholders meeting shall be calculated based the number of shares.

With respect to resolutions of shareholders meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of this Corporation, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed three percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

Article 13. (The method of exercising of voting rights)

A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179,

paragraph 2 of the Company Act.

When this Corporation holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that this Corporation avoid the submission of extraordinary motions and amendments to original proposals.

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to this Corporation before two days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders' meeting in person or through video conferencing, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Corporation, by the same means by which the voting rights were exercised, 2 days before the date of the shareholders' meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Except as otherwise provided in the Company Act and in this 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. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

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.

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 this 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.

When the Corporation holds a shareholders' meeting through video conferencing, shareholders attended by video conferencing should vote on each motion and election motion through the video conferencing platform from the time the meeting is commenced by the chair and should complete the voting before the end of the voting is announced by the chair; if the vote was made overdue, then it shall be deemed as they waived their rights.

When the Corporation holds a shareholders' meeting through video conferencing, the counting operation must be a one-time count after the end of voting is announced by the chair, and then the chair shall announce the results of voting and election.

If a shareholder who registered to attend the video-assisted shareholders' meeting through video conferencing in accordance with the provisions in Article 6 intends to attend a physical shareholders' meeting, he or she shall exercise a declaration of intent to retract the registration with the same method as the registration was made 2 days prior to the day of the shareholders' meeting; if the declaration of intent to retract was made overdue, then he or she may only attend the shareholders' meeting by video conferencing.

If a shareholder exercises his or her voting rights by correspondence or electronically and does not retract his or her intent and attends the shareholders' meeting by video conferencing, he or she may not exercise his or her voting rights on the original motion or propose amendments to the original motion or exercise his or her voting rights on amendments to the original motion, except for a temporary motion.

#### Article 14. (Election of directors)

The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by this Corporation, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

#### Article 15. (Meeting minutes)

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 meeting minutes may be produced and distributed in electronic form.

This Corporation may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the number of voting rights), and disclose the number of voting rights won by each candidate in the event of an election of directors. The minutes shall be retained for the duration of the existence of this Corporation.

Where a video conference shareholders' meeting is convened, in addition to the particulars to be included in the meeting minutes as described in the preceding paragraph, the start time and end time of the shareholders' meeting, how the meeting is convened, the name of the chairperson and secretary, as well as the actions to be taken in the event of interruptions to the video conference platform or participation due to natural disasters, emergencies, or other force majeure circumstances shall also be included in the minutes.

When holding a shareholders' meeting through video conferencing, this Corporation shall handle relevant matters in accordance with the preceding provision, and specify in the meeting minutes the provisions of the alternative measures to shareholders having difficulties attending the shareholders' meeting through video conferencing.

#### Article 16. (Public disclosure)

On the day of a shareholders meeting, the Corporation shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation, the number of shares represented by the proxies, and the number of shares attended by correspondence or electronically, and shall make an express disclosure of the same at the place of the shareholders meeting; when holding a shareholders' meeting through video conferencing, the Corporation shall upload the aforementioned information to the video conferencing platform for the shareholders' meeting at least 30 minutes prior to the time the meeting commences and continue to disclose it until the meeting ends.

When holding a shareholders' meeting through video conferencing, the Corporation shall disclose the total number of shares in attendance on the video conferencing platform from the time the meeting is commenced by the chair. The same applies to the statistics on the total number of shares in attendance and number of votes during the meeting.

#### Article 17. (Maintaining order at the meeting place)

Staff handling administrative affairs of a shareholders meeting shall wear

identification cards or arm bands.

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.

At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by this Corporation, the chair may prevent the shareholder from so doing.

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 18. (Recess and resumption of a shareholders meeting)

When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a shareholders meeting to defer or resume the meeting within five days in accordance with Article 182 of the Company Act.

Article 19. (Disclosure of information during the video conference)

When holding the shareholders' meeting through video conferencing, the Corporation shall disclose the results of voting for each proposal and the election immediately after voting ends in accordance with the provisions and continue to disclose such information for at least 15 minutes after the meeting is adjourned by the chair.

Article 20. (The location of the shareholders' meeting chair and the person recording the meeting minutes)

When holding the shareholders' meeting through video conferencing, the Corporation shall disclose the results of voting for each proposal and the election immediately after voting ends in accordance with the provisions and continue to disclose such information for at least 15 minutes after the meeting is adjourned by the chair.

Article 21. (Handling communication barriers and digital divide among shareholders)

Where the shareholders' meeting is held through video conferencing, when declaring the meeting open, the chairperson shall also declare, unless under circumstances where a meeting is not required to be postponed to or resumed at another time according to Paragraph 4 of Article 44-20 of the Regulations Governing the Administration of Shareholder Services of Public Companies, if the

video conference platform or participation is obstructed due to natural disasters, emergencies, or other force majeure circumstances before the chairperson declares the meeting adjourned, and the obstruction continues for more than 30 minutes, the meeting shall be postponed to or reconvened on another date within five days, in which case Article 182 of the Company Act shall not apply.

In the event that the meeting shall be postponed or reconvened due to circumstances described in the preceding paragraph, shareholders who did not register to attend the original shareholders' meeting by video conferencing may not attend the postponed or reconvened meeting.

In the event that the Corporation shall postpone or reconvene the meeting in accordance with Paragraph II, for shareholders who registered to attend the original shareholders' meeting by video conferencing and whose attendance registration was accepted but did not attend the postponed or reconvened meeting, the number of their shares, votes they exercised, and votes they received shall be counted toward the total number of shares in attendance, exercised votes, and number of votes at the postponed or reconvened meeting.

In the event that the Corporation postponed or reconvened the meeting in accordance with the provisions in Paragraph II, the Corporation does not need to re-discuss or re-resolve the proposals with completed votes casting and counting and announced results of the voting, or elected list of directors and supervisors.

When the Corporation holds a hybrid shareholders' meeting, and the video conference meeting cannot continue due to circumstances described in Paragraph II, if the total number of shares represented at the meeting after deducting those represented by the shareholders attending through video conferencing still meets the minimum legal requirement for a shareholders' meeting, then the meeting shall continue without the need to postpone or reconvene in accordance with Paragraph II.

In the event that the meeting shall continue under the circumstances described in the preceding paragraph, for shareholders attending the shareholders' meeting by video conferencing, the number of their shares shall be counted toward the total number of shares in attendance; however, they shall be considered abstained in all proposals of that meeting.

When postponing or resuming a meeting according to Paragraph II, the Corporation shall handle the preparatory work based on the date of the original shareholders' meeting in accordance with the requirements listed under Paragraph 7 of Article 44-20 of the Regulations Governing the Administration of Shareholder Services of Public Companies.

The Corporation shall hold the postponed or reconvened shareholders' meeting in accordance with the provisions in Paragraph 2 on the dates within the period specified in the second half of Article 12 and Paragraph 3 of Article 13 of the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings



of Public Companies as well as Paragraph 2 of Article 44-5, Article 44-15, and Paragraph 1 of Article 44-17 of the Regulations Governing the Administration of Shareholder Services of Public Companies.

Article 22. (Handling digital divide)

When holding a shareholders' meeting through video conferencing, the Corporation shall provide adequate alternative measures available to shareholders with difficulties in attending a video conferencing shareholders' meeting.

Article 23. (History of effectiveness and amendment)

These Rules shall take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be affected in the same manner.

These Rules were established on June 9, 2010.

The first revision was made on June 11, 2013.

19 articles were published with the second amendment on July 20, 2021.

The third amendment was made on May 24, 2022.

**Appendix 3. Description of How Proposals Raised by Shareholders in This General Shareholders' Meeting Are Handled**

There are no shareholder proposals for the period from March 10, 2023 to March 20, 2023 during which the proposals for this Corporation's General Shareholders Meeting will be accepted.



#### Appendix 4. Shareholding status of this Corporation's directors

(I) As of book closure date: March 27, 2023

Total number of outstanding shares of the Corporation:  
266,422,983 shares

Stationary number of shares held by all directors: 12,000,000 shares.

(II) The number of shares held by all directors of this Corporation is as follows:

| Title  | Name            | Number of shares held<br>on book closure date<br>(Note 1) | Percentage |
|--|-----------------|---|------------|
| Chairman   | Fang-Hsin Lee   | 11,260,832  | 4.23%      |
| Director   | Ling-Chin Lee   | 10,401,368<br>(Note 2)                                    | 3.90%      |
| Director   | Fang-Yu Lee     | 7,726,918   | 2.90%      |
| Director   | Fang-Chen Lee   | 5,543,344   | 2.08%      |
| Director   | Meng-Be Lin     | 5,929,326   | 2.23%      |
| Director   | Chi-Li Lee      | 828,650   | 0.31%      |
| Independent Director                             | Shih-Kuang Tsai | 0   | 0.00%      |
| Independent Director                             | Kun-Xian Lin    | 0   | 0.00%      |
| Independent Director                             | Hong-I Chen     | 0   | 0.00%      |
| Actual number of shares held by all<br>directors |                 | 41,690,438  | 15.65      |

Note 1. Book closure period of the shareholders' meeting is from 2023.03.27 to 2023.05.25.

Note 2. Adding 4,000,000 shares of the trust that retains the right to exercise the decision, the total number of shares held is 14,401,368 (5.41% of the shares held).

Note 3. This Corporation has established an Audit Committee. Therefore, the statutory shareholding for supervisors is not applicable.

Note 4. The shareholdings of all directors of this Corporation meet the statutory criteria.



# 永信國際投資控股

YUNGSHIN GLOBAL HOLDING CORPORATION