

Stock Code: 4306



炎洲集團
YC GROUP

YEM CHIO CO., LTD.
2021 Annual Shareholders' Meeting

Meeting Agenda

Date: Wednesday, June 23, 2021

Place: No.397, Xingshan Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)
(3rd Floor, Headquarters, YC Group)

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1. Meeting Procedures

YEM CHIO CO., LTD
2021 Annual Shareholders' Meeting
Meeting Procedures

- (1) Call Meeting to Order
- (2) Chairman's Address
- (3) Report Items
- (4) Matters for Ratification
- (5) Matters for Discussion
- (6) Extemporaneous Motions
- (7) Adjournment

2. Meeting Agenda

Meeting Agenda, 2021 Annual Shareholders' Meeting, YEM CHIO CO., LTD

Date: Wednesday, June 23, 2021

Place: No.397, Xingshan Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)

(3rd Floor, Headquarters, YC Group)

(1) Call Meeting to Order (report on the number of shareholders present)

(2) Chairman's Address

(3) Report Items:

1. 2020 Business Report
2. 2020 Audit Committee Report
3. Report on 2020 Employee Profit-sharing Bonus and Directors' Compensation
4. Report on 2020 Earnings Distribution and Cash Dividends
5. Report on the implementation of buyback of treasury stocks
6. Report on the implementation of the improvement plan of the subsidiary's loaning of funds and endorsements/guarantees that exceed the limit
7. Others

(4) Matters for Ratification:

1. Proposal for 2020 Business Report and Financial Statements
2. Proposal for Distribution of 2020 Earnings

(5) Matters for Discussion

1. Proposal for amendment of the Company's Articles of Incorporation
2. Proposal for the issuance of new shares for capital increase through capitalization of earnings
3. Proposal for amendment of Procedures for the Acquisition or Disposal of

Assets

(6) Extemporary Motions

(7) Adjournment

3. Report Items

Proposal 1: 2020 Business Report

Explanatory Notes: For the 2020 Business Report, please refer to P. 8 of this manual.

Proposal 2: 2020 Audit Committee's Review Report

Explanatory Notes: For the 2020 Audit Committee's Review Report, please refer to P. 10 of this manual.

Proposal 3: 2020 Employee Profit-sharing Bonus and Directors' Compensation Distribution Report

Explanatory Notes: 2020 Employee Profit-sharing Bonus and Directors' Compensation Distribution detailed below:

- a. In accordance with Article 19 of the Company's Articles of Incorporation, "If the Company generates profit in the current period, the distribution shall not be less than 0.5% of the total amount as employee compensation".
- b. The company made a profit of NT\$861,805,480 (i.e., pre-tax benefits minus the benefits before distribution of employee remuneration) in 2020, and 0.5% of employee compensation (in cash) is set aside, totaling NT\$4,309,027, all paid in cash.

Proposal 4: Adoption of the Proposal for Distribution of 2020 Earnings

Explanatory Notes: Proposal for Distribution of 2020 Earnings detailed below:

- a. This case is based on Article 19-2 of the Articles of Incorporation. Surplus earnings to be distributed in cash as dividends and bonuses shall be approved by the Board of Directors through a special resolution and reported at the shareholders' meeting.
- b. NT\$348,444,830 will be set aside from earnings for shareholders' dividends. Each common shareholder will be entitled to receive a cash dividend of NT\$0.62 per share (allocated up to NT\$1, rounded down to less than NT\$1). The total of any fractional amount less than one dollar will be adjusted, where number from the decimal point is from large to small and the account number is adjusted from front to back to meet the total cash dividend allocation.
- c. The Chairman shall be authorized by the Board of Directors through a resolution, to determine the record date for distribution and all related matters. If there is a change in the company's share capital and the dividend ratio is affected by a change in the outstanding shares later on, the Board of Directors shall be authorized to adjust the dividend ratio for the distribution of each share.

Proposal 5: Report on the implementation of buyback of treasury stocks

Explanatory Notes: The implementation plan for buyback of treasury stocks is detailed below:

| Buyback Period | 12 th Session | 13 rd Session | 14 th Session |
|--------------------------|--|--|--|
| Date of Board Resolution | November 13, 2017 | March 10, 2020 | May 13, 2020 |
| Buyback Purpose | Transfer shares to employees | Transfer shares to employees | Transfer shares to employees |
| Estimated Buyback Period | November 14, 2017-January 12, 2018 | March 11, 2020- May 8, 2020 | March 14, 2020- July 13, 2020 |
| Actual Buyback Period | November 14, 2017-January 12, 2018 | March 12, 2020- April 27, 2020 | March 22, 2020- July 13, 2020 |
| Buyback Method | Centralized market buyback of securities | Centralized market buyback of securities | Centralized market buyback of securities |
| Buyback Period Price | NT\$13.8~ NT\$20 | NT\$9~ NT\$16 | NT\$9~ NT\$16.2 |

| | | | |
|---|---|------------------------------------|------------------------------------|
| Estimated Buyback Volume | Common shares 10,000,000 shares | Common shares 10,000,000 shares | Common shares 10,000,000 shares |
| Buyback Types and Volume | Common shares 9,380,000 shares | Common shares 8,699,000 shares | Common shares 7,022,000 shares |
| Buyback amount | NT\$139,272,500 | NT\$85,553,642 | NT\$84,796,395 |
| Average buyback price, per share | NT\$14.85 | NT\$9.83 | NT\$12.08 |
| Number of shares cancelled and transferred | 9,380,000 shares (Approved to complete the registration and cancellation of changes on April 13, 2021) | 0 shares | 0 shares |
| Cumulative number of shares held by the company | 0 shares | 8,699,000 shares | 15,721,000 shares |
| The ratio of the cumulative number of shares held by the company to the total number of issued shares (%) | 0% | 1.51% | 2.73% |

In accordance with Article 10 of the “Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies”, the Company has implemented the “14th session: Rules for the transfer of repurchased shares to employees” and submitted this for resolution and approval of the Board of Directors on May 13, 2020. Please refer to P. 49-50 of the meeting agenda.

Proposal 6: Report on the implementation of the improvement plan for the subsidiary's loaning of funds and endorsements/guarantees that exceed the limit

Explanatory Notes:

- a. Obtained Financial Supervisory Commission Order No.1090341357
- b. YEM CHIO (BVI) CO., LTD., a subsidiary of the company, loaned funds to four companies including ASIA PLASTICS (BVI) CO., LTD. and signed an endorsement guarantee for the balance of Wanchio Petrochemical (Jiangsu) Co., Ltd. Its subsidiary WAN CHIO (BVI) CO. LTD has endorsed and guaranteed the balance of Wanchio Petrochemical (Jiangsu) Co., Ltd.. has exceeded the limit of the operating procedures set by these subsidiaries. The report on the implementation of the improvement plan is as follows:
 - (1) YEM CHIO (BVI) CO., LTD., a subsidiary of the company, loaned funds to four companies including ASIA PLASTICS (BVI) CO., LTD. which has exceeded the limit, and all improvements were completed in May 2020.
 - (2) YEM CHIO (BVI) CO., LTD., a subsidiary of the company, provided endorsement and guarantee for Wanchio Petrochemical (Jiangsu) Co., Ltd, whose balance exceeded the limit in terms of operating procedures. Given the investment benefits, the disposal of the Ningbo plant, and change in net value from negative to positive, there has been no production overrun since November 2020.
 - (3) WAN CHIO (BVI) CO., LTD, a subsidiary of the company, provided endorsement and guarantee for Wanchio Petrochemical (Jiangsu) Co., Ltd., whose balance exceeded the limit in terms of operating procedures. The Group settled the loans of Wanchio Petrochemical by utilizing its funds to repay local banks in mainland China. WAN CHIO (BVI) CO., LTD has

lifted its endorsement guarantee in July 2020 after Wanchio Petrochemical Company's loan repayment was made.
Proposal 7: Others: None

4. Matters for Ratification

Proposal 1 (Proposed by the Board of Directors)

Subject: Filing of the 2020 Business Report and Financial Statements

Explanation:

1. The business report and 2020 financial reports of the Company have been approved by the Board of Directors. The aforementioned financial statements have been certified by Chen, Jin-Chang and Lin, Yi-Fan, CPAs of PwC Taiwan, and reports have been verified and submitted. The financial and business reports have also been reviewed by the Audit Committee, and are certified true and correct.
2. Enclosed are the business report, independent auditors' report and aforementioned financial statements for ratification, found on P.10 and P.11-38 of this meeting agenda.

Resolution:

Proposal 2 (Proposed by the Board of Directors)

Subject: Adoption of the Proposal for Distribution of 2020 Profits

Explanation:

Proposal for Distribution of 2020 Profits is detailed below:

YEM CHIO CO., LTD. Distribution of 2020 Profits

Unit: NT\$

| Item | Amount |
|--|---------------|
| Unappropriated earnings of January 1, 2020 | 0 |
| Plus: Net Income after tax 2020 | 805,604,346 |
| Plus: Remeasurements of Defined Benefit Obligations | 17,122,088 |
| Less: Disposal of Financial Assets at FVTOCI 2020 | (1,527,785) |
| Less: Disposal of Financial Assets from Subsidiary at FVTOCI 2020 | (20,637,013) |
| The net profit after tax for the current period plus items other than the net profit for the current period are included in the amount of undistributed surplus for the current year | 800,561,636 |
| Less: Legal surplus reserve, 10% | (80,056,164) |
| Less: Special surplus reserve | 147,062,261 |
| Distributable earnings of December 31, 2020 | 867,567,733 |
| Less: Cash dividends (NT\$0.62 per share) | (348,444,830) |
| Less: Stock dividends (NT\$0.62 per share) | (348,444,830) |
| Unappropriated earnings of December 31, 2020 | 170,678,073 |

Chairman: Lee,Chih-Hsieh

CEO: Lee,Chih-Hsieh

Accounting Representative: Liu, Xue-Ru

Resolution:

5.Matters for Discussion

Proposal 1 (Proposed by the Board of Directors)

Subject: Proposal for amendment to the Articles of Incorporation

Explanation:

1. In order to meet the needs of the company's conversion of convertible corporate bonds into stocks and the future issuance of stock dividends, an increase in rated capital to NT\$10 billion is proposed.
2. A comparison table of the Articles of Incorporation before and after amendment is found on P.39 of this meeting agenda.

Resolution:

Proposal 2 (Proposed by the Board of Directors)

Subject: Proposal for the issuance of new shares for capital increase through capitalization of earnings

Explanation:

1. To increase operating capital, the Company proposes a bonus of NT\$348,444,830 for shareholders from appropriated earnings in 2020 and issues 34,844,483 new shares at par

- value of NT\$10 to increase share capital.
2. This capital increase issuance of new shares is based on the shareholder's shareholding ratio as stated in the shareholder register on the capital increase base day, and 62 shares are allotted for every thousand shares free of charge. The fractional shares with distribution less than one share, will be distributed in cash (allocated up to NT\$1, rounded down to less than NT\$1) in accordance with Article 240 of the Company Act.. Shareholders shall voluntarily apply to the company's stock affairs agency within five days from the date of the allotment to compose piece together into a whole share. After the allotment, the fractional shares are proposed to request a specific person to purchase the shares at face value at the shareholders meeting, authorized by the chairman.
 3. The rights and obligations related to the newly issued shares are the same with those of the original shares, with no physical issuance.
 4. If there is a change in the company's share capital and the dividend ratio is affected by a change in outstanding shares later on, it is proposed that the Board of Directors be authorized to adjust the dividend ratio for the distributed of each share.
 5. After the proposal is approved by the shareholders and submitted to the competent authority for approval, the Board of Directors shall be authorized to set the base date for allotment and related issuance.
 6. If the abovementioned matters related to capital increase have been approved by the competent authority or revised when necessary, they shall be submitted to the Board of Directors.
 7. These matters shall be discussed at the shareholders' meeting.
- Resolution:

Proposal 3 (Proposed by the Board of Directors)

Subject: Proposal to amend the Procedures for Acquisition or Disposal of Assets

Explanation:

1. Proposed to add provisions in Item 1(IV), Article 5: "Handling Procedures for Acquisition and Disposal of Assets" of the Company, in accordance with Article 31: "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" of the Securities and Futures Bureau. 5. Acquisition or disposal in the construction business of real property or right-of-use assets thereof for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount not reaches NT\$500 million. The relevant provisions of the same article, citations, chapters, other articles, and items shall be amended.
2. The comparison table of the Company's "Handling Procedures for the Acquisition and Disposal of Assets" before and after revision is found on P.40-42 of this meeting agenda.

Resolution:

6. Extemporary Motions

Adjournment

7. Appendix
Attachment I
Business Report

Business report

Operating Performance in 2020

Business plan implementation results

- (1) Sales: The consolidated net sales revenue in 2020 was 13,948,716 thousand NTD, a decrease of 13.8% compared with 2019, among them, the sales of the packaging materials division was 12,752,469 thousand NTD, accounting for 91%.
- (2) Production: Amount of spread in 2020 was approximately 1,745.93 million square meters, film production volume 102,428 tons.

Consolidated business results summary (Unit: NT\$ thousand)

| Item | 2020 |
|--------------------------|------------|
| Operating Revenue | 13,948,716 |
| Operating Costs | 11,649,517 |
| Operating Margin | 2,299,199 |
| Operating Expenses | 1,586,899 |
| Operating Profit | 712,300 |
| Net Non-operating Income | 230,819 |
| Income before Tax | 943,119 |

Financial Revenue and Expenditure and Profitability analysis

The Consolidated income and expenditure overview comparison is illustrated as follows:

Income: (Unit: NT\$ thousand)

| Item | 2020 | 2019 | Percent Change |
|----------------------|------------|------------|----------------|
| Operating Income | 13,948,716 | 16,177,441 | -13.8% |
| Non-Operating Income | 1,810,502 | 723,150 | 150.4% |
| Total | 15,759,218 | 16,900,591 | -6.8% |

Expenditure : (Unit: NT\$ thousand)

| Item | 2020 | 2019 | Percent Change |
|-----------------------|------------|------------|----------------|
| Operating Cost | 11,649,517 | 14,293,020 | -18.5% |
| Operating Expense | 1,586,899 | 1,658,466 | -4.3% |
| Non-Operating Expense | 1,579,683 | 1,390,280 | 13.6% |
| Total | 14,816,099 | 17,341,766 | -14.6% |

Revenue structure analysis: The company's consolidated net revenue in 2020 was NT\$13.95 billion. The total net revenue of each department of the company is illustrated as follows:

(Unit: NT\$ thousand)

| Item | Amount | Proportion |
|------------------------------|------------|------------|
| Packaging Materials Division | 12,752,469 | 91% |
| Real Estate Division | 681,646 | 5% |
| Other Operations | 514,601 | 4% |
| Total | 13,948,716 | 100% |

Research development status:

The company's short-term research and development direction is to meet the needs of the market and customers, develop or adjust adhesive formulation and add different coating technologies to produce products that can be commodified.

In the mid-term, it will be vertically integrated upwards by organizational adjustments, recruitment of R&D personnel, and increasing our own development abilities for various films year by year to make products that are differentiated from the market.

Person in Charge: Lee,Chih-Hsieh Manager: Lee,Chih-Hsieh Accountant in charge: Liu, Xue-Ru

Attachment II

Audit Committee's Review Report

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2020 Business Report, Financial Statements, and proposal for allocation of earnings. The CPA firm PwC Taiwan was retained as auditor of the Company's Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and earnings allocation proposal have been reviewed and certified to be correct and accurate by the Audit Committee members of YEM CHIO CO., LTD. In accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

Sincerely yours,

2021 Annual General Meeting of YEM CHIO CO., LTD.

Chairman of the Audit Committee:



Chen, Yen-Chun

May 13, 2021

[Attachment III]

2020 Independent Auditors' Report and Financial Statements (Parent Company Only Financial Statement)

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of YC Co., Ltd.

Opinion

We have audited the accompanying parent company only balance sheets of YC Co., Ltd. (the "Company") as at December 31, 2020 and 2019, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to *Other matter* section), the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audit of the parent company only financial statements as at and for the year ended December 31, 2020 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China; and in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, Rule No.

Financial-Supervisory-Securities-Auditing-1090360805 issued by the Financial Supervisory Commission on February 25, 2020 and generally accepted auditing standards in the Republic of China for our audit of the parent company only financial statements as at and for the year ended December 31, 2019. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the parent company only financial statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of other auditors, we believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Company's 2020 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2020 parent company only financial statements are stated as follows:

Valuation of inventory

Description

Refer to Note 4(12) for accounting policy on inventory valuation, Note 5(2) for uncertainty of accounting estimates and assumptions applied on inventory valuation and Note 6(6) for details of inventories. As of December 31, 2020, the inventories and allowance for valuation loss amounted to NT\$5,041,488 thousand and NT\$11,878 thousand, respectively.

The Company is mainly engaged in manufacturing, processing, and selling of packaging materials, including BOPP film, adhesives and polystyrene sheets, as well as land development and construction. The Company's inventories are measured at the lower of cost and net realisable value, and an allowance for inventory valuation losses is provided based on individually identified reasonable net realisable value and usable condition of obsolete or slow-moving inventories.

Considering that the Company's inventories and the allowance for inventory valuation losses are material to the financial statements and the determination of net realisable value for obsolete or slow-moving inventories involves judgements and estimates, we identified the allowance for inventory valuation loss as a key audit matter.

How our audit addressed the matter

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

1. Assessed and obtained an understanding of provision policies in relation to the allowance for inventory valuation losses.

2. For packaging materials business, we have:

- (1) Obtained the net realisable value valuation report of inventories, assessed the calculation logic, verified the related records, and selected samples to check the source data of net realisable value.
- (2) Obtained the details of the individually identified obsolete or slow-moving inventories, reviewed the related supporting documents, and verified the records.
- (3) Obtained an understanding of the Company's warehousing control procedures. Reviewed annual physical inventory count plan and participated in the annual inventory count event in order to assess the classification of obsolete inventory and effectiveness of obsolete inventory internal control.

3. For land development and construction business, we have:

- (1) Obtained the valuation data in relation to the net realisable value of inventories and compared with the last sales contract in order to assess the reasonableness of the net realisable value of buildings and land held for sale at the end of the year.
- (2) Obtained the valuation data in relation to the net realisable value of inventories to ascertain whether the data source, assumptions and methods adopted by the Company are reasonable. Tested data in order to check the reasonableness of the net realisable value of buildings and land held for sale.

Valuation of investment property

Description

Refer to Note 4(17) for accounting policy on investment property, Note 5(2) for uncertainty of accounting estimates and assumptions applied on fair value valuation and Note 6(11) for details of investment property. As of December 31, 2020, the fair value of investment property was NT\$2,090,466 thousand.

The Company's investment property is valued by external experts using the fair value model. Additionally, the Company's investment property is material to the financial statements. Given that the valuation process is subject to significant assumptions on discount rate and future lease income and has material effect on the fair value measurement, we consider it as a key audit matter.

How our audit addressed the matter

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

1. Assessed the appointed external appraisers in conformity with the rules of qualification and independence.
2. Reviewed whether the valuation method used in the appraisal report is consistent with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
3. For investment properties accounted for using the income approach, assessed whether the lease income and rental growth rate are reasonable by referencing to the market rental rate.

Appropriateness of impairment assessment of property, plant and equipment of investment accounted for under the equity method

Description

Refer to Notes 4(17)(21) in the consolidated financial statements for the accounting policy on investment accounted for using the equity method and non-financial assets impairment, Note 5(2) in the consolidated financial statements for the uncertainty of accounting estimates and assumptions in relation to the impairment of non-financial assets, and Note 6(13) in the consolidated financial statements for the details of non-financial assets impairment.

Certain property, plant and equipment of the Company's indirect subsidiary, Wan Chio Petrochemical (Jiangsu) Co., Ltd., may be impaired due to market factors resulting to a temporary idle for operating adjustment for the year ended December 31, 2020. Management appointed an external appraiser to assess the recoverable amount of property, plant and equipment. Since the assessment involves subjective judgment, contained a high degree of uncertainty, and may have a significant effect to the financial statements, we considered the impairment assessment of property, plant and equipment of investment accounted for under the equity method as a key audit matter.

How our audit addressed the matter:

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

1. Confirmed whether management has identified all individual assets which may be impaired and ascertained whether these were all included in the valuation process.
2. Verified whether the appointed independent appraisers have complied with the specialisation, qualification and independence requirements.
3. Obtained an understanding of the valuation method and assumptions used by the appraiser, and examined whether the valuation method is reasonable.

Other matter –Audits by other auditors

We did not audit the financial statements of certain investees accounted for under the equity method, which statements reflect total investment amount of NT\$1,083,577 thousand and NT\$940,090 thousand as at December 31, 2020 and 2019, constituting 5% and 4% of total assets, respectively, and comprehensive income and loss of NT\$143,487 thousand and NT\$(74,979) thousand, constituting 25% and 68% of total comprehensive income for the years then ended, respectively. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on the audit reports of the other auditors.

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

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

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

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

Auditors' responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 generally accepted auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

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

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

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

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

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

Lin, Yi-Fan

Chen, Chin-Chang

For and on behalf of PricewaterhouseCoopers, Taiwan

March 4, 2021

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

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

YC CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

| Assets | | Notes | December 31, 2020 | | December 31, 2019 | |
|--------------------|---|----------------|-------------------|-----|-------------------|-----|
| | | | AMOUNT | % | AMOUNT | % |
| Current assets | | | | | | |
| 1100 | Cash and cash equivalents | 6(1) | \$ 267,761 | 1 | \$ 781,883 | 4 |
| 1110 | Financial assets at fair value through profit or loss - current | 6(2) | 2,009 | - | - | - |
| 1120 | Financial assets at fair value through other comprehensive income - current | 6(3) | 8,632 | - | 12,526 | - |
| 1136 | Financial assets at amortised cost - current | 6(4) and 8 | 203,835 | 1 | 114,323 | 1 |
| 1150 | Notes receivable, net | 6(5) | 42,211 | - | 48,831 | - |
| 1170 | Accounts receivable, net | 6(5) | 349,705 | 2 | 377,756 | 2 |
| 1180 | Accounts receivable - related parties | 7 | 118,132 | - | 92,667 | - |
| 1200 | Other receivables | | 165,758 | 1 | 4,375 | - |
| 1210 | Other receivables - related parties | 7 | 1,059,963 | 5 | 1,130,885 | 5 |
| 1220 | Current tax assets | | - | - | 1,982 | - |
| 130X | Inventories, net | 6(6) and 8 | 5,029,610 | 24 | 5,278,689 | 25 |
| 1460 | Non-current assets held for sale, net | 6(11) | 376,262 | 2 | - | - |
| 1470 | Other current assets | 7 | 547,662 | 3 | 322,629 | 2 |
| 11XX | Total current assets | | 8,171,540 | 39 | 8,166,546 | 39 |
| Non-current assets | | | | | | |
| 1517 | Financial assets at fair value through other comprehensive income - non-current | 6(3) | 5,597 | - | 5,597 | - |
| 1535 | Financial assets at amortised cost - non-current | 6(4) and 8 | 209,019 | 1 | 215,992 | 1 |
| 1550 | Investments accounted for under equity method | 6(7) | 6,716,040 | 33 | 6,270,951 | 30 |
| 1600 | Property, plant and equipment, net | 6(8) and 8 | 3,499,157 | 17 | 3,367,152 | 16 |
| 1755 | Right-of-use assets | 6(9) and 8 | - | - | 196,723 | 1 |
| 1760 | Investment property, net | 6(11), 7 and 8 | 2,090,466 | 10 | 2,646,186 | 13 |
| 1780 | Intangible assets, net | | 188 | - | 210 | - |
| 1840 | Deferred income tax assets | 6(27) | 70,295 | - | 61,593 | - |
| 1900 | Other non-current assets | 8 | 2,952 | - | 6,579 | - |
| 15XX | Total non-current assets | | 12,593,714 | 61 | 12,770,983 | 61 |
| 1XXX | Total assets | | \$ 20,765,254 | 100 | \$ 20,937,529 | 100 |

(Continued)

YC CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

| Liabilities and Equity | | Notes | December 31, 2020 | | December 31, 2019 | |
|-------------------------|--|-----------------|-------------------|------|-------------------|-----|
| | | | AMOUNT | % | AMOUNT | % |
| Current liabilities | | | | | | |
| 2100 | Short-term borrowings | 6(12) and 8 | \$ 3,787,905 | 18 | \$ 2,572,028 | 12 |
| 2110 | Short-term notes and bills payable | 6(13) | 300,000 | 1 | 300,000 | 1 |
| 2120 | Financial liabilities at fair value through profit or loss - current | 6(2) | - | - | 1,150 | - |
| 2130 | Current contract liabilities | 6(21) | 334,414 | 2 | 69,570 | - |
| 2150 | Notes payable | | 37,785 | - | 78,373 | - |
| 2160 | Notes payable - related parties | 7 | - | - | 5,017 | - |
| 2170 | Accounts payable | | 140,464 | 1 | 94,805 | 1 |
| 2180 | Accounts payable - related parties | 7 | 15,718 | - | 47,733 | - |
| 2200 | Other payables | | 138,237 | 1 | 117,811 | 1 |
| 2220 | Other payables - related parties | 7 | 536,217 | 3 | 105,002 | 1 |
| 2230 | Current income tax liabilities | | 27,277 | - | - | - |
| 2280 | Current lease liabilities | | - | - | 12,477 | - |
| 2300 | Other current liabilities | 6(14)(16) and 8 | 2,847,141 | 14 | 4,144,673 | 20 |
| 21XX | Total current liabilities | | 8,165,158 | 40 | 7,548,639 | 36 |
| Non-current liabilities | | | | | | |
| 2530 | Corporate bonds payable | 6(15) and 8 | 789,667 | 4 | 971,544 | 5 |
| 2540 | Long-term borrowings | 6(16) and 8 | 1,855,346 | 9 | 2,789,193 | 13 |
| 2570 | Deferred income tax liabilities | 6(27) | 141,613 | - | 123,607 | - |
| 2580 | Non-current lease liabilities | | - | - | 144,304 | 1 |
| 2600 | Other non-current liabilities | 6(7)(17) | 392,535 | 2 | 333,305 | 2 |
| 25XX | Total non-current liabilities | | 3,179,161 | 15 | 4,361,953 | 21 |
| 2XXX | Total liabilities | | 11,344,319 | 55 | 11,910,592 | 57 |
| Equity | | | | | | |
| | Share capital | 6(18) | | | | |
| 3110 | Common stock | | 5,700,402 | 27 | 5,718,342 | 27 |
| 3130 | Certificate of entitlement to new shares from convertible bonds | | 150,076 | 1 | - | - |
| | Capital surplus | 6(19) | | | | |
| 3200 | Capital surplus | | 2,592,442 | 13 | 2,751,507 | 13 |
| | Retained earnings | 6(20) | | | | |
| 3310 | Legal reserve | | 279,187 | 1 | 620,361 | 3 |
| 3320 | Special reserve | | 637,634 | 3 | 637,634 | 3 |
| 3350 | Unappropriated retained earnings (accumulated deficit) | | 800,561 | 4 (| 341,174) (| 2) |
| | Other equity interest | | | | | |
| 3400 | Other equity interest | | (176,879) (| 1) | 55,037 | 1 |
| 3500 | Treasury stocks | 6(18) | (562,488) (| 3) (| 414,770) (| 2) |
| 3XXX | Total equity | | 9,420,935 | 45 | 9,026,937 | 43 |
| | Significant contingent liabilities and unrecognised contract commitments | 9 | | | | |
| | Significant events after the balance sheet date | 11 | | | | |
| 3X2X | Total liabilities and equity | | \$ 20,765,254 | 100 | \$ 20,937,529 | 100 |

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

YC CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except for earnings (loss) per share amounts)

| | Items | Notes | 2020 | | 2019 | |
|------|--|----------------|---------------------|-------------|---------------------|--------------|
| | | | AMOUNT | % | AMOUNT | % |
| 4000 | Sales revenue | 6(21) and 7 | \$ 4,176,275 | 100 | \$ 4,345,163 | 100 |
| 5000 | Operating costs | 6(6)(26) and 7 | (3,624,320) | (87) | (3,867,970) | (89) |
| 5950 | Net operating margin | | 551,955 | 13 | 477,193 | 11 |
| | Operating expenses | 6(26) and 7 | | | | |
| 6100 | Selling expenses | | (202,425) | (5) | (183,920) | (4) |
| 6200 | General and administrative expenses | | (125,942) | (3) | (107,270) | (3) |
| 6300 | Research and development expenses | | (2,713) | - | (8,779) | - |
| 6000 | Total operating expenses | | (331,080) | (8) | (299,969) | (7) |
| 6900 | Operating profit | | 220,875 | 5 | 177,224 | 4 |
| | Non-operating income and expenses | | | | | |
| 7100 | Interest income | 6(22) and 7 | 8,024 | - | 6,014 | - |
| 7010 | Other income | 6(23) and 7 | 126,102 | 3 | 125,195 | 3 |
| 7020 | Other gains and losses | 6(24) | (280,218) | (7) | (48,295) | (1) |
| 7050 | Finance costs | 6(25) and 7 | (113,413) | (3) | (129,832) | (3) |
| 7070 | Share of profit (loss) of associates and joint ventures accounted for using equity method | 6(7) | | | | |
| | | | 895,491 | 22 | (622,994) | (14) |
| 7000 | Total non-operating income and expenses | | 635,986 | 15 | (669,912) | (15) |
| 7900 | Profit (loss) before income tax | | 856,861 | 20 | (492,688) | (11) |
| 7950 | Income tax expense | 6(27) | (51,257) | (1) | (16,328) | (1) |
| 8200 | Profit (loss) for the year | | <u>\$ 805,604</u> | <u>19</u> | <u>(\$ 509,016)</u> | <u>(12)</u> |
| | Other comprehensive income (loss) | | | | | |
| | Components of other comprehensive income that will not be reclassified to profit or loss | | | | | |
| 8311 | Actuarial gains on defined benefit plans | 6(17) | \$ 5,575 | - | \$ 5,585 | - |
| 8316 | Unrealised (losses) gains from investments in equity instruments measured at fair value through other comprehensive income | 6(3) | (2,596) | - | 534 | - |
| 8330 | Share of other comprehensive (loss) income of associates and joint ventures accounted for using equity method | | (1,533) | - | 527,372 | 12 |
| 8349 | Income tax related to components of other comprehensive income that will not be reclassified to profit or loss | 6(27) | (1,115) | - | (1,117) | - |
| 8310 | Other comprehensive income that will not be reclassified to profit or loss | | 331 | - | 532,374 | 12 |
| | Components of other comprehensive income that will be reclassified to profit or loss | | | | | |
| 8361 | Financial statements translation differences of foreign operations | | (249,295) | (6) | (120,183) | (3) |
| 8380 | Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method | | 12,005 | 1 | (13,033) | - |
| 8360 | Other comprehensive income that will be reclassified to profit or loss | | (237,290) | (5) | (133,216) | (3) |
| 8300 | Other comprehensive (loss) income for the year | | <u>(\$ 236,959)</u> | <u>(5)</u> | <u>\$ 399,158</u> | <u>9</u> |
| 8500 | Total comprehensive income (loss) for the year | | <u>\$ 568,645</u> | <u>14</u> | <u>(\$ 109,858)</u> | <u>(3)</u> |
| | Earnings (loss) per share (in dollars) | | | | | |
| 9750 | Basic earnings (loss) per share | 6(28) | \$ 1.51 | | \$ 0.99 | |
| 9850 | Diluted earnings (loss) per share | 6(28) | \$ 1.28 | | \$ 0.99 | |

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

YC CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

| | Notes | Capital | | | Retained Earnings | | | Other Equity Interest | | | | Total |
|--|-----------|------------------------------|---|---------------------|-------------------|-------------------|--|--|---|---------------------|----------------------|---------------------|
| | | Share capital - common stock | Certificate of entitlement to new shares from convertible bonds | Capital surplus | Legal reserve | Special reserve | Total unappropriated retained earnings (accumulated deficit) | Financial statements translation differences of foreign operations | Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income | Revaluation surplus | Treasury stocks | |
| <u>2019</u> | | | | | | | | | | | | |
| Balance at January 1, 2019 | | \$ 5,300,623 | \$ - | \$ 2,640,718 | \$ 566,002 | \$ 369,130 | \$ 875,702 | (\$ 161,732) | (\$ 312,188) | \$ - | (\$ 531,049) | \$ 8,747,206 |
| Loss for the year | | - | - | - | - | - | (509,016) | - | - | - | - | (509,016) |
| Other comprehensive income (loss) for the year | | - | - | - | - | - | (7,956) | (133,649) | 101,187 | 439,576 | - | 399,158 |
| Total comprehensive income (loss) | | - | - | - | - | - | (516,972) | (133,649) | 101,187 | 439,576 | - | (109,858) |
| Distribution of 2018 earnings: | 6(20) | | | | | | | | | | | |
| Legal reserve | | - | - | - | 54,359 | - | (54,359) | - | - | - | - | - |
| Special reserve | | - | - | - | - | 268,504 | (268,504) | - | - | - | - | - |
| Cash dividends | | - | - | - | - | - | (255,198) | - | - | - | - | (255,198) |
| Issuance of shares | 6(18)(19) | 450,000 | - | 74,500 | - | - | - | - | - | - | - | 524,500 |
| Share-based payments | 6(18)(19) | - | - | 9,045 | - | - | - | - | - | - | - | 9,045 |
| Disposal of equity investments valued at fair value through other comprehensive income | | - | - | - | - | - | (121,843) | - | 121,843 | - | - | - |
| Treasury stocks transferred to employees | 6(18)(19) | - | - | (187) | - | - | - | - | - | - | 70,924 | 70,737 |
| Changes in ownership interests in subsidiaries | 6(19) | - | - | 2,508 | - | - | - | - | - | - | - | 2,508 |
| The Company's stocks held by subsidiaries deemed as cash dividends distributed to treasury stocks | 6(19) | - | - | 8,906 | - | - | - | - | - | - | - | 8,906 |
| Recognition of equity component of convertible bonds issued | 6(15)(19) | - | - | 29,091 | - | - | - | - | - | - | - | 29,091 |
| Cancellation of treasury stocks | 6(18)(19) | (32,281) | - | (13,074) | - | - | - | - | - | - | 45,355 | - |
| Balance at December 31, 2019 | | <u>\$ 5,718,342</u> | <u>\$ -</u> | <u>\$ 2,751,507</u> | <u>\$ 620,361</u> | <u>\$ 637,634</u> | <u>(\$ 341,174)</u> | <u>(\$ 295,381)</u> | <u>(\$ 89,158)</u> | <u>\$ 439,576</u> | <u>(\$ 414,770)</u> | <u>\$ 9,026,937</u> |
| <u>2020</u> | | | | | | | | | | | | |
| Balance at January 1, 2020 | | \$ 5,718,342 | \$ - | \$ 2,751,507 | \$ 620,361 | \$ 637,634 | (\$ 341,174) | (\$ 295,381) | (\$ 89,158) | \$ 439,576 | (\$ 414,770) | \$ 9,026,937 |
| Profit for the year | | - | - | - | - | - | 805,604 | - | - | - | - | 805,604 |
| Other comprehensive income (loss) | | - | - | - | - | - | 17,122 | (241,400) | (12,681) | - | - | (236,959) |
| Total comprehensive income (loss) | | - | - | - | - | - | 822,726 | (241,400) | (12,681) | - | - | 568,645 |
| Legal reserve used to offset against accumulated deficit | 6(20) | - | - | - | (341,174) | - | 341,174 | - | - | - | - | - |
| Cash dividends from capital surplus | 6(19)(20) | - | - | (166,265) | - | - | - | - | - | - | - | (166,265) |
| Dividends for which the claim period has elapsed and unclaimed by shareholders | 6(19) | - | - | 86 | - | - | - | - | - | - | - | 86 |
| Disposal of equity investments valued at fair value through other comprehensive income | 6(3) | - | - | - | - | - | (1,528) | - | 1,528 | - | - | - |
| Disposal of equity investments valued at fair value through other comprehensive income of subsidiaries | | - | - | - | - | - | (20,637) | - | 20,637 | - | - | - |
| Changes in ownership interests in subsidiaries | 6(19) | - | - | (33,223) | - | - | - | - | - | - | - | (33,223) |
| Purchase of treasury shares | 6(18) | - | - | - | - | - | - | - | - | - | (170,350) | (170,350) |
| Cancellation of treasury stocks | 6(18)(19) | (17,940) | - | (4,692) | - | - | - | - | - | - | 22,632 | - |
| Conversion of convertible bonds | 6(18)(19) | - | 150,076 | 39,630 | - | - | - | - | - | - | - | 189,706 |
| The Company's stocks held by subsidiaries deemed as cash dividends distributed to treasury stocks | 6(19) | - | - | 5,399 | - | - | - | - | - | - | - | 5,399 |
| Balance at December 31, 2020 | | <u>\$ 5,700,402</u> | <u>\$ 150,076</u> | <u>\$ 2,592,442</u> | <u>\$ 279,187</u> | <u>\$ 637,634</u> | <u>\$ 800,561</u> | <u>(\$ 536,781)</u> | <u>(\$ 79,674)</u> | <u>\$ 439,576</u> | <u>(\$ 562,488)</u> | <u>\$ 9,420,935</u> |

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

YC CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

| | Notes | 2020 | 2019 |
|---|-----------|----------------|----------------|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u> | | | |
| Profit (loss) before tax | | \$ 856,861 | (\$ 492,688) |
| Adjustments | | | |
| Adjustments to reconcile profit (loss) | | | |
| (Gain) loss on financial asset (liability) at fair value through profit or loss | 6(2)(24) | (3,939) | 650 |
| Share of (profit) loss of associates and joint ventures accounted for under equity method | 6(7) | (895,492) | 622,994 |
| Depreciation | 6(8)(26) | 201,284 | 207,219 |
| Loss on disposal of property, plant and equipment | 6(24) | 2,902 | 1,891 |
| Loss on write-off of investment property | 6(11)(24) | 178,738 | - |
| Loss (gain) on fair value adjustment of investment property | 6(11)(24) | 720 | (24,821) |
| Amortization | 6(26) | 145 | 3,166 |
| Employees' compensation | 6(26) | 4,944 | - |
| Interest income | 6(22) | (8,024) | (6,014) |
| Dividend income | 6(23) | (1,569) | (2,856) |
| Interest expense | 6(25) | 113,413 | 129,832 |
| Share-based payments | 6(18)(19) | - | 9,045 |
| Changes in operating assets and liabilities | | | |
| Changes in operating assets | | | |
| Notes receivable, net | | 6,620 | 28,050 |
| Notes receivable - related parties | | - | 4,389 |
| Accounts receivable, net | | 28,051 | 75,673 |
| Accounts receivable - related parties | (| 25,465) | (6,578) |
| Other receivables | (| 5,472) | (4,574) |
| Other receivables - related parties | (| 1,089) | (192,183) |
| Inventories | | 328,063 | 124,966 |
| Other current assets | (| 237,766) | (53,839) |
| Changes in operating liabilities | | | |
| Current contract liabilities | | 61,009 | 24,011 |
| Notes payable | (| 40,588) | (4,222) |
| Notes payable - related parties | (| 5,017) | (2,227) |
| Accounts payable | | 45,659 | (332,431) |
| Accounts payable - related parties | (| 32,015) | (100,525) |
| Other payables | | 16,911 | 10,529 |
| Other current liabilities | | 3,653 | (3,917) |
| Other non-current liabilities | (| 1,360) | (18,564) |
| Cash inflow generated from operations | | 591,177 | 14,568 |
| Interest received | | 8,024 | 8,950 |
| Dividends received | | 251,489 | 283,366 |
| Interest paid | (| 182,901) | (202,267) |
| Income tax paid | (| 1,076) | (69,766) |
| Net cash flows from operating activities | | <u>666,713</u> | <u>34,851</u> |

(Continued)

YC CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

| | Notes | 2020 | 2019 |
|---|-----------|----------------------|--------------------|
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u> | | | |
| Decrease (increase) in financial assets at amortised cost | | \$ 121,296 | (\$ 199,301) |
| Decrease (increase) in other receivables - related parties | | 72,011 | (27,000) |
| Acquisition of property, plant and equipment | 6(29) | (51,142) | (77,156) |
| Proceeds from disposal of property, plant and equipment | | 1,906 | 240 |
| Acquisition of right-of-use assets | 6(9) | (90,617) | (11,528) |
| Acquisition of financial assets at fair value through other comprehensive income | | (308) | - |
| Proceeds from disposal of financial assets at fair value through other comprehensive income | | 1,606 | - |
| Decrease (increase) in other non-current assets | | 3,889 | (886) |
| Net cash flows from (used in) investing activities | | <u>58,641</u> | <u>(315,631)</u> |
| <u>CASH FLOWS FROM FINANCING ACTIVITIES</u> | | | |
| Increase in short-term borrowings | 6(30) | 1,212,679 | 627,507 |
| Increase in short-term notes and bills payable | 6(30) | - | 20,000 |
| Increase in other payables - related parties | 6(30) | 432,773 | 95,909 |
| Proceeds from issuance of bonds | 6(15)(30) | - | 996,260 |
| Proceeds from long-term borrowings | 6(30) | 1,841,162 | 6,270,980 |
| Repayment of long-term borrowings | 6(30) | (4,232,694) | (7,540,859) |
| Decrease in lease liabilities | 6(30) | (156,781) | (64,609) |
| Proceeds from issuance of shares | 6(18) | - | 526,500 |
| Cash dividends from capital surplus | 6(19)(20) | (166,265) | - |
| Payment of cash dividends | 6(20) | - | (255,198) |
| Treasury stocks transferred to employees | | - | 66,444 |
| Purchase of treasury shares | 6(18) | (170,350) | - |
| Net cash flows (used in) from financing activities | | <u>(1,239,476)</u> | <u>742,934</u> |
| Net (decrease) increase in cash and cash equivalents | | (514,122) | 462,154 |
| Cash and cash equivalents at beginning of year | | <u>781,883</u> | <u>319,729</u> |
| Cash and cash equivalents at end of year | | <u>\$ 267,761</u> | <u>\$ 781,883</u> |

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

2020 Independent Auditors' Report and Financial Statements (Consolidated Financial Statement)

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of YC Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of YC Co., Ltd. and its subsidiaries (the "Group") as at December 31, 2020 and 2019, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to the Other matter section), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audit of the consolidated financial statements as at and for the year ended December 31, 2020 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China; and in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, Rule No.

Financial-Supervisory-Securities-Auditing-1090360805 issued by the Financial Supervisory Commission on February 25, 2020 and generally accepted auditing standards in the Republic of China for our audit of the consolidated financial statements as at and for the year ended December 31, 2019. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these

requirements. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Group's 2020 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2020 consolidated financial statements are stated as follows:

Valuation of inventory

Description

Refer to Note 4(14) for accounting policy on inventory valuation, Note 5(2) for uncertainty of accounting estimates and assumptions applied on inventory valuation and Note 6(6) for details of inventories. As of December 31, 2020, the inventories and allowance for valuation loss amounted to NT\$7,142,330 thousand and NT\$153,193 thousand, respectively.

The Group is mainly engaged in manufacturing, processing, and selling of packaging materials, including BOPP film, adhesives and polystyrene sheets, as well as land development and construction. The Group's inventories are measured at the lower of cost and net realisable value, and an allowance for inventory valuation losses is provided based on individually identified reasonable net realisable value and usable condition of obsolete or slow-moving inventories.

Considering that the Group's inventories and the allowance for inventory valuation losses are material to the financial statements and the determination of net realisable value for obsolete or slow-moving inventories involves judgements and estimates, we identified the valuation of inventory as a key audit matter.

How our audit addressed the matter

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

1. Assessed and obtained an understanding of the provision policies in relation to the allowance for inventory valuation losses.

2. For packaging material business, we have:

- (1) Obtained the net realisable value valuation report of inventories, assessed the calculation logic, verified the related records, and selected samples to check the source data of net realisable value.
- (2) Obtained the details of the individually identified obsolete or slow-moving inventories, reviewed the related supporting documents, and verified the records.
- (3) Obtained an understanding of the Group's warehousing control procedures. Reviewed annual physical inventory count plan and participated in the annual inventory count event in order to assess the classification of obsolete inventory and effectiveness of obsolete inventory internal control.

3. For land development and construction business, we have:

- (1) Obtained the valuation data in relation to the net realisable value of inventories and compared with the last sales contract in order to assess the reasonableness of the net realisable value of buildings and land held for sale at the end of the year.
- (2) Obtained the valuation data in relation to the net realisable value of inventories to ascertain whether the data source, assumptions and methods adopted by the Group are reasonable. Tested data in order to check the reasonableness of the net realisable value of buildings and land held for sale.

Valuation of investment property

Description

Refer to Note 4(19) for accounting policy on investment property, Note 5(2) for uncertainty of accounting estimates and assumptions applied on fair value valuation and Note 6(11) for details of investment property. As of December 31, 2020, the fair value of investment property was NT\$1,890,332 thousand.

The Group's investment property is valued by external experts using the fair value model. Additionally, the Group's investment property is material to the financial statements. Given that the valuation process is subject to significant assumptions on discount rate and future lease income and has material effect on the fair value measurement, we consider it as a key audit matter.

How our audit addressed the matter

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

1. Assessed the appointed external appraisers in conformity with the rules of qualification and independence.
2. Reviewed whether the valuation method used in the appraisal report is consistent with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
3. For investment properties accounted for using the income approach, assessed whether the lease income and rental growth rate are reasonable by referencing to the market rental rate.

Appropriateness of impairment assessment of property, plant and equipment

Description

Refer to Notes 4(17)(21) for the accounting policy on property, plant and equipment and non-financial assets impairment, Note 5(2) for the uncertainty of accounting estimates and assumptions in relation to the impairment of non-financial assets, and Note 6(13) for the details of non-financial assets impairment. The Group recognised impairment loss on property, plant and equipment of NT\$767,057 thousand for the year ended December 31, 2020.

Considering the market factors in 2020, the second-tier company of the Group, Wan Chio Petrochemical (Jiangsu) Co., Ltd., was laid idle temporarily in line with some operation adjustments. Thus, certain property, plant and equipment may be impaired for the year ended December 31, 2020. Management appointed an external appraiser to assess the recoverable amount of property, plant and equipment. Since the assessment involves subjective judgment, contained a high degree of uncertainty, and may have a significant effect to the financial statements, we considered the impairment assessment of property, plant and equipment as a key audit matter.

How our audit addressed the matter:

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

1. Confirmed whether management has identified all individual assets which may be impaired and ascertained whether these were all included in the valuation process.
2. Verified whether the appointed independent appraisers have complied with the specialisation, qualification and independence requirements.
3. Obtained an understanding of the valuation method and assumptions used by the appraiser, and examined whether the valuation method is reasonable.

Other matter –Audits by other auditors

We did not audit the financial statements of a wholly-owned consolidated subsidiary, which statements reflect total assets of NT\$1,572,091 thousand and NT\$1,524,589 thousand as at December 31, 2020 and 2019, both constituting 5% of consolidated total assets, respectively, and net sales revenue of NT\$1,336,045 thousand and NT\$1,255,335 thousand, constituting 10% and 8% of consolidated total sales revenue for the years then ended, respectively. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on the audit reports of the other auditors.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion with other matter section on the parent company only financial statements of YC Co., Ltd. as at and for the years ended December 31, 2020 and 2019.

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

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

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

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

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

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

including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Lin, Yi-Fan

Chen, Chin-Chang

For and on behalf of PricewaterhouseCoopers, Taiwan

March 4, 2021

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

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

YC CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

| Assets | | Notes | December 31, 2020 | | December 31, 2019 | |
|--------------------|---|-------------|-------------------|-----|-------------------|-----|
| | | | AMOUNT | % | AMOUNT | % |
| Current assets | | | | | | |
| 1100 | Cash and cash equivalents | 6(1) | \$ 1,648,794 | 5 | \$ 2,965,198 | 9 |
| 1110 | Financial assets at fair value through profit or loss - current | 6(2) | 362,825 | 1 | 358,634 | 1 |
| 1120 | Financial assets at fair value through other comprehensive income - current | 6(3) and 8 | 1,151,957 | 4 | 592,909 | 2 |
| 1136 | Current financial assets at amortised cost | 6(4) and 8 | 300,303 | 1 | 553,252 | 2 |
| 1150 | Notes receivable, net | 6(5) | 329,099 | 1 | 667,034 | 2 |
| 1170 | Accounts receivable, net | 6(5) and 8 | 2,300,998 | 8 | 2,391,730 | 7 |
| 1200 | Other receivables | | 288,793 | 1 | 94,562 | - |
| 1220 | Current tax assets | | - | - | 1,982 | - |
| 130X | Inventories, net | 6(6) and 8 | 6,989,137 | 23 | 7,232,836 | 22 |
| 1410 | Prepayments | | 812,616 | 3 | 583,474 | 2 |
| 1460 | Non-current assets held for sale - net | 6(14) and 8 | 186,501 | 1 | - | - |
| 1470 | Other current assets | | 194,280 | 1 | 110,762 | - |
| 11XX | Total current assets | | 14,565,303 | 49 | 15,552,373 | 47 |
| Non-current assets | | | | | | |
| 1510 | Non-current financial assets at fair value through profit or loss | 6(2) | 59,906 | - | 435,460 | 1 |
| 1517 | Financial assets at fair value through other comprehensive income - non-current | 6(3) | 67,952 | - | 86,960 | - |
| 1535 | Non-current financial assets at amortised cost | 6(4) and 8 | 362,045 | 1 | 237,807 | 1 |
| 1550 | Investments accounted for under equity method | 6(7) | 460,937 | 2 | 355,724 | 1 |
| 1600 | Property, plant and equipment, net | 6(8) and 8 | 11,549,183 | 39 | 13,192,774 | 40 |
| 1755 | Right-of-use assets | 6(9) and 8 | 429,654 | 1 | 1,000,751 | 3 |
| 1760 | Investment property, net | 6(11) and 8 | 1,890,332 | 6 | 1,857,961 | 5 |
| 1780 | Intangible assets, net | 6(12) | 186,007 | 1 | 269,763 | 1 |
| 1840 | Deferred income tax assets | 6(29) | 193,283 | 1 | 207,935 | 1 |
| 1900 | Other non-current assets | 8 | 51,223 | - | 82,689 | - |
| 15XX | Total non-current assets | | 15,250,522 | 51 | 17,727,824 | 53 |
| 1XXX | Total assets | | \$ 29,815,825 | 100 | \$ 33,280,197 | 100 |

(Continued)

YC CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

| Liabilities and Equity | | Notes | December 31, 2020 | | December 31, 2019 | |
|---|--|-----------------|-------------------|------|-------------------|------|
| | | | AMOUNT | % | AMOUNT | % |
| Current liabilities | | | | | | |
| 2100 | Short-term borrowings | 6(15) and 8 | \$ 6,393,320 | 21 | \$ 6,505,803 | 20 |
| 2110 | Short-term notes and bills payable | 6(16) | 480,000 | 2 | 550,000 | 2 |
| 2120 | Financial liabilities at fair value through profit or loss - current | 6(2) | - | - | 1,150 | - |
| 2130 | Current contract liabilities | 6(24) | 479,355 | 2 | 141,778 | - |
| 2150 | Notes payable | | 295,125 | 1 | 292,919 | 1 |
| 2170 | Accounts payable | | 795,402 | 3 | 725,871 | 2 |
| 2200 | Other payables | | 761,736 | 3 | 666,763 | 2 |
| 2230 | Current income tax liabilities | | 126,832 | - | 89,559 | - |
| 2280 | Current lease liabilities | | 14,727 | - | 110,818 | - |
| 2300 | Other current liabilities | 6(17)(19) and 8 | 3,966,777 | 13 | 7,970,828 | 24 |
| 21XX | Total current liabilities | | 13,313,274 | 45 | 17,055,489 | 51 |
| Non-current liabilities | | | | | | |
| 2530 | Corporate bonds payable | 6(18) and 8 | 983,541 | 3 | 971,544 | 3 |
| 2540 | Long-term borrowings | 6(19) and 8 | 4,716,932 | 16 | 4,246,818 | 13 |
| 2570 | Deferred income tax liabilities | 6(29) | 503,188 | 2 | 513,094 | 2 |
| 2580 | Non-current lease liabilities | | 51,335 | - | 427,012 | 1 |
| 2600 | Other non-current liabilities | 6(20) | 270,762 | 1 | 494,991 | 1 |
| 25XX | Total non-current liabilities | | 6,525,758 | 22 | 6,653,459 | 20 |
| 2XXX | Total liabilities | | 19,839,032 | 67 | 23,708,948 | 71 |
| Equity attributable to owners of parent | | | | | | |
| | Share capital | 6(21) | | | | |
| 3110 | Common stock | | 5,700,402 | 19 | 5,718,342 | 17 |
| 3130 | Certificate of entitlement to new shares from convertible bonds | | 150,076 | 1 | - | - |
| | Capital surplus | 6(22) | | | | |
| 3200 | Capital surplus | | 2,592,442 | 8 | 2,751,507 | 8 |
| | Retained earnings | 6(23) | | | | |
| 3310 | Legal reserve | | 279,187 | 1 | 620,361 | 2 |
| 3320 | Special reserve | | 637,634 | 2 | 637,634 | 2 |
| 3350 | Unappropriated retained earnings (accumulated deficit) | | 800,561 | 3 | (341,174) | (1) |
| | Other equity interest | | | | | |
| 3400 | Other equity interest | | (176,879) | (1) | 55,037 | - |
| 3500 | Treasury stocks | 6(21) | (562,488) | (2) | (414,770) | (1) |
| 31XX | Equity attributable to owners of the parent | | 9,420,935 | 31 | 9,026,937 | 27 |
| 36XX | Non-controlling interest | | 555,858 | 2 | 544,312 | 2 |
| 3XXX | Total equity | | 9,976,793 | 33 | 9,571,249 | 29 |
| | Significant contingent liabilities and unrecognised contract commitments | 9 | | | | |
| | Significant events after the balance sheet date | 11 | | | | |
| 3X2X | Total liabilities and equity | | \$ 29,815,825 | 100 | \$ 33,280,197 | 100 |

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

YC CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except earnings (loss) per share amounts)

| Items | Notes | 2020 | | 2019 | |
|---|----------------|---------------|-------|---------------|-------|
| | | AMOUNT | % | AMOUNT | % |
| 4000 Sales revenue | 6(24) and 7 | \$ 13,948,716 | 100 | \$ 16,177,441 | 100 |
| 5000 Operating costs | 6(6)(28) and 7 | (11,649,517) | (84) | (14,293,020) | (88) |
| 5950 Net operating margin | | 2,299,199 | 16 | 1,884,421 | 12 |
| Operating expenses | 6(28) | | | | |
| 6100 Selling expenses | | (970,591) | (7) | (950,894) | (6) |
| 6200 General and administrative expenses | | (563,558) | (4) | (648,566) | (4) |
| 6300 Research and development expenses | | (47,288) | - | (62,763) | - |
| 6450 Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9 | 12(2) | (5,462) | - | 3,757 | - |
| 6000 Total operating expenses | | (1,586,899) | (11) | (1,658,466) | (10) |
| 6900 Operating profit | | 712,300 | 5 | 225,955 | 2 |
| Non-operating income and expenses | | | | | |
| 7100 Interest income | | 23,266 | - | 25,329 | - |
| 7010 Other income | 6(25) | 292,761 | 2 | 353,071 | 2 |
| 7020 Other gains and losses | 6(26) | 117,189 | 1 | (696,657) | (4) |
| 7050 Finance costs | 6(27) | (298,115) | (2) | (450,962) | (3) |
| 7060 Share of profit of associates and joint ventures accounted for under equity method | 6(7) | 95,718 | 1 | 102,089 | 1 |
| 7000 Total non-operating income and expenses | | 230,819 | 2 | (667,130) | (4) |
| 7900 Profit (loss) before income tax | | 943,119 | 7 | (441,175) | (2) |
| 7950 Income tax expense | 6(29) | (164,214) | (1) | (123,201) | (1) |
| 8200 Profit (loss) for the year | | \$ 778,905 | 6 | \$ 564,376 | (3) |

(Continued)

YC CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except earnings (loss) per share amounts)

| Items | | Notes | 2020 | | 2019 | |
|---|--|-------|---------------------|-------------|---------------------|-------------|
| | | | AMOUNT | % | AMOUNT | % |
| Other comprehensive income | | | | | | |
| Components of other comprehensive income that will not be reclassified to profit or loss | | | | | | |
| 8311 | Actuarial gains (losses) on defined benefit plans | 6(20) | \$ 21,403 | - | (\$ 9,945) | - |
| 8312 | Gains on revaluation | 6(11) | - | - | 563,270 | 3 |
| 8316 | Unrealised (losses) gains from investments in equity instruments measured at fair value through other comprehensive income | 6(3) | (16,791) | - | 100,754 | 1 |
| 8349 | Income tax related to components of other comprehensive income that will not be reclassified to profit or loss | 6(29) | (4,281) | - | (121,705) | (1) |
| 8310 | Other comprehensive income that will not be reclassified to profit or loss | | 331 | - | 532,374 | 3 |
| Components of other comprehensive income that will be reclassified to profit or loss | | | | | | |
| 8361 | Financial statements translation differences of foreign operations | | (240,034) | (2) | (132,214) | (1) |
| 8367 | Unrealised gains from investments in debt instruments measured at fair value through other comprehensive income | 6(3) | 4,110 | - | 433 | - |
| 8370 | Share of other comprehensive loss of associates and joint ventures accounted for under equity method | | (7,895) | - | (13,466) | - |
| 8360 | Other comprehensive loss that will be reclassified to profit or loss | | (243,819) | (2) | (145,247) | (1) |
| 8300 | Other comprehensive (loss) income for the year | | <u>(\$ 243,488)</u> | <u>(2)</u> | <u>\$ 387,127</u> | <u>2</u> |
| 8500 | Total comprehensive income (loss) for the year | | <u>\$ 535,417</u> | <u>4</u> | <u>(\$ 177,249)</u> | <u>(1)</u> |
| Profit (loss) attributable to: | | | | | | |
| 8610 | Owners of the parent | | \$ 805,604 | 6 | (\$ 509,016) | (3) |
| 8620 | Non-controlling interest | | (26,699) | - | (55,360) | - |
| | | | <u>\$ 778,905</u> | <u>6</u> | <u>(\$ 564,376)</u> | <u>(3)</u> |
| Comprehensive income (loss) attributable to: | | | | | | |
| 8710 | Owners of the parent | | \$ 568,645 | 4 | (\$ 109,858) | (1) |
| 8720 | Non-controlling interest | | (33,228) | - | (67,391) | - |
| | | | <u>\$ 535,417</u> | <u>4</u> | <u>(\$ 177,249)</u> | <u>(1)</u> |
| Earnings (loss) per share (in dollars) | | | | | | |
| 9750 | Basic earnings (loss) per share | 6(30) | \$ 1.51 | | (\$ 0.99) | |
| 9850 | Diluted earnings (loss) per share | | \$ 1.28 | | (\$ 0.99) | |

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

YC CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

| | | Equity attributable to owners of the parent | | | | | | | | | | | | |
|-------------|-----------|---|---|-------------------|---------------|-----------------|--|--|---|---------------------|-----------------|--------------|--------------------------|--------------|
| | | Capital | | Retained Earnings | | | | Other Equity Interest | | | | | | |
| | | | Certificate of entitlement to new shares from convertible bonds | | | | Unappropriated retained earnings (accumulated deficit) | Financial statements translation differences of foreign operations | Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income | Revaluation surplus | Treasury stocks | Total | Non-controlling interest | Total equity |
| | Notes | Share capital - common stock | | Capital surplus | Legal reserve | Special reserve | | | | | | | | |
| <u>2019</u> | | | | | | | | | | | | | | |
| | | \$ 5,300,623 | \$ - | \$ 2,640,718 | \$ 566,002 | \$ 369,130 | \$ 875,702 | (\$ 161,732) | (\$ 312,188) | \$ - | (\$ 531,049) | \$ 8,747,206 | \$ 621,963 | \$ 9,369,169 |
| | | - | - | - | - | - | (509,016) | - | - | - | - | (509,016) | (55,360) | (564,376) |
| | | - | - | - | - | - | (7,956) | (133,649) | 101,187 | 439,576 | - | 399,158 | (12,031) | 387,127 |
| | | - | - | - | - | - | (516,972) | (133,649) | 101,187 | 439,576 | - | (109,858) | (67,391) | (177,249) |
| | 6(23) | | | | | | | | | | | | | |
| | | - | - | - | 54,359 | - | (54,359) | - | - | - | - | - | - | - |
| | | - | - | - | - | 268,504 | (268,504) | - | - | - | - | - | - | - |
| | | - | - | - | - | - | (255,198) | - | - | - | - | (255,198) | - | (255,198) |
| | 6(21)(22) | 450,000 | - | 74,500 | - | - | - | - | - | - | - | 524,500 | - | 524,500 |
| | 6(21)(22) | - | - | 9,045 | - | - | - | - | - | - | - | 9,045 | - | 9,045 |
| | 6(3) | - | - | - | - | - | (121,843) | - | 121,843 | - | - | - | - | - |
| | 6(21)(22) | - | (187) | - | - | - | - | - | - | - | 70,924 | 70,737 | - | 70,737 |
| | 6(22) | - | - | 2,508 | - | - | - | - | - | - | - | 2,508 | - | 2,508 |
| | 6(22) | - | - | 8,906 | - | - | - | - | - | - | - | 8,906 | - | 8,906 |
| | 6(18)(22) | - | - | 29,091 | - | - | - | - | - | - | - | 29,091 | - | 29,091 |
| | 6(22) | (32,281) | - | (13,074) | - | - | - | - | - | - | 45,355 | - | - | - |
| | | - | - | - | - | - | - | - | - | - | - | - | (10,260) | (10,260) |
| | | \$ 5,718,342 | \$ - | \$ 2,751,507 | \$ 620,361 | \$ 637,634 | (\$ 341,174) | (\$ 295,381) | (\$ 89,158) | \$ 439,576 | (\$ 414,770) | \$ 9,026,937 | \$ 544,312 | \$ 9,571,249 |

(Continued)

YC CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

| Equity attributable to owners of the parent | | | | | | | | | | | | | |
|---|------------------------------|---|---------------------|-------------------|-------------------|--|--|---|---------------------|----------------------|---------------------|--------------------------|---------------------|
| Notes | Capital | | Retained Earnings | | | | | Other Equity Interest | | | Total | Non-controlling interest | Total equity |
| | Share capital - common stock | Certificate of entitlement to new shares from convertible bonds | Capital surplus | Legal reserve | Special reserve | Unappropriated retained earnings (accumulated deficit) | Financial statements translation differences of foreign operations | Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income | Revaluation surplus | Treasury stocks | | | |
| <u>2020</u> | | | | | | | | | | | | | |
| Balance at January 1, 2020 | \$ 5,718,342 | \$ - | \$ 2,751,507 | \$ 620,361 | \$ 637,634 | (\$ 341,174) | (\$ 295,381) | (\$ 89,158) | \$ 439,576 | (\$ 414,770) | \$ 9,026,937 | \$ 544,312 | \$ 9,571,249 |
| Profit (loss) for the year | - | - | - | - | - | 805,604 | - | - | - | - | 805,604 | (26,699) | 778,905 |
| Other comprehensive income (loss) for the year | - | - | - | - | - | 17,122 | (241,400) | (12,681) | - | - | (236,959) | (6,529) | (243,488) |
| Total comprehensive income (loss) | - | - | - | - | - | 822,726 | (241,400) | (12,681) | - | - | 568,645 | (33,228) | 535,417 |
| Legal reserve used to offset against accumulated deficit | 6(23) | - | - | (341,174) | - | 341,174 | - | - | - | - | - | - | - |
| Cash dividends from capital surplus | 6(22)(23) | - | (166,265) | - | - | - | - | - | - | - | (166,265) | - | (166,265) |
| Disposal of equity investment valued at fair value through other comprehensive income | 6(3) | - | - | - | - | (22,165) | - | 22,165 | - | - | - | - | - |
| Dividends for which the claim period has elapsed and unclaimed by shareholders | 6(22) | - | 86 | - | - | - | - | - | - | - | 86 | - | 86 |
| Changes in ownership interests in subsidiaries | 6(22) | - | (33,223) | - | - | - | - | - | - | (33,223) | - | (33,223) | - |
| Purchase of treasury shares | 6(21) | (17,940) | (4,692) | - | - | - | - | - | - | (170,350) | (192,982) | - | (192,982) |
| Cancellation of treasury stocks | 6(21)(22) | - | - | - | - | - | - | - | - | 22,632 | 22,632 | - | 22,632 |
| Conversion of convertible bonds | 6(21)(22) | - | 150,076 | 39,630 | - | - | - | - | - | - | 189,706 | - | 189,706 |
| The Company's stocks held by subsidiaries deemed as cash dividends distributed to treasury stocks | - | - | 5,399 | - | - | - | - | - | - | - | 5,399 | - | 5,399 |
| Decrease in non-controlling interest | - | - | - | - | - | - | - | - | - | - | - | 44,774 | 44,774 |
| Balance at December 31, 2020 | <u>\$ 5,700,402</u> | <u>\$ 150,076</u> | <u>\$ 2,592,442</u> | <u>\$ 279,187</u> | <u>\$ 637,634</u> | <u>\$ 800,561</u> | <u>(\$ 536,781)</u> | <u>(\$ 79,674)</u> | <u>\$ 439,576</u> | <u>(\$ 562,488)</u> | <u>\$ 9,420,935</u> | <u>\$ 555,858</u> | <u>\$ 9,976,793</u> |

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

YC CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

| | Notes | 2020 | 2019 |
|--|---------------|---------------|----------------|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u> | | | |
| Profit (loss) before tax | | \$ 943,119 | (\$ 441,175) |
| Adjustments | | | |
| Adjustments to reconcile profit (loss) | | | |
| Gain on financial assets at fair value through profit or loss | 6(2)(26) | (1,430) | (230,445) |
| Expected credit impairment loss (gain) | 12(2) | 5,462 | (3,757) |
| Share of profit of associates and joint ventures accounted for under equity method | 6(7) | | |
| Impairment loss on property, plant and equipment | 6(8)(13)(26) | (95,718) | (102,089) |
| Depreciation | 6(8)(9)(28) | 767,057 | 607,383 |
| Impairment loss on intangible assets | 6(12)(13)(26) | 714,460 | 907,203 |
| (Gain) loss on disposal of property, plant and equipment | 6(26) | 62,092 | - |
| Loss on write-off of property, plant and equipment | 6(8)(26) | (65,355) | 46,900 |
| Gain on fair value adjustment of investment property | 6(11)(26) | 263,369 | - |
| Gain on disposal of investments | 6(26) | (27,817) | (12,216) |
| Gains arising from transfer of right in sale and lease-back transaction | 6(9)(26) | (1,066,964) | - |
| Losses from lease modification | 6(9)(26) | 237,191 | - |
| Amortization | 6(12)(28) | 85,915 | - |
| Employees' compensation | | 13,164 | 9,593 |
| Interest income | | 14,811 | - |
| Dividend income | 6(25) | (23,266) | (25,329) |
| Interest expense | 6(27) | (85,125) | (59,856) |
| Gains on write-off of past due payable | | 298,115 | 450,962 |
| Share-based payments | 6(21)(22) | - | (55,830) |
| Subsidiaries' share-based payments | | - | 9,045 |
| Changes in operating assets and liabilities | | 3,615 | - |
| Changes in operating assets | | | |
| Notes receivable, net | | 325,935 | 355,958 |
| Accounts receivable, net | | 85,270 | 4,245 |
| Other receivables | (1,718) | (725) | 725) |
| Inventories | | 166,035 | 563,240 |
| Prepayments | (272,720) | 11,995 | 11,995 |
| Other current assets | (83,518) | (13,257) | 13,257) |
| Changes in operating liabilities | | | |
| Current contract liabilities | | 39,590 | 44,776 |
| Notes payable | | 2,206 | (187,774) |
| Accounts payable | | 100,376 | (145,941) |
| Accounts payable - related parties | | - | (100,832) |
| Other payables | | 143,769 | 121,364 |
| Other current liabilities | | 4,142 | (7,559) |
| Other non-current liabilities | (20,210) | (4,897) | 4,897) |
| Cash inflow generated from operations | | 2,057,470 | 1,740,982 |
| Interest received | | 23,162 | 23,516 |
| Dividends received | | 84,925 | 160,771 |
| Interest paid | (370,130) | (436,353) | 436,353) |
| Income tax paid | (68,140) | (185,561) | 185,561) |
| Net cash flows from operating activities | | 1,727,287 | 1,303,355 |

(Continued)

YC CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

| | Notes | 2020 | 2019 |
|---|-------|----------------------|---------------------|
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u> | | | |
| Acquisition of financial assets at fair value through profit or loss | | (\$ 3,781,729) | (\$ 1,491,467) |
| Proceeds from disposal of financial assets at fair value through profit or loss | | 3,992,483 | 1,354,255 |
| Acquisition of financial assets at fair value through other comprehensive income | | (969,715) | (704,464) |
| Proceeds from disposal of financial assets at fair value through other comprehensive income | 6(3) | 418,575 | 978,247 |
| Decrease (increase) in financial assets at amortised cost | | 426,698 | (87,659) |
| Proceeds from disposal of subsidiaries | | 1,387,264 | - |
| Acquisition of property, plant and equipment | 6(31) | (372,165) | (1,028,658) |
| Proceeds from disposal of property, plant and equipment | | 90,062 | 97,754 |
| Acquisition of right-of-use assets | | (92,395) | (11,528) |
| Acquisition of intangible assets | | - | (15,033) |
| Decrease in other non-current assets | | 31,466 | 92,882 |
| (Decrease) increase in other non-current liabilities | | (3,875) | 288,121 |
| Net cash flows from (used in) investing activities | | <u>1,126,669</u> | <u>(527,550)</u> |
| <u>CASH FLOWS FROM FINANCING ACTIVITIES</u> | | | |
| (Decrease) increase in short-term borrowings | 6(32) | (65,795) | 244,274 |
| Decrease in short-term notes and bills payable | 6(32) | (70,000) | (40,000) |
| Proceeds from issuance of bonds | 6(32) | 203,710 | 996,260 |
| Proceeds from long-term borrowings | 6(32) | 1,912,162 | 6,578,327 |
| Repayment of long-term borrowings | 6(32) | (5,539,299) | (8,221,952) |
| Decrease in lease liabilities | 6(32) | (181,382) | (129,927) |
| Proceeds from issuance of shares | 6(21) | - | 524,500 |
| Purchase of treasury shares | 6(21) | (170,350) | - |
| Treasury stocks transferred to employees | | - | 66,444 |
| Payment of cash dividends | | - | (246,292) |
| Cash dividends from capital surplus | | (160,866) | - |
| Change in non-controlling interest | | (71,651) | (10,260) |
| Purchase of treasury shares by subsidiaries | | (99,211) | - |
| Proceeds from issuance of shares by subsidiaries | | <u>148,000</u> | <u>-</u> |
| Net cash flows used in financing activities | | <u>(4,094,682)</u> | <u>(238,626)</u> |
| Effect of exchange rate fluctuations on cash and cash equivalents | | <u>(75,678)</u> | <u>(46,474)</u> |
| Net (decrease) increase in cash and cash equivalents | | <u>(1,316,404)</u> | <u>490,705</u> |
| Cash and cash equivalents at beginning of year | | <u>2,965,198</u> | <u>2,474,493</u> |
| Cash and cash equivalents at end of year | | <u>\$ 1,648,794</u> | <u>\$ 2,965,198</u> |

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

Attachment IV

Comparison Table of the Articles of Incorporation Before and After

YEM CHIO CO., LTD.

Comparison Table of the Articles of Incorporation Before and After Revision

| Article | After Revision | Before Revision | Reason for Revision |
|------------|---|---|---|
| Article 5 | <p>The total capital of the company is set at NT\$10 billion, divided into one billion shares.</p> <p>The amount per share is NT\$10, and the Board of Directors is authorized to issue the shares in installments according to operational requirements.</p> <p>Upon execution of the said agreement, NT\$40 million is retained for the issuance of employee stock subscription warrants. There are a total of 400 million shares at NT\$10 per share, which may be issued in installments in accordance with the resolution of the Board of Directors.</p> | <p>The total capital of the company is set at NT\$6.6 billion, divided into six hundred and sixty million shares. The amount per share is NT\$10, and the board of directors is authorized to issue the shares in installments according to operational requirements.</p> <p>Upon execution of the said agreement, NT\$40 million is retained for the issuance of employee stock subscription warrants. There are a total of 4 million shares at NT\$10 per share, which may be issued in installments in accordance with the resolution of the Board of Directors.</p> | <p>Given the stocks exchanged from convertible bonds and the stock dividends to be issued in the future, the rated capital was increased to NT\$10 billion.</p> |
| Article 21 | <p>These Articles of Incorporation were approved and signed on February 13, 1978, and the first Amendment was made on October 13, 1979 while the second was on October 30, 1981,</p> <p>.....</p> <p>The 41st Amendment was made on June 19, 2020, and the 42nd was on June 23, 2021.</p> | <p>These Articles of Incorporation were approved and signed on February 13, 1978, and the first Amendment was made on October 13, 1979, while the second was on October 30, 1981,</p> <p>.....</p> <p>The 41st Amendment on June 19, 2020</p> | <p>To add the number and date of the amendment</p> |

Attachment V

Comparison table of “Handling Procedures for the Acquisition and Disposal of Assets” before and after revision

YEM CHIO CO., LTD.

Comparison Table of “Handling Procedures for the Acquisition and Disposal of Assets” Before and After Revision

| Article | After Revision | Before Revision | Reason for Revision |
|--|--|--|---|
| Article 5: Procedures for Public Disclosure | <p>1. Should any of the following conditions relating to the Company’s acquisition or disposal of assets occurs, the filing and public disclosure of relevant information shall be made according to the regulations of the Securities and Futures Bureau within two days from the Event Date:</p> <p>(1) Acquisition or disposal of real estate from affiliates; or acquisition or disposal of other assets except real estate with the transaction amount reaching 20% of the Company's paid-in capital or 10% of the total assets or exceeding NT\$300 million. However, this does not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds.</p> <p>(2) Merger, spin-off, acquisition or share transfer;</p> <p>(3) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in chapter 3, Article 14-4 of the Procedures adopted by the company</p> <p>(4) Wherein there is an asset transaction other than any of those referred to in the preceding preceding subparagraphs, a disposal of receivables by a financial institution, or an investment in mainland China, of which there is a cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year; or a cumulative</p> | <p>1. Should any of the following conditions relating to the Company’s acquisition or disposal of assets occurs, the filing and public disclosure of relevant information shall be made according to the regulations of the Securities and Futures Bureau within two days from the Event Date:</p> <p>(1) Acquisition or disposal of real estate from affiliates; or acquisition or disposal of other assets except real estate with the transaction amount reaching 20% of the Company's paid-in capital or 10% of the total assets or exceeding NT\$300 million. However, this does not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds.</p> <p>(2) Merger, spin-off, acquisition or share transfer;</p> <p>(3) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in chapter 4, Article 8-1 of the Procedures adopted by the company</p> <p>(4) Wherein there is an asset transaction other than any of those referred to in the preceding preceding subparagraphs, a disposal of receivables by a financial institution, or an investment in mainland China, of which there is a cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year; or a cumulative</p> | <p>1. Amendment to the provisions of the same article, citations, chapters, other articles, and items</p> <p>2. Provision added in Item 1(IV), Article 5: “Handling Procedures for the Acquisition and Disposal of Assets” of the Company, in accordance with Article 31: “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” of the Securities and Futures Bureau. There are 5 provisions added; wherein the equipment or right-of-use asset thereof is acquired or disposed; furthermore, the transaction counterparty is not a related party and the transaction amount does not reach NT\$500 million or more.</p> |

| | | | |
|--|---|--|--|
| | <p>transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use asset thereof in the same development project within the past year; or a cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the past year; the aforementioned amount reaches 20% or more of the Company's paid-in capital or exceeds NT\$300 million.</p> <p>"Within the past year" as mentioned in the preceding paragraph refers to the year prior to the date of the current transaction. Items disclosed in accordance with these Regulations need not be included in the transaction amount. However, this does not apply to the following:</p> <p>A. Trading of domestic government bonds</p> <p>B. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises</p> <p>C. Acquisition or disposal by a public company involved in the construction of real property or right-of-use assets thereof for construction use; furthermore, the transaction counterparty is not a related party and the transaction amount reaches NT\$500 million</p> <p>D. Where land is acquired based on an arrangement with contractors to build on the company's land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale; furthermore, the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NT\$500 million</p> <p>5. Acquisition or disposal in the</p> | <p>transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property thereof in the same development project within the past year; or a cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the past year; the aforementioned amount reaches 20% or more of the Company's paid-in capital or exceeds NT\$300 million.</p> <p>"Within the past year" as mentioned in the preceding paragraph refers to the year prior to the date of the current transaction. Items disclosed in accordance with these Regulations need not be included in the transaction amount. However, this does not apply to the following:</p> <p>A. Trading of domestic government bonds</p> <p>B. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises</p> <p>C. Acquisition or disposal by a public company involved in the construction of real property or right-of-use assets thereof for construction use; furthermore, the transaction counterparty is not a related party and the transaction amount reaches NT\$500 million</p> <p>D. Where land is acquired based on an arrangement with contractors to build on the company's land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale; furthermore, the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NT\$500 million</p> | |
|--|---|--|--|

| | | | |
|--|--|--|--|
| | <p>construction business of real property or right-of-use assets thereof for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount does not reach NT\$500 million.</p> <p>2. A public company shall compile monthly reports on the status of derivatives traded up to the end of the preceding month by the company and any of its subsidiaries that are not domestic public companies and enter these data in the prescribed format into the information reporting website designated by the FSC on the 10th day of each month.</p> <p>3. When a public company at the time of public disclosure makes an error or omission in an item required to be publicly declared pursuant to regulations, is required to correct it; all items need to be publicly declared again and reported in their entirety within two days counting inclusively from the date of knowledge of such error or omission</p> <p>4. Where any of the following circumstances occurs with respect to a transaction that a public company has already publicly disclosed and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of the event:</p> <p>1. Change, termination, or rescission of a contract signed in connection with the original transaction</p> <p>2. The merger, demerger, acquisition, or transfer of shares is not completed within the scheduled date, set forth in the contract.</p> | <p>2. A public company shall compile monthly reports on the status of derivatives traded up to the end of the preceding month by the company and any of its subsidiaries that are not domestic public companies and enter these data in the prescribed format into the information reporting website designated by the FSC on the 10th day of each month.</p> <p>3. When a public company at the time of public disclosure makes an error or omission in an item required to be publicly declared pursuant to regulations, is required to correct it; all items need to be publicly declared again and reported in their entirety within two days counting inclusively from the date of knowledge of such error or omission</p> <p>4. Where any of the following circumstances occurs with respect to a transaction that a public company has already publicly disclosed and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of the event:</p> <p>1. Change, termination, or rescission of a contract signed in connection with the original transaction</p> <p>2. The merger, demerger, acquisition, or transfer of shares is not completed within the scheduled date set forth in the contract.</p> | |
|--|--|--|--|

Attachment VI

Articles of Incorporation

YEM CHIO CO., LTD.



炎洲集團
YC GROUP

Articles of Incorporation

Chapter 1: General Provisions

Article 1

The Corporation is a company limited by shares and incorporated in accordance with the Company Act, under the Chinese name 炎洲股份有限公司 and English name YEM CHIO CO., LTD.

Article 2

The Company's business scope covers the following:

1. C802160 Manufacture of Adhesive Tapes
2. CA02990 Manufacture of Other Fabricated Metal Products Not Elsewhere Classified
3. C805010 Manufacture of Plastic Sheets, Pipes and Tubes
4. C805020 Manufacture of Plastic Films and Bags
5. C601040 Manufacture of Processed Paper
6. F109070 Wholesale of Cultural, Educational, Musical Instruments and Educational Entertainment Supplies
7. F107190 Wholesale of Plastic Films and Bags
8. F113050 Wholesale of Computers and Office Machines/Equipment
9. F401010 International Trade
10. H701010 Housing and Building Development and Rental
11. J901020 Hotels and Motels
12. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval

Article 3

The Company shall have its head office in Taipei City and may establish domestic and overseas branches as required through board resolutions.

Article 4

Any and all public disclosures to be made by the Company shall be published in accordance with Article 28 of Company Act and SEC regulations.

The Company shall comply with these Regulations when making loans and endorsements/guarantees for others.

When the Company becomes a shareholder in a limited liability company after reinvestment, the total amount of its investments in such company shall not exceed forty percent of the amount of its own paid-up capital.

Chapter 2: Shares

Article 5

The total capital of the company is set at NT\$6.6 billion, divided into six-hundred and sixty million shares. The amount per share is NT\$10, and the Board of Directors shall be authorized to issue shares in installments according to operational requirements.

Upon execution of the said agreement, NT\$40 million is retained for the issuance of employee stock subscription warrants. There are a total of 400 million shares at NT\$10 per share, which may be issued in installments in accordance with the resolution of the Board of Directors.

Article 5-1

The Company, which intends to repurchase its own shares and transfer shares to employees at less than the average actual share repurchase price, must have obtained the consent of at least two-thirds of the voting rights at the most recent shareholders' meeting attended by shareholders representing a majority of total issued shares. Such action can be processed after the aforementioned consent resolution.

Article 6

All Company shares are registered shares and the share certificates shall be affixed with the signatures or personal seals of directors representing the company, and shall be duly certified or authenticated by the bank authorized to certify shares under the law before issuance. For shares to be issued, the issuing company may be exempted from printing any share certificate; in that case, it should register the issued shares with a centralized securities

depository enterprise and follow the regulations of that enterprise.

Article 7

The entries in its shareholders' roster shall not be altered within 60 days prior to the convening date of a regular shareholders' meeting, or within 30 days prior to the convening date of a special shareholders' meeting, or within 5 days prior to the target date set by the issuing company for distribution of dividends, bonuses or other benefits.

Chapter 3: Shareholders' Meeting

Article 8

There are two kinds of shareholders' meeting: (1) Regular meeting of shareholders to be held at least once a year and convened within six months after the close of each fiscal year, (2) Special meeting of shareholders to be held when necessary

The company shall issue a notice convening a regular shareholders' meeting to each shareholder no later than 30 days prior to the scheduled meeting date. In case the Company intends to convene a special shareholders' meeting, a meeting notice shall be given to each shareholder no later than 15 days prior to the scheduled meeting date. The date, place, cause(s) or subject(s) of the shareholders' meeting shall be indicated in the individual notice. The notice may, as an alternative, be sent electronically after obtaining prior consent from the recipient(s). The Company shall issue a public notice to shareholders holding less than one thousand registered shares.

Article 9

Any shareholder who cannot attend a shareholders' meeting for any reason may appoint a proxy to attend the meeting on his/her/its behalf by executing a power of attorney stating therein the scope of power authorized to the proxy. Such written proxy to the company shall comply with the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" unless otherwise specified in Article 177 of the Company Act.

Article 10

Except restricted or as stipulated in Article 179-2 of the Company Act regarding no voting power, a shareholder shall have one voting power with respect to each share held.

Article 11

Resolutions at a shareholders' meeting shall, unless otherwise stipulated in the Article of Incorporation, be adopted by majority vote of all shareholders present, representing more than one-half of the total number of voting shares.

Article 11-1

Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting in accordance with Article 183 of the Company Act.

Chapter 4: Directors

Article 12

The Company shall have 5 to 7 directors with a three-year term of office and elected through a candidate nomination system pursuant to Article 192-1 of the Company Act. The shareholders shall elect the directors from among the nominees listed in the roster of director-candidates and those eligible for re-election. The total shares of nominal stocks held by the entire body of either directors or supervisors of an issuer shall not be less than the specified percentage of its total issued shares. In accordance with Article 14-2 and Article 183 of the Securities and Exchange Act, there should be no less than 3 independent directors elected from among the directors specified in the previous Article, and the nomination method shall be conducted in accordance with Article 192-1 of the Company Act. The directors shall be elected by shareholders from among the nominees listed in the roster of independent director-candidates and those eligible for re-election.

Article 12-1

In compliance with Articles 14-4 of the Securities and Exchange Act, the Company shall establish an Audit Committee composed of all independent directors. The provisions in the Company Act, Securities and Exchange Act and other laws and regulations pertaining to supervisors shall apply *mutatis mutandis* to the Audit Committee and members.

Article 13

The Board of Directors shall elect a chairman from among the directors by a majority vote of over two-thirds of directors attending the meeting. The chairman shall externally represent the Company and conduct all business affairs in accordance with the law and regulations, as well as resolutions passed at the Shareholders' Meeting and Board Meetings.

Article 14

In case the chairman of the Board of Directors is on leave or absent or unable to exercise his/her power and authority for any reason, the substitute is assigned according to regulations of Article 208 of the Company Act.

Article 14-1

In case a director is on leave or absent or unable to exercise his/her power and authority for

any reason and appoints another director to attend the board of directors' meeting on his/her behalf, he/she shall, shall issue a written proxy and state therein the scope of authority with reference to the subjects to be discussed at the meeting. A director may accept an appointment to act as proxy for one director only, as specified in the preceding paragraph. The Board of Directors' meeting shall be convened with a notice given to each director in writing or by fax/email.

Article 15

All board members conducting the Company's business affairs shall be compensated based on the amount not exceeding 1% of the total net profit after tax of the preceding year. The compensation is determined by the Board of Directors, taking into account the extent and value of the services provided for the management of the Company and the standards of the same industry.

Chapter 5: Manager

Article 16

The company may have one or more managerial personnel; appointment, discharge and remuneration of managerial personnel shall be decided in accordance with Article 29 of the Company Act.

Chapter 6: Accounting

Article 17

At the close of each fiscal year, the Board of Directors shall prepare the statements and records, i.e., (1) the business report, (2) financial statements, and (3) surplus earning distribution or loss offset proposals; and shall forward the same to supervisors for ratification at the general shareholders' meeting.

Article 18

A ratio of the profit for the current year distributable as employee compensation shall be specified at no less than 0.5%. However, the company's accumulated losses should be covered and the amount of compensation shall firstly be retained for impairment loss, and afterwards, employees' compensation shall be allocated based on preceding percentage..

A company may, through a resolution adopted by a majority vote at a Board of Directors' meeting attended by two-thirds of the total number of directors, facilitate profit-sharing for employees and report such program at the shareholders' meeting.

Qualification requirements of employees, including employees of the parent company or subsidiaries to be eligible for profit-sharing in the form of shares or cash, shall be discussed at the Board of Directors' meeting.

Article 19

The Company, when allocating its surplus (profit) after having paid all taxes and duties, shall first set aside ten percent of the said profit as legal reserve and the remaining profit as special reserve in accordance with Article 41 of the Securities and Exchange Act. Aside from the aforesaid legal reserve, the company may, under its Articles of Incorporation or by means of a shareholders' resolution, allocate a certain amount as special reserve. At the same Board of Directors' meeting, the Company may resolve to distribute the shares by issuing new shares or shares in the form of cash in compliance with Article 19-2 of the regulations.

When there is no purpose or reason for the preceding allocated special reserve, a certain proportion of the earnings shall be set aside as special reserve in accordance with the Articles of Incorporation, to be adopted as distributed earnings when reversal of the special reserve is added into the undistributed earnings.

Article 19-1

The industrial development of the Company is mature and steadily profitable, and financial structure is complete, so the company adopt a constant dividend policy. When allocating its surplus (profit), the Company shall first set aside legal and special reserves, with the balance distributed as stock dividends or cash dividends. The ratio of dividends paid in cash shall be set at 10% or more of common stock dividends.

Article 19-2

The Board of Directors is authorized to determine the allocation procedures for surplus and capital reserve distributed in cash or as stock dividends; such special resolution shall be submitted to the Board of Directors.

Chapter 7 Appendix

Article 20

With regard to all matters not specified in these Articles of Incorporation, the Company Act and relevant laws and regulations shall apply.

Article 21

These Articles of Incorporation were established on February 13, 1978.

The 1st amendment was made on October 13, 1979.

The 2nd amendment was made on October 30, 1981.

The 3rd amendment was made on May 20, 1987.

The 4th amendment was made on June 29, 1987.

The 5th amendment was made on December 1, 1988.

The 6th amendment was made on September 30, 1989.

The 7th amendment was made on July 21, 1990.

The 8th amendment was made on May 6, 1991.

The 9th amendment was made on March 23, 1992.

The 10th amendment was made on April 10, 1992.

The 11th amendment was made on May 20, 1993.

The 12th amendment was made on July 1, 1994.

The 13th amendment was made on May 4, 1995.

The 14th amendment was made on August 20, 1996.

The 15th amendment was made on March 19, 1997.

The 16th amendment was made on August 26, 1997.

The 17th amendment was made on December 23, 1997.

The 18th amendment was made on March 12, 1998.

The 19th amendment was made on June 22, 1998.

The 20th amendment was made on October 20, 1998.

The 21st amendment was made on December 10, 1998.

The 22nd amendment was made on May 30, 1999.

The 23rd amendment was made on June 10, 2000.

The 24th amendment was made on May 5, 2001.

The 25th amendment was made on June 22, 2002.

The 26th amendment was made on May 31, 2003.

The 27th amendment was made on May 15, 2004.

The 28th amendment was made on May 6, 2006.

The 29th amendment was made on May 12, 2007.

The 30th amendment was made on June 13, 2008.

The 31st amendment was made on June 19, 2009.

The 32nd amendment was made on June 25, 2010.

The 33rd amendment was made on June 24, 2011.

The 34th amendment was made on June 27, 2012.

The 35th amendment was made on June 28, 2013.

The 36th amendment was made on June 26, 2015.

The 37th amendment was made on June 28, 2016.

The 38th amendment was made on June 28, 2017.

The 39th amendment was made on June 26, 2018.

The 40th amendment was made on June 20, 2019.

The 41st amendment was made on June 19, 2020.

Attachment VII

Rules and Procedures of Shareholders' Meeting YEM CHIO CO., LTD.



Rules and Procedures of Shareholders' Meeting

June 27, 2021

Approved for amendment by shareholders' meeting

1. The Company's Shareholders' Meeting (the "Meeting") shall be conducted in accordance with the Rules and Procedures.
2. The shareholders in the Rules and Procedures refer to shareholders and proxy assigned by shareholders as their representatives in the shareholders' roster.
3. The shareholders (or proxy) attending the meeting should complete the sign-in procedures, or may present an attendance card in lieu of signing the attendance book. The number of shares representing shareholders present at the meeting shall be calculated based on those indicated on the attendance book or attendance cards. The shareholders present in a shareholders' meeting and their voting rights shall be calculated based on the number of shares. The Company may designate its lawyer, certified public accountant or other relevant persons to attend the shareholders' meeting.
4. The chair shall call the meeting to order at the appointed time when the shareholders in attendance represent a majority of the total number of issued shares. However, if the shareholders present do not represent a majority of the total number of issued shares, the chair may announce a postponement, but not more than twice, for a combined total of at least one hour. If the quorum is not met after two postponements as referred to in the preceding paragraph, but the shareholders in attendance represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175 of the Company Act wherein the shareholders in attendance represent a majority of the total voting rights. When, prior to the conclusion of the meeting, the shareholders in attendance represent a majority of the total number of issued shares, the chair may call a meeting to order any time, and resubmit the tentative resolution for a vote at the shareholders' meeting.
5. If a shareholders' meeting is convened by the Board of Directors, a meeting agenda shall also be set. The meeting shall proceed according to the agenda, which may not be changed without a shareholders' resolution.

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 completing deliberation on the meeting agenda stated in the preceding two paragraphs (including extraordinary motions), with the exception of a shareholders' resolution. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the Board of Directors shall promptly facilitate the election of a new chair by a majority of the votes represented by shareholders present, and then continue with the meeting. After concluding the meeting, the shareholders shall not elect another chairman to hold another meeting at the same place or any other venue.

- 5.1. If a shareholders' meeting is convened by the Board of Directors, the chairperson of the board shall preside over the meeting. When the chairperson of the board is on leave or for any reason, is unable to exercise his/her powers as chairperson, the vice chairperson shall act as chair on his/her behalf; if the chairperson and the vice chairperson are both on leave or for any reason, are unable to preside over the meeting, the chairperson shall appoint one of the directors to act as chair, or, if the chairperson does not make such a designation, the directors shall select from among themselves one person to serve as chair.

If a shareholders' meeting is convened by a party with power to convene, but other than the Board of Directors, the convening party shall chair the meeting. When there are two or more convening parties, they shall mutually select a chair from among themselves.

6. Before speaking, a shareholder in attendance must specify on a speaker's slip the subject of his/her speech, as well as shareholder account number (or attendance card number) and account name. The order in which shareholders speak shall be set by the chair. A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail. When a 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.

7. When a shareholder is speaking, a single speech may not exceed 5 minutes. Except with the consent of the chair, the speech can be postponed for another three minutes, but not more than twice.
8. A shareholder may not speak more than twice on the same proposal, and if the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may stop the speech.
9. After a shareholder's speech, the chairman may personally designate a person to respond on his/her behalf. When the chairman considers a discussion before any motion for resolution, he or she may announce the suspension of the discussion and submit the motion for resolution.
10. Except as otherwise provided in the Company Act and in the Company's Articles of Incorporation, the passage of a proposal shall require an affirmative majority vote represented by shareholders in attendance. The resolution shall be deemed approved and voted on by the Board with all directors present at the meeting, without raising any objection when the Chairperson releases relevant resolutions for approval.
- 10.1 The persons who supervise the casting of votes and counting thereof of resolutions shall be designated by the chairman, provided, however, that the person supervising the casting of votes shall be a shareholder. The results of the resolution(s) shall be announced at the meeting and recorded in the meeting minutes.
- 10.2 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 of them is passed, the other proposals shall be deemed rejected and no further voting is required.
- 10.3 Matters relating to the resolutions of a shareholders' meeting shall be recorded in the meeting minutes and conducted in accordance with Article 183 of the Company Act.
11. A shareholder shall have one voting power with respect to each share he/she/it holds. When the government or juristic person is a shareholder, its proxy shall not be limited to one person, provided that the voting right that may be exercised shall be calculated on the basis of the total number of voting shares it holds. In case the aforesaid proxies are two persons or more, they shall jointly exercise their voting rights.
12. A shareholder may appoint a proxy to attend a shareholders' meeting on his/her/its behalf by executing a power of attorney stating therein the scope of power granted to the proxy. A shareholder may only execute one power of attorney and appoint one proxy, issuing such written proxy to the company no later than 5 days prior to the meeting date of the shareholders' meeting. In case two or more written proxies are received from one shareholder, the first one received by the company shall prevail, unless an explicit statement revoking the previous written proxy is made later on.

After executing the power of attorney, the shareholder issuing the said proxy then decides to attend the shareholders' meeting in person, a proxy rescission notice should be filed with the company at least 1 day prior to the date of the shareholders' meeting so as to rescind the proxy; otherwise, the voting power exercised by the authorized proxy at the meeting shall prevail.

Except for trust enterprises or stock agencies approved by the competent authority, the number of voting power of a person who acts as proxy for two or more shareholders shall not exceed 3% of the total number of voting shares of the company; otherwise, the extra voting power shall not be counted.

13. A shareholder who has a personal interest in the matter under discussion at a meeting, which may impair the interest of the company, shall neither vote nor exercise his/her voting right on behalf of another shareholder.
14. When a meeting is in progress, the chair may announce a break based on time considerations.
15. Under any circumstances, if a shareholders' meeting cannot be held or motions cannot be continued, the Board of Directors can have the meeting suspended in 5 days or resumed in accordance with Article 182 of the Company Act to.
- 15-1. When a shareholder violates the rules of procedure and defies the chair's warning, obstructing the proceedings and refusing to heed calls to stop, the chair may direct proctors or security personnel to escort the shareholder out of the meeting venue. While maintaining order during the meeting, proctors or security personnel shall wear identification armbands bearing the word "Proctor."
16. Any matter not provided in the Rules and Procedures shall be handled in accordance with the Company Act, Articles of Incorporation and any other relevant laws and regulations.
17. These Rules and Procedures shall be effective from the date of shareholders' approval. The same rules apply to revisions.

YEM CHIO CO., LTD –

14th Session: Share Repurchase and Employee Incentive Plan

Regulated on May 13, 2020

Article 1

To motivate employees and enhance team cohesiveness, YEM CHIO CO., LTD hereby establishes the Share Repurchase and Employee Incentive Plan (“Plan”) pursuant to subparagraph 1 of paragraph 1 of Article 28-2 of the Securities and Exchange Act, Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies by the Financial Supervisory Commission and other related statutes, regulations and orders. Unless otherwise provided in the applicable laws, the repurchase of the shares and subsequent transfer thereof to employees shall be conducted pursuant to this Plan.

Article 2

The shares (“Shares”) to be transferred to employees are ordinary shares. Unless otherwise provided in the Applicable Laws or this Plan, the shares bear the same rights and obligations as other Company’s outstanding ordinary shares.

Article 3

The Company shall transfer the Shares, as a whole or in tranches, to the employees within five years counting inclusively from the date after completion of repurchase in accordance with this Plan.

Article 4

The full-time employees of the Company or subsidiaries, who have special achievements and are approved by the Board of Directors, are eligible to subscribe Shares up to the number provided in Article 5 of this Plan. The subsidiaries referred to in the preceding paragraph are domestic or foreign companies in which more than 50% of the total number of voting shares are directly or indirectly held by the Company.

Article 5

Number of shares to be subscribed by Qualified Employees as stipulated by the Board of Directors of the Company

Article 6

Transfer Procedures:

(1) The Company shall announce, report and repurchase Shares within the execution period in accordance with the resolution of the Board of Directors.

(2) According to this Plan, the Board of Directors shall decide and announce the record date of subscription, the criteria for determining the number of Shares to be subscribed, the subscription and payment period, the rights and limitations of Shares, etc.

(3) The Company shall calculate the number of Shares actually subscribed and paid for. Then, the Company shall transfer those Shares and register such transfer.

Article 7

The transfer price of the Shares equals to the average of the actual share repurchase price. If the ordinary shares issued by the Company increase prior to the transfer, the transfer price shall be adjusted accordingly.

Article 8

The rights and obligations related to the shares transferred to qualified employees shall be identical with those originally associated with those shares.

Article 9

Subject to Applicable Laws and relevant Company regulations, the Company shall handle the taxation and expenditure incurred from implementing this Plan.

Article 10

This Plan shall take effect after approval of the Board of Directors and may be amended by a Board resolution.

Article 11

The enactment and any amendment of this Plan shall be reported at the shareholders' meeting.

Attachment IX
Shareholdings of All Directors
YEM CHIO CO., LTD
Shareholdings of All Directors

1. The paid-in capital stock of the Company is NT\$5,777,287,830 and the total number of issued shares are 577,728,783 shares.
2. Pursuant to Article 26 in the Securities and Exchange Act, the minimum shareholdings by all board directors shall be 18,487,321 shares. The Company has set up an Audit Committee in accordance with the Act, and the provisions on the minimum percentage requirements for the shareholdings of supervisors in the preceding two paragraphs shall not apply.
3. As of the book closure date reported at the shareholders' meeting (April 25, 2021), the number of shares held by directors individually and by the entire body thereof, recorded in the shareholder register are as follows:

| Title | Name | Shareholdings on closing date | Percentage % |
|-------------------------|--|----------------------------------|-----------------|
| Chairman | YING CHUAN INTERNATIONAL CO., LTD. Chairman: Lee, Chih-Hsieh | 40,353,436 | 6.98% |
| Director | ASIA PLASTICS CO., LTD. : Lin, Si-Shan | 39,746,195 | 6.88% |
| Independent Director | Chen, Yen-Chun | 0 | 0% |
| Independent Director | Wang, Chien-Chuan | 0 | 0% |
| Independent Director | Chen, Shun-Fa | 0 | 0% |
| | Total | 80,099,631 | 13.86% |

Note: In compliance with Article 2: “Rules and Review Procedures for Director and Supervisor Share Ownership Ratios in Public Companies”. If a public company has elected two or more independent directors, the share ownership figures calculated at the rates set forth in the preceding paragraph for all directors other than independent directors, shall be decreased by 20 percent.