

Stock code : 2012



Chun Yu Works & Co., Ltd.
CHUN YU WORKS & CO.,LTD

Year 2021 shareholders' regular meeting

Meeting Agenda Handbook



Venue for the Meeting : No. 100, Dabao Street, Kushan District, Kaohsiung City

Time scheduled for the meeting : June 8, 2021, at 9:00 a.m.



Table of Contents

	Page number
One. Procedures for the meeting	2
Two. Agenda for the shareholders' regular meeting	3
I. Issues to be reported	5
II. Issues to be acknowledged	13
III. Issues brought into discussions.....	14
IV. <i>Extempore</i> motions.....	14
V. Adjournment of the meeting	14
Three. Appendices	
I. Table for Distribution of Earnings.....	15
II. Certified public accountants' Audit Report and Financial Statement	16
III. Table of Contents Before and After Amendment in Comparison for "Rules Governing Code of Ethical Conduct"	40
IV. Table of Contents Before and After Amendment in Comparison for "Operating Procedures and Behavioral Directions of Best-Practice Principles on Good Faith Management and Guidelines on Conducts"	41
V. Table of Contents Before and After Amendment in Comparison for "Director Election Procedures"	46
VI. Table of Contents Before and After Amendment in Comparison for "Shareholders' Meeting Procedure Rules"	51
Four. Appendices.....	
I. Articles of Incorporation.....	64
II. Shareholders' Meeting Procedure Rules	73
III. The potential impact from issuance of bonus shares proposed in the present shareholders' meeting upon the Company's business performance and earnings per share (EPS)	77
IV. Facts of shareholding by directors	79



Chun Yu Works & Co., Ltd.

Procedures for Year 2021 shareholders' regular meeting

- I. Call the meeting to order
- II. Opening speech by the chairperson
- III. Issues brought to report
- IV. Issues brought for acknowledgment
- V. Issues brought for discussions
- VI. Extempore motions
- VII. Adjournment of the meeting



Chun Yu Works & Co., Ltd. Agenda for Year 2021 shareholders' regular meeting

Time scheduled for the meeting: June 8, 2021, at 9:00 a.m.

Venue for the Meeting: No. 100 Dabao Street, Kushan District, Kaohsiung City

Procedures for the meeting:

I. Call the meeting to order

II. Opening speech by the chairperson

III. Issues brought to report

- (I) The Company's business report for Year 2020.
- (II) Report by the Audit Committee about the final account settlement books for the Year 2020
- (III) Report about remuneration to be distributed to the directors and employees for the Year 2020
- (IV) Report about endorsement/guarantee rendered externally as of December 31, 2020
- (V) Report about earnings to be distributed in cash
- (VI) Report about amendment to the "Rules Governing Code of Ethical Conduct"
- (VII) "Operating Procedures and Behavioral Directions of Best-Practice Principles on Good Faith Management and Guidelines on Conduct"

IV. Issues brought for acknowledgment

- (I) Acknowledgment of the Company's business report and financial statement for 2020
- (II) Acknowledgment of the Company's distribution of earnings for 2020

V. Issues brought for discussions

- (I) Partial amendment to the Company's "Regulations Governing Election of Directors" and renamed into "Director's Election Procedures"
- (II) Amendment to the Company's "Shareholders' Meeting Procedure Rules"



partial amendment.

VI. Extempore motions

VII. Adjournment of the meeting



Issues brought to report

I. The Company's business report for the Year 2020:

During the Year 2020, as a result of the severe spread of the coronavirus pandemic (COVID-19) in the first half of year, countries around the world locked down their cities one after another and the global economic activities plummeted. In late 2020 the coronavirus pandemic (COVID-19) recurred amidst the cold winter while major pharmaceuticals launched vaccines on various occasions in succession. The human crowd activities in various countries were expected to be gradually unblocked. Amidst the expected restart of economic activities, in the first three quarters of 2020. The return of consumption demand was postponed due to the pandemic. The customers, in response, began to replenish their inventories and the overall demand for steel gradually went upward to boost the steel prices in the global markets.

Looking forward toward the Year 2021, as countries around the world begin to administer COVID-19 vaccines, and the coronavirus pandemic (COVID-19) started to be steadily under control. After the election of the American president, the Sino-US tension in economic and trading ties are expected to soften, coupled with the sound control over COVID-19 in Taiwan, the business operations among enterprises have not been interrupted while overseas purchase orders were converted inward amidst the uninterrupted return of Taiwanese entrepreneurs back to their hometown, the macroeconomy in Taiwan became even firmer and more stable, extremely conducive to boosting the domestic demand. The World Steel Association WSA estimates that in 2021 The global steel demand is forecast to increase by 4.1% over the year 2020 to hit 1.795 billion tons. Here at the Company, our managerial teams have faithfully complied with the targets set by the Board of Directors and have duly worked out the corresponding strategies and put such strategies into faithful enforcement to boost the entire Company performance up to new highs.

We are hereby pleased to report about the Company's business operations in the Year 2020 as enumerated below:

1. Performance in production and marketing



In the Year 2020, our Company's consolidated operating revenue came to NT\$8,054,615,000, a decrease by 13.70% from NT\$9,333,591,000 in 2019. In terms of consolidated gross profit, in the Year 2020 It came to NT\$1,149,281,000, down by 23.40% as compared with NT\$1,500,379,000 in 2019. Our consolidated net profit after tax came to NT\$263,036,000 in 2020, a decrease by 50.72% when compared with NT\$533,743,000 in 2019.

2. Implementation of budget

Here at the Company, we did not work out a financial forecast for the Year 2020.

3. Analyses into the capability in financial revenues and expenditures

Expressed in Thousand NT Dollars

Items	Year 2020	Year 2019	Annual increase/decrease rate (%)
Operating revenues	8,054,615	9,333,591	-13.70
Net profit before tax	345,965	578,729	-40.22
Net profit after tax	263,036	533,743	-50.72
The net profit is attributable to:			
The Proprietor of the parent company	197,147	423,111	-53.41
Non-controlled equity	65,889	110,632	-40.44



4. Analysis of profitability

Items	Year 2020	Year 2019
Asset return rate (%)	3.23	5.83
Return rate on shareholder's equity (%)	6.21	12.37
Percentage of net profit before tax to the paid-in capital (%)	12.02	20.11
Net profit rate (%)	3.27	5.72
Earnings per share (EPS) (NT\$)	0.75	1.60

5. Performance in research & development

During the Year 2020, the research & development expenses came to NT\$62,304,000, primarily spent on the enhancement of technology and know-how to develop new products with research & development into new manufacturing process, materials to minimize the manufacturing costs for a variety of products. We newly purchased surface treatment equipment to reduce the use of hydrochloric acid and enhance the recycled acid equipment to boost the proportion of recycled acid used, Thanks to such efforts, we not only cut production costs but virtually dedicated ourselves to environmental protection.

Looking forward toward the future, we shall, continue as always, to cultivate the European and American markets amidst the spring rain in Taiwan and take advantage of the Indonesian Lion as the springboard into The Association of Southeast Asian Nations, (ASEAN) region. Meanwhile, we shall take two strongholds at Dongguan and Shanghai to integrate the entire markets of Mainland China and further up to the entire world. With market channels up to the entire international community. The Company's management teammates will faithfully implement lean management and follow "serious, professional, and disciplined" guidelines to continuously integrate resources inside the Group, teaming up with the strategic development of full circular economy operating model adopted by the Taiwan Steel Group into sound adjustment of positioning of all firms in the Group to



exert the concerted performance (synergy) of the entire Group. In turn, we shall fulfill the two visionary goals of "world-class construction fastener giant" and "world-class high-end fastener manufacturer" to refurbish the signature brand of the Chun Yu Group and move towards a century-long enterprise.



II. Report by the Audit Committee about its review over the annual final account settlement books for the Year 2020:

Audit Committee Review Report

The Board of Directors have prepared the Business Report, Financial Statements (including consolidated and separate financial statements), and the proposal for the distribution of earnings for the year 2020. The said financial statements have been audited by PwC Taiwan with the issuance of Auditors' Report. We have reviewed the said Business Report, Financial Statements, and Proposal for the Distribution of Earnings, which are appropriately prepared. We hereby present this report in accordance with the Securities and Exchange Act for your attention.

Chun Yu Works & Co., Ltd.

Convener of Audit Committee: Ya-Rong Lee

March 10 2021



III. Report about the distribution of remuneration distributed to directors and employees in the Year 2020.

Descriptions: 1. The Company duly distributed remuneration to directors and employees in the Year 2020 exactly in accordance with Article 39 of the Articles of Incorporation.

2. In the Year 2020, the remuneration to employees amounted to NT\$4,074,437, accounting for 2% of the profits earned in that year. The remuneration to directors amounted to NT\$4,074,437 accounting for 2% of the profits earned in that year. The remunerations were granted in cash in all cases.

3. The aforementioned amounts of remunerations to directors and employees show no discrepancy at all from the amounts estimated for that year.

IV. Report on the endorsement/guarantee granted by the Company externally as of December 31, 2020.

Descriptions: All endorsements/guarantees had been granted by the Company purely to meet the business needs and to facilitate finance. The amounts granted for bank loans aiming at the overseas investments were in the amounts as enumerated below:

Expressed in New Taiwan Dollars

Targets of endorsements/guarantees	Credit lines of endorsements/guarantees	Equivalent amount in New Taiwan Dollars	Amounts substantially disbursed:
Chun Yu Works (U.S.A), Inc.	USD 7,000	199,360	USD 0
Chun Yu (Dongguan) Co., Ltd.	USD 35,000	996,800	CNY 114,500
Shanghai Youju Company	CNY 10,000	43,660	CNY 0
Total	USD 42,000 CNY 10,000	1,239,820	CNY 114,500



V. Report of earnings distributed in cash:

Descriptions: 1. The Table for Distribution of Earnings for the Year 2020 had been duly passed by the Board of Directors with its resolution and had further been duly audited by the Audit Committee. Please refer to the present Handbook on Appendix I for details.

2. The cash dividends amounted to NT\$172,664,400 (With NT\$0.6 distributed per share). No stock dividend is to be distributed this time.

3. The cash dividends shall be distributed *via* a means that “the fraction less than a whole number of New Taiwan Dollar shall be unconditionally discarded.” The total accumulated with odds less than one New Taiwan Dollar shall be counted into the Company's other revenues.

4. The cash dividend was already duly passed in the Board of Directors in the meeting convened on March 10, 2021 and would be granted on April 23, 2021 in coordination with the target (base) date for dividends distribution.

VI. Report on the amendment to the “Rules Governing Code of Ethical Conduct.”

Descriptions: 1. Partial amendment to the contents in response to the laws and ordinances concerned and the Company's substantial need in business operations.

2. For Table of Contents Before and After Amendment in Comparison, please refer to the present Handbook on P.40, Appendix III.

VII. Report on the amendment to the “Operating Procedures and Behavioral Directions of Best-Practice Principles on Good Faith Management and Guidelines on Conducts.”

Descriptions: 1. To implement thoroughly the corporate governance and in response to substantial need in business operations, it is proposed that the “Operating Procedures and Behavioral Directions of Best-Practice Principles on Good Faith Management and Guidelines on Conduct” should be duly



amended.

2. For Table of Contents Before and After Amendment in Comparison, please refer to the present Handbook on P. 41~45 Appendix IV.



Issues brought for acknowledgement

Motion No. I (Proposed by the Board of Directors)

Subject: Acknowledgment for the Company's business report and financial statement of the Year 2020.

Descriptions: 1. The Company's financial statement of the Year 2020 had been duly audited by Certified Public Accountants Lin Tzu-Yu and Liu Tzu-Meng of PricewaterhouseCoopers Taiwan. For the Certified Public Accountants' audit report and the said financial statement, please refer to the present Handbook on P. 16~39, Appendix II. The aforementioned documents along with the Company's business reports were duly passed by the Board of Directors through its resolution on March 10, 2021 for which the Audit Committee further issued the Audit Report.

2. Your acknowledgment shall be very much appreciated.

Decision resolved:

Motion No. II (Proposed by the Board of Directors)

Subject: For acknowledgment of the Company's distribution of earnings in the Year 2020.

Descriptions: 1. The Table for Distribution of Earnings for the Year 2020 had been duly resolved by the Board of Directors and had been submitted to and duly audited by the Audit Committee.

Please refer to the present Handbook on P. 15, Appendix I.

2. Your acknowledgment shall be very much appreciated.

Decision resolved:



Issues brought into discussion:

Motion No. I (Proposed by the Board of Directors)

Subject: Amendment to the Company's "Regulations Governing the Election for Directors" with partial amendment, with the title to be renamed into "Procedures for Directors' Elections."

- Descriptions:
1. Amendment duly conducted in coordination with laws and ordinances concerned and the Company's business operating needs. The original title "Regulations Governing Election for Directors" was, in response to the requirements of the competent authority, amended into "Directors' Election Procedures."
 2. For Table of Contents Before and After Amendment in Comparison of the "Directors' Election Procedures," please refer to the present Handbook on P. 46~50, Appendix V.
 3. Please duly discuss into a decision as appropriate.

Decision resolved:

Motion No. II (Proposed by the Board of Directors)

Subject: Partial amendment to the Company's "Shareholders' Meeting Procedure Rules."

- Descriptions:
1. In coordination with the requirements by law and to strengthen the integrity of the Shareholders' Meeting Procedure Rules, it is proposed that the "Shareholders' Meeting Procedure Rules" be partially amended.
 2. For the Table of Contents Before and After Amendment in Comparison of "Shareholders' Meeting Procedure Rules," please refer to the present Handbook on P. 51~63, Appendix VI.
 3. Please duly discuss into a decision as appropriate.

Decision resolved:

Extempore motions

Adjournment of the meeting



Appendix I

Chun Yu Works & Co., Ltd.

Table of distribution of earnings in Year 2020

Expressed in New
Taiwan Dollars

Unappropriated retained earnings at beginning of the term	105,947,099
Less: The actuarial gains and losses of the determined welfare benefit plan for the current period are included in the retained surplus (A)	(12,966,444)
Post-adjustment unappropriated retained earnings	92,980,655
Add: Net profit after tax of Year 2020 (B)	197,146,824
Less: Legal reserve duly amortized $((A+B)*10\%)$	(18,418,038)
Earnings distributable this term	Items of distribution
Items of distribution	
Bonus to shareholders – Cash dividends (0.6/share)	(172,664,400)
Bonus to shareholders – Stock dividends	0
Sub-total	(172,664,400)
Unappropriated retained earnings at end of the term	99,045,041

Chairman: Lin Hui-Cheng General Manager: Tsai Tung-Sen Accounting Head: Fang Ping-Tien

**INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE**

To the Board of Directors and Shareholders of Chun Yu Works & Co., Ltd.

Opinion

We have audited the accompanying parent company only balance sheets of Chun Yu Works & 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 the Other matter section), the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2020 and 2019, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audit of the parent company only financial statements as of 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 of 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 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 judgment, 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:

Cut-off of revenue from export sales

Description

Refer to Note 4(26) for accounting policy on revenue recognition and Note 6(18) for details of operating revenue.

The Company derives its revenues from the sales of screws, nuts and wire rods, etc., and revenues from export sales account for a high percentage of total revenue. Export sales are recognized as revenues when control of the goods has been transferred according to the terms specified in the contracts. The revenue recognition requires that the products are delivered to the customer, the customer has full discretion over the products, and there is no unfulfilled obligation that could affect the customer's acceptance over the products, but delivery time may vary for each delivery. The determination as to when products are transferred to customers involves manual process and judgement. Given that there is a risk of material misstatement from improper revenue recognition for transactions that occur near the balance sheet date and the transaction amounts are usually material to the financial statements, we consider the cut-off of revenue from export sales a key audit matter.

How our audit addressed the matter

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

1. Obtained an understanding and assessed the accounting policies on revenue recognition of export sales.
2. Obtained an understanding and assessed the internal controls over revenue recognition of export sales, and tested the effectiveness of internal controls including the delivery process and the timing of revenue recognition.
3. Performed cut-off tests on export sales transactions that took place during a certain period before and after the balance sheet date to ascertain whether sales revenues were recognized when control of goods has been transferred to the customer and revenues were recorded in the proper period.

Valuation of inventories

Description

Refer to Note 4(7) for accounting policy on inventory valuation, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to inventory valuation, and Note 6(4) for details of inventories. As of December 31, 2020, the inventories and allowance for inventory valuation losses amounted NT\$1,520,780 thousand and NT\$20,269 thousand, respectively.



The Company is primarily engaged in the manufacture and sales of screws, nuts and wire rods, etc. Due to the market demand, technology innovation and other factors, there is a risk of inventories losing value or becoming obsolete. The inventories are measured at the lower of cost and net realisable value. For inventory over a certain age and individually identified as obsolete or slow-moving, the net realisable values are determined by management based on periodic inventory clearance information. Given that the net realisable value used when assessing the inventories individually identified as obsolete or slow-moving involves subjective judgement, we consider the valuation of inventories 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 reasonableness of policies and procedures in relation to the provision of allowance for inventory valuation losses based on the accounting principles and our understanding of the nature of the business and the industry.
2. Obtained an understanding of the warehouse management processes, reviewed the annual physical inventory count plan and participated in the annual inventory count in order to evaluate the effectiveness of procedures used by the management to identify and control obsolete inventories.
3. Verified the appropriateness of net realisable value used in inventory valuation and the logic used in the inventory aging report to ascertain the reasonableness of allowance for inventory valuation losses.

Other matter - Reference to the reports of other auditors

We did not audit the financial statements of the investments accounted for using the equity method, Chun Yu Works (USA) Inc. and Pt Moon Lion Industries Indonesia, which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these associates, is based solely on the reports of the other auditors. The balance of these investments accounted for using the equity method amounted to NT\$670,804 thousand and NT\$581,746 thousand, constituting 9% and 8% of the total assets as at December 31, 2020 and 2019, respectively, and the share of profit recognized from subsidiaries, associates and joint ventures accounted for using the equity method amounted to NT\$147,174 thousand and NT\$164,468 thousand, constituting 126% and 49% of the total comprehensive income for the years then ended December 31, 2020 and 2019, respectively.

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 judgment 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 on the parent company only financial statements.

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, Tzu-Shu

Independent Accountants

Liu, Tzu-Meng

PricewaterhouseCoopers, Taiwan

Republic of China

March 10, 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.



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

Assets		Notes	December 31, 2020 AMOUNT	December 31, 2019 AMOUNT
Current assets				
1100	Cash and cash equivalents	6(1)	\$ 120,723	\$ 182,884
1110	Financial assets at fair value through profit or loss - current	6(2)	101,326	227,225
1150	Notes receivable, net	6(3)	51,746	31,040
1170	Accounts receivable, net	6(3)	471,958	432,809
1180	Accounts receivable to related parties	6(3) and 7	95,237	67,117
1200	Other receivables		7,921	7,131
1210	Other receivables to related parties	7	5,602	4,749
1220	Current income tax assets	6(25)	36	268
130X	Inventories	5(2) and 6(4)	1,500,511	1,577,174
1410	Prepayments		28,741	31,120
11XX	Total current assets		<u>2,383,801</u>	<u>2,561,517</u>
Non-current assets				
1517	Financial assets at fair value through other comprehensive income - non-current	6(5)	371,841	399,762
1550	Investments accounted for using equity method	6(6) and 7	2,577,933	2,395,773
1600	Property, plant and equipment	6(7), 7 and 8	1,862,787	1,944,904
1755	Right-of-use assets	6(8)	1,534	1,962
1760	Investment property, net	6(9) and 8	23,479	24,431
1780	Intangible assets	6(10)	3,284	3,219
1840	Deferred income tax assets	6(25)	230,706	223,480
1915	Prepayments for business facilities	6(7) and 7	6,113	5,850
1920	Guarantee deposits paid		8,215	4,988
1980	Other non-current financial assets	6(1) and 8	15,900	23,500
1990	Other non-current assets		681	681
15XX	Total non-current assets		<u>5,102,473</u>	<u>5,028,550</u>
1XXX	Total assets		<u>\$ 7,486,274</u>	<u>\$ 7,590,067</u>

(Continued)



CHUN YU WORKS & 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(11)	\$ 994,398	\$ 752,948
2130	Current contract liabilities	6(18)	13,702	17,157
2170	Accounts payable		114,625	104,255
2180	Accounts payable to related parties	7	14,677	8,362
2200	Other payables	7	171,698	176,640
2280	Current lease liabilities	6(8)	940	1,245
2320	Long-term liabilities, current portion	6(12) and 8	240,000	60,000
21XX	Total current liabilities		1,550,040	1,120,607
Non-current liabilities				
2540	Long-term borrowings	6(12) and 8	2,100,000	2,440,000
2570	Deferred income tax liabilities	6(25)	306,568	303,752
2580	Non-current lease liabilities	6(8)	526	689
2640	Net defined benefit liabilities - non-current	6(13)	44,156	40,500
2645	Guarantee deposits received		564	457
25XX	Total non-current liabilities		2,451,814	2,785,398
2XXX	Total liabilities		4,001,854	3,906,005
Equity				
Share capital				
3110	Common stock	6(14)	2,877,740	2,877,740
3200	Capital surplus	6(6)(14)(15)	157,969	129,373
	Retained earnings	6(16)		
3310	Legal reserve		179,531	137,220
3320	Special reserve		430,610	430,610
3350	Unappropriated retained earnings		290,127	493,587
3400	Other equity interest	6(5)(17)	(162,647)	(95,558)
3500	Treasury stocks	6(14)(15)	(288,910)	(288,910)
3XXX	Total equity		3,484,420	3,684,062
Significant Contingent Liabilities and		9		
Unrecognized Contract Commitments				
3X2X	Total liabilities and equity		\$ 7,486,274	\$ 7,590,067

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



CHUN YU WORKS & 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 per share amounts)

			Year ended December 31	
Items		Notes	2020 AMOUNT	2019 AMOUNT
4000	Operating revenue	6(18) and 7	\$ 3,352,716	\$ 3,889,527
5000	Operating costs	6(4)(10)(13)(23)(24) and 7	(3,184,572)	(3,544,640)
5900	Operating margin		168,144	344,887
5910	Unrealized profit from sales	6(6) and 7	-	(3,066)
5920	Realized profit from sales	6(6) and 7	3,066	4,834
5950	Net operating margin		171,210	346,655
	Operating expenses	6(10)(13)(23)(24), 7 and 12		
6100	Selling expenses		(98,150)	(126,246)
6200	General and administrative expenses		(120,843)	(133,960)
6300	Research and development expenses		(12,926)	(12,835)
6450	Expected credit losses		(933)	-
6000	Total operating expenses		(232,852)	(273,041)
6900	Operating (loss) profit		(61,642)	73,614
	Non-operating income and expenses			
7100	Interest income	6(19)	144	756
7010	Other income	6(2)(5)(9)(20) and 7	68,453	48,392
7020	Other gains and losses	6(2)(21) and 12	(7,121)	27,874
7050	Finance costs	6(8)(22)	(43,765)	(49,118)
7070	Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	6(6)		
			239,504	283,687
7000	Total non-operating income and expenses		257,215	311,591
7900	Profit before income tax		195,573	385,205
7950	Income tax benefit	6(25)	1,574	37,906
8200	Profit for the year		<u>\$ 197,147</u>	<u>\$ 423,111</u>
	Other comprehensive income (loss)			
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss			
8311	Actuarial (losses) gains on defined benefit plans	6(13)	(\$ 2,079)	\$ 3,302
8316	Unrealised (losses) gains on valuation of investments in equity instruments measured at fair value through other comprehensive income	6(5)	(25,240)	4,711
8330	Share of other comprehensive loss of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	6(6)	(40,964)	(33,533)
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(25)	415	(660)
	Components of other comprehensive income (loss) that will be reclassified to profit or loss			
8361	Financial statements translation differences of foreign operations	6(6)(17)	(12,188)	(57,966)
8300	Total other comprehensive loss for the year		<u>(\$ 80,056)</u>	<u>(\$ 84,146)</u>
8500	Total comprehensive income for the year		<u>\$ 117,091</u>	<u>\$ 338,965</u>
	Earnings per share (in dollars)	6(26)		
9750	Basic		\$ 0.75	\$ 1.60
9850	Diluted		\$ 0.75	\$ 1.60

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



CHUN YU WORKS & 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	Retained Earnings				Other equity Interest			Treasury stocks	Total
		Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income		
Year ended December 31, 2019										
Balance at January 1, 2019		\$ 2,877,740	\$ 92,820	\$ 91,170	\$ 430,610	\$ 486,337	(\$ 114,855)	\$ 107,738	(\$ 288,910)	\$ 3,682,650
Profit for the year		-	-	-	-	423,111	-	-	-	423,111
Other comprehensive loss for the year	6(6)(17)	-	-	-	-	(183)	(57,966)	(25,997)	-	(84,146)
Total comprehensive income (loss)		-	-	-	-	422,928	(57,966)	(25,997)	-	338,965
Distribution of 2018 net income:										
Legal reserve		-	-	46,050	-	(46,050)	-	-	-	-
Cash dividends	6(16)	-	-	-	-	(374,106)	-	-	-	(374,106)
Disposal of financial assets measured at fair value through other comprehensive income - equity instrument	6(5)(17)	-	-	-	-	4,478	-	(4,478)	-	-
The Company's dividends received by subsidiaries	6(6)(14)(15)	-	30,980	-	-	-	-	-	-	30,980
Difference between consideration and carrying amount of subsidiaries disposed	6(15)	-	5,573	-	-	-	-	-	-	5,573
Balance at December 31, 2019		\$ 2,877,740	\$ 129,373	\$ 137,220	\$ 430,610	\$ 493,587	(\$ 172,821)	\$ 77,263	(\$ 288,910)	\$ 3,684,062
Year ended December 31, 2020										
Balance at January 1, 2020		\$ 2,877,740	\$ 129,373	\$ 137,220	\$ 430,610	\$ 493,587	(\$ 172,821)	\$ 77,263	(\$ 288,910)	\$ 3,684,062
Profit for the year		-	-	-	-	197,147	-	-	-	197,147
Other comprehensive loss for the year	6(6)(17)	-	-	-	-	(12,967)	(12,188)	(54,901)	-	(80,056)
Total comprehensive income (loss)		-	-	-	-	184,180	(12,188)	(54,901)	-	117,091
Distribution of 2019 net income:										
Legal reserve		-	-	42,311	-	(42,311)	-	-	-	-
Cash dividends	6(16)	-	-	-	-	(345,329)	-	-	-	(345,329)
The Company's dividends received by subsidiaries	6(6)(14)(15)	-	28,596	-	-	-	-	-	-	28,596
Balance at December 31, 2020		\$ 2,877,740	\$ 157,969	\$ 179,531	\$ 430,610	\$ 290,127	(\$ 185,009)	\$ 22,362	(\$ 288,910)	\$ 3,484,420

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



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

		Years ended December 31	
	Notes	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 195,573	\$ 385,205
Adjustments			
Adjustments to reconcile profit (loss)			
Net loss (gain) on financial assets and liabilities at fair value through profit or loss		25,813	(31,047)
Expected credit losses	12	933	-
Allowance for (reversal of) inventory market price decline	6(4)	5,995	(4,232)
Share of profit of subsidiaries, associates and joint ventures accounted for using the equity method	6(6)	(239,504)	(283,687)
Unrealized profit from sales	6(6)	-	3,066
Realized profit from sales	6(6)	(3,066)	(4,834)
Depreciation	6(7)(8)(9)	121,340	125,089
Loss on disposal of property, plant and equipment	6(21)	1,499	797
Property, plant and equipment transferred to loss	6(7)	-	127
Amortization	6(10)(23)	1,421	1,360
Interest income	6(19)	(144)	(756)
Dividends income	6(20)	(19,791)	(30,806)
Interest expense	6(22)	43,765	49,118
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss - current		100,086	(104,411)
Notes receivable	(	20,706)	25,876
Accounts receivable	(	40,082)	119,437
Accounts receivable to related parties	(	28,120)	60,688
Other receivables	(	790)	21,661
Other receivables to related parties	(	853)	2,263
Inventories		70,668	(21,765)
Prepayments		2,379	(7,437)
Changes in operating liabilities			
Current contract liabilities	(	3,455)	9,111
Notes payable		-	(1,472)
Accounts payable		10,370	(143,633)
Accounts payable to related parties		6,315	6,119
Other payables	(	2,954)	(99,764)
Net defined benefit liabilities - non-current		1,577	(11,184)
Cash inflow generated from operations		228,269	64,889
Interest received		144	756
Dividends received		82,757	118,108
Income tax refund		-	5,714
Interest paid	(	43,497)	(49,136)
Income tax paid	(	2,189)	(2,317)
Net cash flows from operating activities		265,484	138,014

(Continued)



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

		Years ended December 31	
	Notes	2020	2019
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Return of capital from financial assets at fair value	6(5)		
through other comprehensive income		\$ 2,681	\$ 706
Acquisition of investment accounted for using the equity	6(6)		
method-subsiaries		(27,112)	(134,851)
Disposal of investment accounted for using the equity			
method-subsiaries		-	12,900
Cash paid for acquisition of property, plant and equipment	6(27)	(30,809)	(74,486)
Proceeds from disposal of property, plant and equipment		669	-
Acquisition of intangible assets	6(10)	(1,486)	(1,060)
Increase in prepayment for business facilities		(10,866)	(51,334)
Increase in guarantee deposits paid		(3,227)	(3,375)
Decrease (increase) in other non-current financial assets		7,600	(2,600)
Net cash flows used in investing activities		(62,550)	(254,100)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(28)	241,450	246,109
Payments of lease liabilities	6(28)	(1,323)	(1,141)
Increase in long-term borrowings	6(28)	6,570,000	4,380,000
Decrease in long-term borrowings	6(28)	(6,730,000)	(4,160,000)
Increase in guarantee deposits received	6(28)	107	-
Payments of cash dividends	6(16)	(345,329)	(374,106)
Net cash flows (used in) from financing activities		(265,095)	90,862
Net decrease in cash and cash equivalents		(62,161)	(25,224)
Cash and cash equivalents at beginning of year	6(1)	182,884	208,108
Cash and cash equivalents at end of year	6(1)	\$ 120,723	\$ 182,884

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



CHUN YU WORKS & CO., LTD.

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2020, pursuant to Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, the entities that are required to be included in the consolidated financial statements of affiliates, are the same as the entities required to be included in the consolidated financial statements under International Financial Reporting Standard No. 10. Also, if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare consolidated financial statements of affiliates.

Hereby declare,

Chun Yu Works & Co., Ltd.

March 10, 2021



INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Chun Yu Works & Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of Chun Yu Works & Co., Ltd. and 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 of 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 of 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 Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and 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 judgment, 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:



Cut-off of revenue from export sales

Description

Refer to Note 4(26) for accounting policy on revenue recognition and Note 6(20) for details of operating revenue.

The Group derives its revenues from the sales of screws, nuts, wire rods and fastener forming machines, etc., and revenues from export sales account for a high percentage of total revenue. Export sales are recognized as revenues when control of the goods has been transferred according to the terms specified in the contracts. The revenue recognition requires that the products are delivered to the customer, the customer has full discretion over the products, and there is no unfulfilled obligation that could affect the customer's acceptance over the products, but delivery time may vary for each delivery. The determination as to when products are transferred to customers involves manual process and judgement. Given that there is a risk of material misstatement from improper revenue recognition for transactions that occur near the balance sheet date and the transaction amounts are usually material to the financial statements, we consider the cut-off of revenue from export sales a key audit matter.

How our audit addressed the matter

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

1. Obtained an understanding and assessed the accounting policies of revenue recognition on export sales.
2. Obtained an understanding and assessed the internal controls over revenue recognition on export sales, and tested the effectiveness of internal controls including the delivery process and the timing of revenue recognition.
3. Performed cut-off tests on export sales transactions that took place during a certain period before and after the balance sheet date to ascertain whether sales revenues were recognized when control of goods has been transferred to the customer and revenues were recorded in the proper period.

Valuation of inventories

Description

Refer to Note 4(9) for accounting policy on inventory valuation, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to inventory valuation, and Note 6(4) for details of inventories. As of December 31, 2020, the inventories and allowance for inventory valuation losses amounted NT\$3,475,748 thousand and NT\$158,302 thousand, respectively.

The Group is primarily engaged in the manufacture and sales of screws, nuts, wire rods and fastener forming machines, etc. Due to the market demand, technology innovation and other factors, there is a risk of inventories losing value or becoming obsolete. The inventories are measured at the lower of cost and net realisable value. For inventory over a certain age and individually identified as obsolete or slow-moving, the net realisable values are determined by management based on periodic inventory clearance information. Given that the net realisable value used when assessing the inventories individually identified as obsolete or slow-moving involves subjective judgement, we consider the valuation of inventories 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 reasonableness of policies and procedures in relation to the provision of allowance for inventory valuation losses based on the accounting principles and our understanding of the nature of the business and the industry.
2. Obtained an understanding on the warehouse management processes, reviewed the annual physical inventory count plan and participated in the annual inventory count in order to evaluate the effectiveness of procedures used by the management to identify and control obsolete inventories.
3. Verified the appropriateness of net realisable value used in inventory valuation and the logic used in the inventory aging report to ascertain the reasonableness of allowance for inventory valuation losses.

Other matter - Reference to the reports of other auditors

We did not audit the financial statements of the consolidated subsidiaries, Chun Yu Works (USA) Inc. and Pt Moon Lion Industries Indonesia, which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these subsidiaries, is based solely on the reports of the other auditors. Total assets of these subsidiaries amounted to NT\$1,472,430 thousand and NT\$1,554,674 thousand, both constituting 14% of the consolidated total assets as at December 31, 2020 and 2019, respectively, and the operating revenue amounted to NT\$1,678,066 thousand and NT\$2,000,631 thousand, both constituting 21% of the consolidated total operating revenue for the years then ended December 31, 2020 and 2019, respectively.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion with an other matter paragraph on the parent company only financial statements of Chun Yu Works & 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 judgment and maintain professional skepticism throughout the audit. We also:

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

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, Tzu-Shu

Independent Accountants

Liu, Tzu-Meng

PricewaterhouseCoopers, Taiwan

Republic of China

March 10, 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.



CHUN YU WORKS & 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)	\$ 631,074	6	\$ 551,453	5
1110	Financial assets at fair value through profit or loss - current	6(2)	101,460	1	231,007	2
1150	Notes receivable, net	6(3) and 12	502,214	5	383,873	4
1170	Accounts receivable, net	6(3), 7 and 12	1,661,339	15	1,675,656	15
1200	Other receivables		13,784	-	44,044	-
1220	Current income tax assets	6(27)	1,419	-	6,756	-
130X	Inventories	5, 6(4)(6) and 8	3,317,446	31	3,457,042	32
1410	Prepayments		125,084	1	106,661	1
1476	Other current financial assets	6(1) and 8	1,970	-	-	-
11XX	Total current assets		6,355,790	59	6,456,492	59
Non-current assets						
1517	Financial assets at fair value through other comprehensive income - non-current	6(5) and 8	644,583	6	702,165	6
1600	Property, plant and equipment	6(6)(10) and 8	3,146,059	29	3,232,528	30
1755	Right-of-use assets	6(7) and 8	189,033	2	151,926	1
1780	Intangible assets	6(8)	10,646	-	10,626	-
1840	Deferred income tax assets	6(27)	290,844	3	279,963	3
1915	Prepayments for business facilities	6(6)(8)	13,404	-	13,146	-
1920	Guarantee deposits paid		24,470	-	28,572	-
1930	Long-term notes and accounts receivable	6(3)(9)	51,060	1	60,620	1
1980	Other non-current financial assets	6(1) and 8	15,900	-	23,500	-
1990	Other non-current assets		3,684	-	6,788	-
15XX	Total non-current assets		4,389,683	41	4,509,834	41
1XXX	Total assets		\$ 10,745,473	100	\$ 10,966,326	100

(Continued)



CHUN YU WORKS & 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(11) and 8	\$ 1,995,653	19	\$ 1,915,153	18
2110	Short-term notes and bills payable	6(12)	39,957	-	9,997	-
2130	Current contract liabilities	6(20)	243,739	2	159,259	1
2150	Notes payable		4,241	-	6,241	-
2170	Accounts payable	7	687,916	6	697,372	6
2200	Other payables	7	409,649	4	412,124	4
2230	Current income tax liabilities	6(27)	46,531	1	50,441	1
2250	Provisions for liabilities - current	6(13)	6,722	-	8,344	-
2280	Current lease liabilities		27,294	-	22,464	-
2320	Long-term liabilities, current portion	6(14) and 8	261,492	3	92,269	1
21XX	Total current liabilities		<u>3,723,194</u>	<u>35</u>	<u>3,373,664</u>	<u>31</u>
	Non-current liabilities					
2540	Long-term borrowings	6(14) and 8	2,199,123	20	2,603,487	24
2570	Deferred income tax liabilities	6(27)	439,426	4	436,622	4
2580	Non-current lease liabilities		71,056	1	53,138	-
2640	Net defined benefit liabilities - non-current	6(15)	180,653	2	163,837	1
2645	Guarantee deposits received		564	-	457	-
25XX	Total non-current liabilities		<u>2,890,822</u>	<u>27</u>	<u>3,257,541</u>	<u>29</u>
2XXX	Total liabilities		<u>6,614,016</u>	<u>62</u>	<u>6,631,205</u>	<u>60</u>
	Equity attributable to owners of parent					
	Share capital					
3110	Common stock	6(16)	2,877,740	27	2,877,740	26
3200	Capital surplus	6(16)(17)	157,969	1	129,373	1
	Retained earnings	6(5)(18)				
3310	Legal reserve		179,531	2	137,220	1
3320	Special reserve		430,610	4	430,610	4
3350	Unappropriated retained earnings		290,127	3	493,587	5
3400	Other equity interest	6(5)(19)	(162,647)	(2)	(95,558)	-
3500	Treasury stocks	6(16) and 8	(288,910)	(3)	(288,910)	(3)
31XX	Equity attributable to owners of the parent		<u>3,484,420</u>	<u>32</u>	<u>3,684,062</u>	<u>34</u>
36XX	Non-controlling interest	4(3)	<u>647,037</u>	<u>6</u>	<u>651,059</u>	<u>6</u>
3XXX	Total equity		<u>4,131,457</u>	<u>38</u>	<u>4,335,121</u>	<u>40</u>
	Significant Contingent Liabilities and Unrecognized Contract Commitments	9				
3X2X	Total liabilities and equity		<u>\$ 10,745,473</u>	<u>100</u>	<u>\$ 10,966,326</u>	<u>100</u>

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



CHUN YU WORKS & CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2020 AND 2019

(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

	Items	Notes	Year ended December 31			
			2020		2019	
			AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(20) and 7	\$ 8,054,615	100	\$ 9,333,591	100
5000	Operating costs	6(4)(8)(15)(25)(26) and 7	(6,905,334)	(86)	(7,833,212)	(84)
5900	Net operating margin		1,149,281	14	1,500,379	16
	Operating expenses	6(8)(15)(25)(26), 7 and 12				
6100	Selling expenses		(284,061)	(3)	(360,296)	(4)
6200	General and administrative expenses		(446,254)	(6)	(473,556)	(5)
6300	Research and development expenses		(62,304)	(1)	(76,209)	(1)
6450	Expected credit (losses) gains		(6,201)	-	5,348	-
6000	Total operating expenses		(798,820)	(10)	(904,713)	(10)
6900	Operating profit		350,461	4	595,666	6
	Non-operating income and expenses					
7100	Interest income	6(3)(21)	11,214	-	11,302	-
7010	Other income	6(2)(5)(22) and 7	114,507	1	74,502	1
7020	Other gains and losses	6(2)(23) and 12	(21,166)	-	19,269	-
7050	Finance costs	6(7)(24)	(109,051)	(1)	(122,010)	(1)
7000	Total non-operating income and expenses		(4,496)	-	(16,937)	-
7900	Profit before income tax		345,965	4	578,729	6
7950	Income tax expense	6(27)	(82,929)	(1)	(44,986)	-
8200	Profit for the year		\$ 263,036	3	\$ 533,743	6

(Continued)



CHUN YU WORKS & CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2020 AND 2019

(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

Items	Notes	Year ended December 31			
		2020		2019	
		AMOUNT	%	AMOUNT	%
Other comprehensive income (loss)					
Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8311 Actuarial losses on defined benefit plans	6(15)	(\$ 16,646)	-	(\$ 488)	-
8316 Unrealised loss on valuation of investments in equity instruments measured at fair value through other comprehensive income	6(5)(19)	(54,901)	(1)	(25,997)	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(27)	(83)	-	(720)	-
Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361 Financial statements translation differences of foreign operations		(17,842)	-	(71,224)	(1)
8399 Aggregated income tax relating to components of other comprehensive (loss) income	6(27)	(1,542)	-	4,812	-
8300 Total other comprehensive loss for the year		(\$ 91,014)	(1)	(\$ 93,617)	(1)
8500 Total comprehensive income for the year		\$ 172,022	2	\$ 440,126	5
Profit attributable to:					
8610 Owners of the parent		\$ 197,147	2	\$ 423,111	5
8620 Non-controlling interest		65,889	1	110,632	1
		<u>\$ 263,036</u>	<u>3</u>	<u>\$ 533,743</u>	<u>6</u>
Comprehensive income attributable to:					
8710 Owners of the parent		\$ 117,091	1	\$ 338,965	4
8720 Non-controlling interest		54,931	1	101,161	1
		<u>\$ 172,022</u>	<u>2</u>	<u>\$ 440,126</u>	<u>5</u>
Earnings per share (in dollars)	6(28)				
9750 Basic		\$ 0.75		\$ 1.60	
9850 Diluted		\$ 0.75		\$ 1.60	

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



CHUN YU WORKS & 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										Non-controlling interest	Total equity	
	Notes	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Other Equity Interest		Treasury stocks			Total
								Retained Earnings	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income				
Year ended December 31, 2019													
Balance at January 1, 2019		\$ 2,877,740	\$ 92,820	\$ 91,170	\$ 430,610	\$ 486,337	(\$ 114,855)	\$ 107,738	(\$ 288,910)	\$ 3,682,650	\$ 610,800	\$ 4,293,450	
Profit for the year		-	-	-	-	423,111	-	-	-	423,111	110,632	533,743	
Other comprehensive loss for the year	6(5)(19)	-	-	-	-	(183)	(57,966)	(25,997)	-	(84,146)	(9,471)	(93,617)	
Total comprehensive income (loss)		-	-	-	-	422,928	(57,966)	(25,997)	-	338,965	101,161	440,126	
Distribution of 2018 net income:													
Legal reserve	6(18)	-	-	46,050	-	(46,050)	-	-	-	-	-	-	
Cash dividends	6(18)	-	-	-	-	(374,106)	-	-	-	(374,106)	-	(374,106)	
Disposal of financial assets measured at fair value through other comprehensive income - equity instrument	6(5)(19)	-	-	-	-	4,478	-	(4,478)	-	-	-	-	
The Company's dividends received by subsidiaries	6(16)(17)	-	30,980	-	-	-	-	-	-	30,980	-	30,980	
Difference between consideration and carrying amount of subsidiaries disposed	6(17)(29)	-	5,573	-	-	-	-	-	-	5,573	(5,573)	-	
Decrease in non-controlling interest		-	-	-	-	-	-	-	-	-	(55,329)	(55,329)	
Balance at December 31, 2019		\$ 2,877,740	\$ 129,373	\$ 137,220	\$ 430,610	\$ 493,587	(\$ 172,821)	\$ 77,263	(\$ 288,910)	\$ 3,684,062	\$ 651,059	\$ 4,335,121	
Year ended December 31, 2020													
Balance at January 1, 2020		\$ 2,877,740	\$ 129,373	\$ 137,220	\$ 430,610	\$ 493,587	(\$ 172,821)	\$ 77,263	(\$ 288,910)	\$ 3,684,062	\$ 651,059	\$ 4,335,121	
Profit for the year		-	-	-	-	197,147	-	-	-	197,147	65,889	263,036	
Other comprehensive loss for the year	6(5)(19)	-	-	-	-	(12,967)	(12,188)	(54,901)	-	(80,056)	(10,958)	(91,014)	
Total comprehensive income (loss)		-	-	-	-	184,180	(12,188)	(54,901)	-	117,091	54,931	172,022	
Distribution of 2019 net income:													
Legal reserve	6(18)	-	-	42,311	-	(42,311)	-	-	-	-	-	-	
Cash dividends	6(18)	-	-	-	-	(345,329)	-	-	-	(345,329)	-	(345,329)	
The Company's dividends received by subsidiaries	6(16)(17)	-	28,596	-	-	-	-	-	-	28,596	-	28,596	
Decrease in non-controlling interest		-	-	-	-	-	-	-	-	-	(58,953)	(58,953)	
Balance at December 31, 2020		\$ 2,877,740	\$ 157,969	\$ 179,531	\$ 430,610	\$ 290,127	(\$ 185,009)	\$ 22,362	(\$ 288,910)	\$ 3,484,420	\$ 647,037	\$ 4,131,457	

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



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

		Years ended December 31	
	Notes	2020	2019
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 345,965	\$ 578,729
Adjustments			
Adjustments to reconcile profit (loss)			
Net loss (gain) on financial assets and liabilities at fair value through profit or loss		25,205 (	33,613)
Expected credit losses (gains)	12	6,201 (	5,348)
Allowance for (reversal of) inventory market price decline	6(4)	17,622 (	2,535)
Depreciation	6(6)(7)(25)	306,622	308,834
(Gain) loss on disposal of property, plant and equipment	6(23)	(937)	1,354
Property, plant and equipment transferred to loss	6(6)	-	306
Gain from lease modification	6(23)	- (	336)
Amortization	6(8)(25)	4,325	3,773
Interest income	6(21)	(11,214) (	11,302)
Dividends income	6(22)	(34,270) (	47,575)
Interest expense	6(24)	109,051	122,010
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss - current		104,342 (	86,489)
Notes receivable	(	121,753)	45,692
Accounts receivable		11,327	118,456
Other receivables		30,260	11,133
Inventories		36,138 (	110,079)
Prepayments	(	18,423)	1,623
Long-term notes and accounts receivable		9,560 (	33,732)
Changes in operating liabilities			
Current contract liabilities		84,480 (	82,839)
Notes payable	(	6,200) (	10,294)
Accounts payable	(	9,456) (	223,979)
Other payables		1,931 (	160,869)
Provisions for liabilities - current	(	1,622) (	48)
Net defined benefit liabilities - non-current		170 (	7,344)
Cash inflow generated from operations		889,324	375,528
Interest received		11,214	11,302
Dividend received		34,270	47,575
Income tax refund		5,426	8,571
Interest paid	(	110,549) (	122,723)
Income tax paid	(	96,630) (	125,126)
Net cash flows from operating activities		733,055	195,127

(Continued)



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

		Years ended December 31	
	Notes	2020	2019
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
(Increase) decrease in other financial asset - current		(\$ 1,970)	\$ 2,238
Cash paid for acquisition of financial assets at fair value through other comprehensive income		-	(298,259)
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(5)	-	10,896
Return of capital from financial assets at fair value through other comprehensive income	6(5)	2,681	706
Cash paid for acquisition of property, plant and equipment	6(30)	(113,884)	(146,405)
Proceeds from disposal of property, plant and equipment		11,534	825
Acquisition of right-of-use assets		(18,365)	-
Acquisition of intangible assets	6(8)	(4,288)	(2,784)
Increase in prepayment for business facilities		(18,267)	(32,692)
Decrease (increase) in guarantee deposits paid		4,102	(8,479)
Decrease (increase) in other non-current financial assets		7,600	(2,600)
Decrease in other non-current assets		3,104	1,014
Net cash flows used in investing activities		(127,753)	(475,540)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(31)	80,500	356,032
Increase in short-term notes and bills payable	6(31)	30,000	-
Payments of lease liabilities	6(31)	(23,846)	(22,297)
Increase in long-term borrowings	6(31)	6,567,051	4,490,564
Decrease in long-term borrowings	6(31)	(6,802,192)	(4,191,254)
Increase in guarantee deposits received	6(31)	107	-
Payments of cash dividends	6(30)	(316,733)	(343,126)
Decrease in non-controlling interest		(58,953)	(55,329)
Net cash flows (used in) from financing activities		(524,066)	234,590
Effect of foreign exchange rate changes on cash and cash equivalents		(1,615)	(53,601)
Net increase (decrease) in cash and cash equivalents		79,621	(99,424)
Cash and cash equivalents at beginning of year	6(1)	551,453	650,877
Cash and cash equivalents at end of year	6(1)	\$ 631,074	\$ 551,453

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



Appendix III

Chun Yu Works & Co., Ltd.

Table of Contents Before and After Amendment in Comparison for “Rules Governing Code of Ethical Conduct”

Contents of articles	Before amendment	After amendment	Descriptions
Article II	The Company's directors or managerial officers shall take charge of business operations in an objective and efficient manner and shall not take advantage of their positions served with the Company to obtain illegitimate benefits for themselves, their spouses, parents, children or blood relatives within the second degree of kinship. The Company shall be particularly watchful of the affiliated enterprises of aforementioned personnel in terms of lending of funds, guarantees provided, transaction in major assets, input (output) transactions. The Company shall duly set up a sound policy to prevent a potential conflict of interests and shall, meanwhile, provide a sound channel through which the directors and supervisors or managerial officers will take the initiative to clarify whether or not they have been in a potential conflict in interest with the Company.	The Company's directors or managerial officers shall take charge of business operations in an objective and efficient manner and shall not take advantage of their positions served with the Company to obtain illegitimate benefits <u>for themselves, their spouses or blood relatives within the second degree of kinship.</u> The Company shall be particularly watchful of the affiliated enterprises of aforementioned personnel in terms of lending of funds, guarantees provided, transaction in major assets, input (output) transactions. The Company shall duly set up a sound policy to prevent a potential conflict of interests and shall, meanwhile, provide a sound channel through which the directors and supervisors or managerial officers will take the initiative to clarify whether or not they have been in a potential conflict in interest with the Company.	An amendment as required by law
Article VIII	A policy to encourage the reporting of any unlawful act or in contravention of the Rules Governing Code of Ethical Conduct. The Company shall, inside itself, put forth maximum possible efforts to strengthen the promotion of ethical concepts and encourage employees to report to managers, internal audit heads or other appropriate personnel whenever they suspect or discover violations of laws and regulations or the Rules Governing Code of Ethical Conduct. In an attempt to encourage employees to report a violation, the Company shall enact a concrete and specific reporting system which shall be made well known to the entire staff that the Company will put forth maximum possible efforts safeguard the safety of the informant from any potential retaliation.	A policy to encourage the reporting of any unlawful act or in contravention of the Rules Governing Code of Ethical Conduct. The Company shall, inside itself, put forth maximum possible efforts to strengthen the promotion of ethical concepts and encourage employees to report to managers, internal audit heads or other appropriate personnel whenever they suspect or discover violations of laws and regulations or the Rules Governing Code of Ethical Conduct. In an attempt to encourage employees to report a violation, the Company shall set up a concrete and specific whistleblowing system and <u>shall allow anonymous whistleblowing</u> which shall be made well known to the entire staff that the Company will put forth maximum possible efforts to safeguard the safety of the <u>whistleblower</u> from any potential retaliation.	An amendment as required by law
Article XIV	These Rules were duly enacted on April 8, 2011, and duly amended on	These Rules were duly enacted on April 8, 2011, and duly amended on <u>August 7, 2015 as the 1st amendment; August 8, 2017 as the 2nd amendment and November 10, 2020 as the 3rd amendment</u>	Addition of the date of amendment.



Appendix IV

Chun Yu Works & Co., Ltd.

Table of Contents Before and After Amendment in Comparison for “Operating Procedures and Behavioral Directions of Best-Practice Principles on Good Faith Management and Guidelines on Conduct”

Contents of articles	Before amendment	After amendment	Descriptions
Article V	On the grounds of the Company's business philosophy of integrity, transparency and responsibility, the Company enacts integrity-oriented policy and sets up good corporate governance and sound risk control mechanisms to assure a sustainable business environment.	On the grounds of the Company's business philosophy of integrity, transparency and responsibility, the Company enacts an integrity-oriented policy <u>which has been duly resolved by the Board of Directors</u> and sets up good corporate governance and sound risk control mechanisms to assure a sustainable business environment.	An amendment as required by law
Article VII	Where the Company formulates a prevention program, it shall duly analyze the business activities within the business scope that are subject to a higher risk of dishonest behavior and strengthen related preventive measures. The preventive programs formulated by the Company shall cover the following preventive measures as the minimum: I. Measures to prevent offering or acceptance of bribes. II. Measures to prevent provision of unlawful political donations. III. Measures to prevent unjustifiable charitable donations or sponsorship. IV. Measures to prevent offering or accepting unjustifiable gift, entertainment or other unjust enrichment. V. Measures to prevent infringement of business secrets, trademark rights, patent rights, copyrights and other intellectual property rights. VI. Measures to prevent engaging in unjustifiable competition. VII. Measures to prevent infringement upon consumers or other interested parties in interests, health and security with their products or services within the process of research & development, procurement, manufacture, provision or sales.	The Company <u>shall set up a sound risk assessment mechanism against dishonest conduct to analyze and evaluate</u> business activities within its business scope with a higher risk of dishonest conduct on a regular basis, <u>formulate a prevention program accordingly and regularly review on a regular basis the appropriateness and effectiveness of the prevention programs.</u> The Company shall <u>make reference of the standards or guidelines commonly used at home and abroad</u> to formulate a preventive program which shall cover the following preventive measures as the minimum: I. Measures to prevent offering or acceptance of bribes. II. Measures to prevent provision of unlawful political donations. III. Measures to prevent unjustifiable charitable donations or sponsorship. IV. Measures to prevent offering or accepting unjustifiable gift, entertainment or other unjust enrichment. V. Measures to prevent infringement of business secrets, trademark rights, patent rights, copyrights and other intellectual property rights. VI. Measures to prevent engaging in unjustifiable competition. VII. Measures to prevent infringement upon consumers or other interested parties in interests, health and security with their products or services within the process of research & development, procurement, manufacture, provision or sales.	An amendment as required by law
Article VIII	All exchange-listed or OTC-listed companies and the group companies and organizations thereof shall definitely state the integrity management-related policy in their regulations and external documents, as well as the commitment by the board of directors and management to implement thoroughly the integrity	<u>The company should require directors and senior management to issue a statement of compliance with the integrity management policy and require employees to comply with the integrity management policy in terms of employment.</u> <u>The Company, its Group enterprises and organization shall definitely state the integrity management-related policy in their</u>	An amendment as required by law



Table of Contents Before and After Amendment in Comparison for “Operating Procedures and Behavioral Directions of Best-Practice Principles on Good Faith Management and Guidelines on Conduct”

Contents of articles	Before amendment	After amendment	Descriptions
	management policy and implement the same within internal management and business activities.	regulations and external documents as well as the Company's website, the commitment by the board of directors and <u>high-ranking management to implement thoroughly the integrity management policy and implement the same within internal management and business activities.</u> <u>For the first and second integrity management policies, statements, commitments and implementation of the company, documented information should be prepared and stored properly.</u>	
Article XVII	The directors, supervisors, managers, employees, assignees and substantial controllers of the TWSE/GTSM Listed Companies shall exercises due diligence as a <i>bona fide</i> administrator in performing their duties to urge and supervise the Company to prevent an unfaithful behavior, and review its implementation effectiveness and continuous improvement at any time to ensure faithful implementation of the integrity management policy. In an attempt to assure a sound management over Best-Practice Principles on Good Faith Management, the exchange-listed or OTC-listed companies shall set up a dedicated unit under the board of directors to assume the responsibility for the formulation and supervision of the integrity management policy and prevention programs to primarily take charge of the following tasks and report the performance to the board of directors on a regular basis. I. To help integrate the good faith management policy and ethical values into the Company's business strategy and coordinate with laws and regulations to establish relevant anti-fraud measures to ensure a practice in integrity. II. To formulate programs to prevent unfaithful behavior and formulate standard operational procedures (SOP) and behavior guidelines related to work and business within each program. III. To map out internal organization, mechanism and responsibility and to install a mutual supervision and check-and-balance mechanism toward	The directors, supervisors, managers, employees, assignees and substantial controllers of the TWSE/GTSM Listed Companies shall exercises due diligence as a <i>bona fide</i> administrator in performing their duties to urge and supervise the Company to prevent an unfaithful behavior, and review its implementation effectiveness and continuous improvement at any time to ensure faithful implementation of the integrity management policy. In an attempt to assure a sound management over Best-Practice Principles on Good Faith Management, the exchange-listed or OTC-listed companies shall set up a dedicated unit under the board of directors <u>which shall be provided with adequate resources and staffed with eligible personnel</u> to assume the responsibility for good faith management policy practice policy and preventive policies and oversee the implementation to primarily take charge of the following tasks and report the performance to the board of directors on a regular basis (<u>at least once per annum</u>): I. To help integrate the good faith management policy and ethical values into the Company's business strategy and coordinate with laws and regulations to establish relevant anti-fraud measures to ensure a practice in integrity. <u>II. To analyze and evaluate the potential risks of unfaithful behaviors within the scope of business operation and, accordingly,</u> formulate programs to prevent unfaithful behavior and formulate standard operational procedures (SOP) and behavior guidelines related to work and business within each program. III. To map out internal organization, mechanism and responsibility and to install a mutual supervision and check-and-balance	An amendment as required by law



Table of Contents Before and After Amendment in Comparison for “Operating Procedures and Behavioral Directions of Best-Practice Principles on Good Faith Management and Guidelines on Conduct”

Contents of articles	Before amendment	After amendment	Descriptions
	all business activities subject to a higher risk of dishonesty within the business scope. IV. To carry out implementation and coordination with the good faith management policy related training programs. V. To map out sound whistleblowing system to assure enforceability in the implementation. VI. To help the board of directors and the management level audit and evaluate the efforts to put into implementation thoroughly good faith management policy and work out and submit a report about the evaluation and compliance on the relevant business operation on a regular basis.	mechanism toward all business activities subject to a higher risk of dishonesty within the business scope. IV. To carry out implementation and coordination with the good faith management policy related training programs. V. To map out sound whistleblowing system to assure enforceability in the implementation. VI. To help the board of directors and the management level audit and evaluate the efforts to put into implementation thoroughly good faith management policy and work out and submit a report about the evaluation and compliance on the relevant business operation on a regular basis.	
Article XX	Exchange-listed or OTC-listed companies shall establish an effective accounting system and internal control system for business activities that are subject to a higher risk of unfaithful behavior. Such companies shall not have outsourced accounts or nor shall they keep a secret account and shall, meanwhile, review it from time to time to ensure that the design and implementation of such system would be performed continuously and effectively. The internal audit units of exchange-listed or OTC-listed companies shall check the compliance with the preceding system on a regular basis, prepare an audit report and submit it to the board of directors and may appoint a certified public accountant to perform the audit. Whenever necessary, such companies may appoint professionals to render assistance.	Exchange-listed or OTC-listed companies shall establish an effective accounting system and internal control system for business activities that are subject to a higher risk of unfaithful behavior. Such companies shall not have outsourced accounts or nor shall they keep a secret account and shall, meanwhile, review it from time to time to ensure that the design and implementation of such system would be performed continuously and effectively. The internal audit units of exchange-listed or OTC-listed companies <u>shall work out relevant audit programs exactly based on the outcome of evaluation over the unfaithful behavior risks. The contents of such audit programs shall include targets, scopes, items and frequency of such audit which shall be taken as the grounds to audit and prevent compliance.</u> Whenever necessary, such companies may appoint professionals to render assistance. <u>I. The audit outcome mentioned under the preceding Paragraph shall be reported to the high-ranking management level and dedicated Best-Practice Principles on Good Faith Management unit and shall be worked out into the audit report to be submitted to the board of directors.</u>	An amendment as required by law
Article XXIII	Exchange-listed or OTC-listed companies shall establish concrete and specific whistleblowing system that should be put into faithful implementation. The contents of such system shall cover the following key points as the minimum:	Exchange-listed or OTC-listed companies shall establish concrete and specific whistleblowing system that should be put into faithful implementation. The contents of such system shall cover the following key points as the minimum: I. The effort to establish and announce	An amendment as required by law



Table of Contents Before and After Amendment in Comparison for “Operating Procedures and Behavioral Directions of Best-Practice Principles on Good Faith Management and Guidelines on Conduct”

Contents of articles	Before amendment	After amendment	Descriptions
	I. The effort to establish and announce internal independent whistle-blowing mailboxes, dedicated phone lines or to outsource other external independent agencies to provide such whistle-blowing mailboxes, dedicated phone lines for use by internal and external personnel of the Company. II. The efforts to designate the personnel or unit to accept the reports. A report that implicates a director or high-ranking executive shall be submitted to independent directors or supervisors. In such an event, such a company shall definitely enact the types of whistleblowing issues and the standard operational procedures (SOP) for investigation. III. To put effort on working out the records and putting out such records into prudential custody covering the entire process to accept and investigate such whistleblowing cases, the results thereof and relevant documents. IV. The identity of an informant and contents so whistle-brown shall be kept confidential. V. The measures to safeguard an informant or a whistleblower against a potential unjustified dismissal. VI. Incentive measures to be granted to a whistleblower. Whenever the dedicated personnel or units to accept a whistleblowing case are found through investigation to have committed a major default or whenever the Company is found likely to be subject to a significant impairment, a report shall be worked out forthwith and informed to the independent directors or supervisors in writing.	internal independent whistle-blowing mailboxes, dedicated phone lines or to outsource other external independent agencies to provide such whistle-blowing mailboxes, dedicated phone lines for use by internal and external personnel of the Company. II. The efforts to designate the dedicated personnel or unit to accept the reports. A report that implicates a director or high-ranking <u>management level</u> officer shall be submitted to independent directors or supervisors. In such an event, the company shall definitely enact the types of whistleblowing issues and the standard operating procedures (SOP) for investigation. <u>III. Determine the follow-up measures that should be taken after the investigation of the prosecution case is completed, according to the seriousness of the circumstances and should be reported to the competent authority or transferred to the judicial authority for investigation if necessary.</u> IV. The effort to work out records and put such records into prudential custody covering the entire process to accept and investigate such whistleblowing cases, the results thereof and relevant documents. <u>V. The identity of an informant and contents so whistle-blown shall be kept in confidence and anonymous accusation should be permitted.</u> <u>VI. The measures to safeguard an informant or a whistleblower against a potential unjustifiable disposal.</u> <u>VII. Incentive measures to be granted to a whistleblower.</u> Whenever the dedicated personnel or units to accept a whistleblowing case are found through investigation to have committed a major default or whenever the Company is found likely to be subject to a significant impairment, a report shall be worked out forthwith and informed to the independent directors or supervisors in writing.	
Article XXVII	All Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies shall be enforced after being resolved by the board of directors and shall be submitted to the supervisors and shareholders' meeting. This same provision shall apply in case of an	All Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies shall be enforced after being resolved by the board of directors and shall be submitted to the supervisors and shareholders' meeting. This same provision shall apply in case of an amendment. Where a TWSE/TPEX listed company	An amendment as required by law



Table of Contents Before and After Amendment in Comparison for “Operating Procedures and Behavioral Directions of Best-Practice Principles on Good Faith Management and Guidelines on Conduct”

Contents of articles	Before amendment	After amendment	Descriptions
	amendment. A TWSE/TPEX listed company that has set up independent directors and where such a company brings the Ethical Corporate Management Best Practice Principles to its board of directors for discussion, it shall take adequate account of the opinions of all independent directors and shall expressly disclose their objective or reserved opinions into the minutes of the board of directors meeting. Where an independent director is unavailable to participate in a board of directors meeting but intends to express his or her objective or reserved opinions, he or she shall issue documented opinions which shall be entered into the minutes of the board of directors meeting unless backed up by a justifiable reason. Where a TWSE/TPEX listed company sets up an Audit Committee, the provisions herein applicable to the supervisors are <i>mutatis mutandis</i> applicable to the Audit Committee.	<u>submits the Ethical Corporate Management Best Practice Principles into discussion</u> in accordance with the provision mentioned under the preceding Paragraph, it shall take adequate account of the opinions of all independent directors and shall expressly disclose their objective or reserved opinions into the minutes of the board of directors meeting. Where an independent director is unavailable to participate in a board of directors meeting but intends to express his or her objective or reserved opinions, he or she shall issue documented opinions which shall be entered into the minutes of the board of directors meeting unless backed up by a justifiable reason. Where a TWSE/TPEX listed company sets up an Audit Committee, the provisions herein applicable to the supervisors are <i>mutatis mutandis</i> applicable to the Audit Committee.	



Appendix V

Chun Yu Works & Co., Ltd.

Table of Contents Before and After Amendment in Comparison of “Directors’ Election Procedures”

Contents of articles	Before amendment	After amendment	Descriptions
Article I	The Company shall duly elect directors (including independent directors) exactly in accordance with these Regulations.	<u>In an effort to elect directors in a fair, just and open manner, these Procedures are duly enacted in accordance with Article 21 and Article 41 of the Corporate Governance Best-Practice Principles for TSEC/TPEX Listed Companies. The Company's directors shall be duly elected in accordance with these Procedures unless otherwise specified in the laws and ordinances concerned or the Articles of Incorporation.</u>	This Article is newly added.
Article II		<u>On election of the Company's directors, the Company shall carry out the overall configuration of the board of directors into adequate account. On the composition of the board of directors, the Company shall take into account diversity and shall formulate an appropriate diversification policy based on its own operations, operating type and development needs. Such diversification policy shall include but not be limited to the following two major standards:</u> <u>I. Fundamental conditions and values: gender, age, nationality and culture.</u> <u>II. Professional expertise and skills: professional backgrounds (e.g., laws, accounting, industry, finance, marketing or technology), professional skills and hands-on experiences in business.</u> <u>The board of director members shall possess the know-how, skills and attainment required for the implementation of their duties. The overall capabilities so required include:</u> <u>I. Capabilities required to judge business operations</u> <u>II. Capabilities required to analyze accounting and finance.</u> <u>III. Capabilities required in business management.</u> <u>IV. Capabilities required to deal with a crisis.</u> <u>V. Expertise on industry.</u> <u>VI. Overview on international markets.</u> <u>VII. Leadership.</u> <u>VIII. Capabilities required for policymaking process</u> <u>Among directors, there must be one half majority of the director seats free of relative relationship as spouses or blood</u>	This Article is newly added in response to the requirements by law.



Table of Contents Before and After Amendment in Comparison of “Directors’ Election Procedures”

Contents of articles	Before amendment	After amendment	Descriptions
		<u>relatives within the second degree of kinship.</u> <u>The Company should duly adjust the composition of the board of directors’ members based on the outcome of the performance evaluation.</u>	
Article III		<u>The qualifications of the Company’s independent directors shall satisfy the provisions set forth under Article 2, Article 3 And Article 4 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.</u> <u>The Company shall duly elect independent directors in a manner satisfactory to the requirements set forth under Article 5, Article 6, Article 7, Article 8 and Article 9 of “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies: and shall duly handle the elections in accordance with Article 24 of the “Corporate Governance Best-Practice Principles for TSEC/TPEX Listed Companies.”</u>	This Article is newly added in response to the requirements by law.
Article IV		<u>The Company shall elect its independent directors in a manner of candidates nomination system set forth under Article 192 of the Company Act.</u> <u>Where a director is discharged from directorship and, as a result, the total number of directors is less than five, the Company shall conduct a by-election for the vacancies in the latest shareholders’ meeting. Where the vacancies in the directorship seats is up to one-third of the quota set forth under the Articles of Incorporation, the Company shall convene a special shareholders’ meeting for the by-election within sixty (60) days from date of occurrence of the fact.</u> <u>Where the total number of independent directors is less than the provisions set forth under Paragraph 1, Article 14 ~ 2 of the Securities and Exchange Act, the Company shall conduct a by-election for the vacancies in the latest shareholders’ meeting. Where all independent directors are discharged from the posts in full, the Company shall convene a special shareholders’ meeting for the by-election within sixty (60) days from date of</u>	This Article is newly added in response to the requirements by law.



Table of Contents Before and After Amendment in Comparison of “Directors’ Election Procedures”

Contents of articles	Before amendment	After amendment	Descriptions
		<u>occurrence of the fact.</u>	
~~Article II~~ Article V	In election of the Company's directors, each share is entitled to the election powers the same as the number of directors to be elected. The election power may be concentrated to elect one candidate or be distributed to elect several candidates.	<u>The Company elects directors by means of accumulated balloting system.</u> Each share is entitled to the election powers same as the number of directors to be elected. The election power may be concentrated to elect one candidate or be distributed elect several candidates.	Newly added in wording with a change in the article code.
~~Article V~~ Article VI	The board of directors shall produce election ballots in the number equivalent to the number of directors to be elected and shall be filled in the number of the powers held by the shareholders. Such ballots shall be distributed to the shareholders participating in in the shareholders’ meeting.	The board of directors shall produce election ballots in the number equivalent to the number of directors to be elected and <u>shall be filled in the number of the powers held by the shareholders.</u> Such ballots shall be distributed to the shareholders participating in in the shareholders’ meeting. <u>The names of voters to be entered may be the code of the participation certificates shown on the election ballots instead.</u>	Newly added in wording with a change in the article code.
~~Article III~~ Article VII	The Company elects directors through the candidates nomination system. The shareholders shall elect the directors from the candidate’s list based on the number of directors to be elected. The Company's directors and independent directors shall be elected in a same package and the number of directors and independent directors shall be counted separately. The candidates winning election ballots representing more election powers shall be elected by the respective order. Where two or more candidates winning the same election power while in excess of the number of directors to be elected, the candidates winning the same election powers shall decide the winner through lot drawing. The lot of an absentee candidate shall be drawn by the chairperson on his/her behalf.	In the Company, <u>the election powers for independent directors and non-independent directors shall be calculated based on the numbers set forth under the Articles of Incorporation and the candidates winning election ballots representing more election powers shall be elected by the respective order.</u> Where two or more candidates winning the same number of votes while <u>in excess of the number of directors to be elected,</u> the candidates winning the same election votes shall decide the winner through lot drawing. The lot of an absentee candidate shall be drawn by the chairperson on his/her behalf.	Newly added in wording with a change in the article code.
~~Article IV~~ Article VIII	Before the start of the election process, the chairperson shall appoint a certain number of scrutineers and tellers to perform the respective duties.	Before the start of the election process, the chairperson shall appoint a certain number of scrutineers and tellers <u>from among the ones in the status of a shareholder</u> to perform the respective duties. <u>The ballot box(es) shall be prepared by the board of directors and shall be inspected in public by the scrutineers before balloting.</u>	Newly added in wording with a change in the article code.
~~Article VII~~	An election ballot is null and void if bearing one among circumstances enumerated below:	An election ballot is null and void if bearing one among circumstances enumerated <u>on the left-hand side:</u>	Amendment to wording and change in the



Table of Contents Before and After Amendment in Comparison of “Directors’ Election Procedures”

Contents of articles	Before amendment	After amendment	Descriptions
Article IX	1. Not using an election ballot specified under these Regulations. 2. Where a blank election ballot is cast into the ballot cabinet. 3. Where an election ballot is illegible or has been tampered with. 4. Where the candidate entered is a shareholder and where the name of account holder, account code is(are) found inconsistent with the register of shareholders; where the candidate entered is not a shareholder and where the name and identity certificate number is(are) found inconsistent upon the verification process. 5. Other than the candidate’s name of the account holder (name) or shareholder account number (Serial number of ID Card) and the distributed election power number, the election ballot bears other wordings. 6. Where any one among the candidate’s name of account holder (name) or shareholder account number (Serial number of ID Card) is left blank. 7. Where the same election ballot bears two or more candidates.	<u>I. Not using an election ballot prepared by the convener.</u> II. Where a blank election ballot is cast into the ballot <u>box</u> III. Where an election ballot is illegible or has been tampered with <u>IV. Where the electee entered is found inconsistent with the list of candidates.</u> <u>V. Where other than the number of distributed election ballots, the election ballot bears other wording.</u>	article numbers.
~~Article VI~~	Where a candidate is a shareholder, an elector shall enter into the box of “candidate” the candidate’s name of account holder with remark of shareholder account number. Where a candidate is not a shareholder, an elector shall enter the candidate’s name and Serial number of identity certificate. Where a candidate is a corporate shareholder, the box of the candidate on the ballot shall be entered with the name of the juristic person and name of its representative. In case of several representatives, the names of the representatives shall be respectively entered.	Deleted	Original article number is deleted
~~Article VIII~~ Article X	As soon as the voting process is over, the ballots shall be opened on the spot and the results of the balloting shall be announced on the spot by the chairperson as well.	As soon as the voting process is over, the ballots shall be opened on the spot and the results of the balloting shall be announced on the spot by the chairperson as well, <u>including the list of successfully-elected directors and the numbers of election votes that they won in the elections.</u> <u>The election ballots amidst the election issue mentioned in the preceding Paragraph shall be closely sealed up and</u>	Amendment to wording and change in the article numbers.



Table of Contents Before and After Amendment in Comparison of “Directors’ Election Procedures”

Contents of articles	Before amendment	After amendment	Descriptions
		<u>signed by the ballot scrutinizer(s) and shall be put under prudent custody for one year minimum. Where involved in an issue with lawsuits lodged in accordance with Article 189 of the Company Act, nevertheless, the ballots shall be put under custody until the litigious process is ended.</u>	
~~Article IX~~ Article X	Toward directors successfully elected through the balloting process, the Company's board of directors shall issue the notices of successful election.	Toward directors successfully elected, <u>the Company's board of directors shall issue notices of successful election.</u>	Amendment to wording and change in the article numbers.
~~Article X~~ Article XI	Matters not specified in these Regulations, if any, shall be duly handled in accordance with the Company Act, these Articles of Incorporation and laws and ordinances concerned.	Matters not specified in these <u>Operating Procedures</u> , if any, shall be duly handled in accordance with the Company Act, these Articles of Incorporation and laws and ordinances concerned.	Amendment to wording and change in the article numbers.
Article XII	These Regulations shall be put into force after being resolved in the shareholders’ meeting. This same provision shall apply to an event of correction.	These <u>procedures</u> shall be put into force after being resolved in the shareholders’ meeting. This same provision shall apply to an event of <u>amendment</u> . <u>These prerequisite were duly amended on June 22, 1996 as the 1st amendment; and duly amended on June 28, 2002 as the 2nd amendment; June 29, 2016 as the 3rd amendment and June 8, 2021 as the 4th amendment.</u>	Change in the article numbers and addition of date of latest amendment.



Appendix VI

Chun Yu Works & Co., Ltd.

Table of Contents Before and After Amendment in Comparison of “Shareholders’ Meeting Procedure Rules”

Contents of articles	Before amendment	After amendment	Descriptions
Article I	Unless otherwise specified in laws and ordinances concerned, the Company's special shareholders' meetings shall be duly convened in accordance with these Regulations.	<u>These Regulations are duly enacted in accordance with Article V of Corporate Governance Best-Practice Principles for TSEC/TPEX Listed Companies in an attempt to set up a sound corporate governance system for the shareholders' meeting of the Company to assure sound supervisory function and strengthen managerial functions.</u>	The original article contents are amended into Article 2
Article II	The Company shall provide a sign-in book to facilitate the present shareholders to sign in or the present shareholders may present the sign-in cards instead of the signing-in process. The number of the participating shares shall be duly calculated based on the sign-in book, the presented sign-in cards added with the number of shares wherewith the shareholders exercise voting powers in writing or by electronic means.	<u>Unless otherwise specified in laws and ordinances concerned or Articles of Incorporation, the Shareholders' Meeting Procedure Rules of the Company shall be duly stipulated based on these Regulations.</u>	Contents of the original article are amended into Articles 6 and 9
Article III	The participation and voting in a shareholders' meeting shall be counted based on the number of shares.	The Company's shareholders' meetings shall be convened by the board of directors unless otherwise specified in the laws and ordinances concerned. <u>The Company shall prepare the notices for shareholders' meeting, proxy form papers, issues to be posed into acknowledgement, into discussion, elections or discharge of directors and such motions and instructions data into electronic files and transmit the same into Market Observation Post System (MOPS) thirty (30) days prior to a shareholders' regular meeting and fifteen (15) days prior to a special shareholders' meeting. The Company shall prepare a Meeting Agenda Handbook for the shareholders' meeting and supplementary data of the meeting into electronic files and transmit the same into the Market Observation Post System (MOPS) twenty-one (21) days prior to a shareholders' regular meeting and fifteen (15) days prior to a special shareholders' meeting. The Company shall prepare a Meeting Agenda Handbook for the current shareholders' meeting and supplementary data of the meeting readily accessible to shareholders and display the same at the Company and the Company appointed shareholders' services agent fifteen (15) days prior to the meeting. The Company shall send out the same at the site of the</u>	The contents of original article amended to Article 9 and Article 12



Table of Contents Before and After Amendment in Comparison of “Shareholders’ Meeting Procedure Rules”

Contents of articles	Before amendment	After amendment	Descriptions
		<u>shareholders’ meeting.</u> <u>The notices and public announcement shall expressly bear the reasons to convene the meeting. Subject to consent by the counterparts, the notices may be served by electronic means.</u> <u>Such issues including election or discharge of directors, amendment to Articles of Incorporation, capital decrease, application for suspension from listing to public, lifting directors from the prohibition of business strife, conversion of earnings into capital increase, dissolution of the Company, merger, de-merger or issues set forth under Paragraph 1, Article 185 of the Company Act; Article 26~1 Article 43~6 of the Securities and Exchange Act and Article 56~1 and Article 60~2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be expressly enumerated in the reasons to convene the meeting with explanation of the major contents and shall not be posed through an extemporary motion.</u> <u>Where the reasons to convene the meeting expressly bears the issue for an overall re-election of directors with exceptional indication of the date scheduled for their taking the tenure of office, after the re-election is completed in that meeting, such an issue shall no longer be posed through an <i>extempore</i> motion or other means to change the date for their taking the tenure of office.</u> <u>A shareholder having more than 1% of the total outstanding shares is entitled to pose a motion to the shareholders' regular meeting but only limited to one issue. The issues shall not be enumerated more than once into the agenda. Where an issue is found meeting a situation falling within those under Paragraph 4, Article 172~1 of the Company Act, the board of directors shall not accept it into the agenda.</u> <u>The Company shall promulgate acceptance of suggestions from shareholders, the methods of acceptance in writing or in electronic means, venue and duration of acceptance prior to the book closure period date prior to a shareholders' regular meeting. The duration of acceptance shall not be less than ten (10) days minimum</u> <u>A suggestion posed by a shareholder shall not exceed the maximum limit of three</u>	



Table of Contents Before and After Amendment in Comparison of “Shareholders’ Meeting Procedure Rules”

Contents of articles	Before amendment	After amendment	Descriptions
		<u>hundred Chinese characters. In case it is in excess of three hundred Chinese characters, that issue shall not be included into the agenda. A shareholder who poses a suggestion shall participate in the shareholders' regular meeting in person or through a proxy and shall participate in the discussion process for that issue. The Company shall keep shareholders informed of the results of handling prior to the date to serve notices to the shareholders' meeting and shall have the issues satisfactory to the requirements set forth under this Article enumerated in the notice. On the posed motions not covered into the agenda, the board of directors shall explain the reason why they are not entered during the shareholders' meeting.</u>	
Article IV	The venue to convene a shareholders' meeting shall be a spot in the place where the Company is headquartered or a spot convenient to convene a shareholders' meeting. A shareholders' meeting shall not start earlier than 9:00 a.m. or later than 3:00 p.m.	<u>For each shareholders' meeting, a shareholder may issue a written proxy in the Company printed form, bearing the scope of authorized power to appoint a proxy to attend the shareholders' meeting on his or her behalf. A shareholder may issue only one proxy form to appoint only one proxy. The proxy form shall be submitted to the Company five (5) days prior to the date scheduled for the meeting. In case two or more written proxy forms are received from one same shareholder, the first one received by the Company shall prevail. Except the preceding proxy is declared revoked. In the event that a shareholder intends to participate in the shareholders' meeting in person or to exercise voting power in writing or in electronic means after the proxy form is submitted to the Company, that shareholder shall notify the Company in writing to revoke the proxy two (2) days prior to the date scheduled for the meeting. Where that shareholder revokes beyond the specified timeframe, the voting power exercised by the authorized proxy shall prevail.</u>	The contents of the original article amended to Article 5
Article V	A shareholders' meeting convened by the board of directors` shall be chaired by the chairman. Where the chairman is on leave or unavailable to exercise his power, the vice chairman shall act as his substitute. In case of no vice chairman or where the vice chairman is on leave or unavailable to exercise his power either, the chairman shall appoint one managing director to act	<u>A shareholders' meeting shall be convened at a venue where the Company is headquartered or a spot convenient to shareholders to participate and well oriented to convening a shareholders' meeting. A shareholders' meeting shall not start earlier than 9:00 a.m. or later than 3:00 p.m. On the venue and timepoint to convene a shareholders' meeting, the</u>	Contents of the original article amended to Article 7



Table of Contents Before and After Amendment in Comparison of “Shareholders’ Meeting Procedure Rules”

Contents of articles	Before amendment	After amendment	Descriptions
	as the substitute. Where the Company has no managing director, the chairman shall appoint one director to act as the substitute. Where the chairman does not appoint a substitute, one managing director or one director shall be elected from among themselves to act as the substitute. A shareholders’ meeting convened by another convener beyond the board of directors shall be chaired by that convener.	<u>opinions of the independent directors shall be taken into adequate account.</u>	
Article VI	The Company may appoint the Attorney(s)-at-Law, certified public accountant(s) and relevant personnel to participate in a shareholders’ meeting as a guest participant. The meeting staff in charge of a shareholders’ meeting shall bear the Identification certificate (s) or wear armband(s).	<u>The Company shall expressly specify in the notice of meeting the time for accepting the registration from shareholders, the location of the report and other key points for attention.</u> <u>The time for accepting the registration from shareholders in the preceding paragraph shall be handled at least 30 minutes prior to the start of the meeting; the registration place shall be expressly marked and shall be adequately staffed with qualified personnel to handle the meeting.</u> <u>A shareholder himself or herself or a proxy authorized by a shareholder (hereinafter collectively referred to as shareholders) shall participate in the meeting based on the participation certificates, sign-in card or other participation related certificate(s). On the certificate(s) required for a shareholder to participate in a shareholders’ meeting, the Company shall not arbitrarily request provision of other supporting certificate (s).</u> <u>In case of solicitation of proxy forms, a solicitor shall present his or her identity certificate ready for verification.</u> <u>The Company shall provide a sign-in book to facilitate the present shareholders to sign in or the present shareholders may submit their sign-in cards instead of the sign-in act.</u> <u>The Company shall hand over the meeting handbook, annual report, attendance certificate, speech slips, voting ballots and other meeting materials to the present shareholders attending the shareholders’ meeting. In case of election for directors, election ballots shall be additionally attached.</u> <u>Where the government or juristic person is a shareholder, the representative participating in a shareholders’ meeting is not confined to one person. Where a juristic person is entrusted to participate in a shareholders’ meeting, it may appoint only one representative to participate in the</u>	Contents of the original article amended to Article 7 and Article 17



Table of Contents Before and After Amendment in Comparison of “Shareholders’ Meeting Procedure Rules”

Contents of articles	Before amendment	After amendment	Descriptions
Article VII	The Company shall record the entire process of a shareholders’ meeting in audio and videotape which shall be put into custody for one year minimum. Where a shareholder lodges litigation in accordance with Article 189 of the Company Act, such record shall be kept until the litigious process is concluded.	<u>meeting.</u> <u>A shareholders’ meeting convened by the board of directors` shall be chaired by the chairman. Where the chairman is on leave or unavailable to exercise his power, the vice chairman shall act as his substitute. In case of no vice chairman or where the vice chairman is on leave or unavailable to exercise his power either, the chairman shall appoint one director to act as the substitute. Where the chairman does not appoint a substitute, one director shall be elected from among themselves to act as the substitute.</u> <u>Where a director act as the chairperson as mentioned under the preceding Paragraph, such a director shall be one having served directorship for more than six(6) months with adequate awareness of the Company's financial conditions. This provision equally applies to an event where the chairperson is the representative of a juristic person director.</u> <u>A shareholders’ meeting convened by the board of directors shall be chaired by the chairman in person. Such a shareholders’ meeting shall be attended by directors in one half majority of the total director seats in person where each functional committee shall participate in person with at least one representative. The facts of participation shall be recorded in the minutes of the shareholders’ meeting.</u> <u>A shareholders’ meeting convened by a convener beyond the board of directors shall be chaired by that convener with convener power. In case of two or more conveners, one shall be elected from among themselves to chair the meeting. The Company may appoint the retained Attorney(s)-at-Law, certified public accountant(s) or relevant personnel to participate in a shareholders’ meeting as a guest participant.</u>	The contents of the original article amended to Article 8
Article VIII	Where the time scheduled for the meeting is up, the chairperson shall call to order to the meeting. In the event that the meeting is attended by shareholders representing one half majority outstanding shares that time, nevertheless, the chairperson may announce a postponement for the meeting within the maximum limit of twice postponements and the total duration of the postponements accumulated shall not	<u>The Company shall record the shareholder registration process, the meeting process, and the vote counting process from the moment of accepting the shareholder registration into audio and videotape continually without an interruption.</u> <u>The audio and videotape records mentioned under the preceding Paragraph shall be put into custody for one year minimum. Where involved in an issue with lawsuits lodged in</u>	Contents of the original article amended to Article 9



Table of Contents Before and After Amendment in Comparison of “Shareholders’ Meeting Procedure Rules”

Contents of articles	Before amendment	After amendment	Descriptions
	exceed one hour maximum. In case of still below the specified quota after postponements twice where the meeting is attended by shareholders representing more than one-third of the outstanding shares, a tentative resolution may be resolved in accordance with Article 175 of the Company Act. In the event that the participating shareholders make up one half majority of the total outstanding shares before that meeting ends, the chairman may bring the tentative resolution so resolved into the meeting for formal resolution in accordance with Article 174 of the Company Act.	<u>accordance with Article 189 of the Company Act, nevertheless, the ballots shall be put under custody until the litigious process is ended.</u>	
Article IX	For a shareholders’ meeting convened by the board of directors, the agenda shall be enacted by the board of directors. The relevant motions shall be resolved on a case-by-case basis. The meeting shall go ahead through the scheduled agenda which shall not be changed unless solved by the shareholders’ meeting. To an event where the shareholders’ meeting is convened by a convener with convening power beyond the board of directors, the provision set forth under the preceding Paragraph shall equally apply. Until the agenda scheduled under the two preceding Paragraph (including extemporary motion) is concluded, the chairperson shall not announce adjournment of the meeting unless duly resolved. After the adjournment of the meeting process, the shareholders shall not elect another chairperson to continue the meeting at the same venue or at another venue. In the event that the chairperson announces adjournment of the meeting in contravention of the meeting procedure rules, nevertheless, another person may be appointed through one half majority vote of the present shareholders to chair and to continue the meeting.	<u>The participation in a shareholders’ meeting shall be counted based on the number of shares. The number of the participating shares shall be duly calculated based on the sign-in book, the presented sign-in cards added with the number of shares wherewith the shareholders exercise voting powers in writing or by electronic means.</u> <u>The chairperson shall call to order to the meeting as soon as time scheduled for the meeting is up and shall, meanwhile, promulgate the number of non-voting power and the number or shares represented by the present shareholders and such information.</u> <u>In the event that the meeting is attended by shareholders representing one half majority outstanding shares that time, nevertheless, the chairperson may announce a postponement for the meeting. The postponements shall not exceed twice in maximum and the total duration of the postponements accumulated shall not exceed one hour maximum. In the event that after two postponements where the meeting is attended by shareholders representing less than one-third of the outstanding shares, the chairperson may announce that the meeting is aborted.</u> <u>In case the participation is still below the specified quota after two postponements where the meeting is attended by shareholders representing more than one-third of the outstanding shares, a tentative resolution may be adopted in accordance with Article 175 of the Company Act. The tentative resolution</u>	Contents of the original article amended to Article 10



Table of Contents Before and After Amendment in Comparison of “Shareholders’ Meeting Procedure Rules”

Contents of articles	Before amendment	After amendment	Descriptions
		<u>shall be informed to all shareholders and the shareholders’ meeting shall be convened once more within one month. In the event that the shares represented by the present shareholders are up to one half majority of the total outstanding shares before the current meeting ends, the chairperson may pose the adopted tentative resolution to the shareholders for resolution anew in accordance with Article 174 of the Company Act.</u>	
Article X	Before a present shareholder deliver a speech, he or she shall first fill in the statement of speech, stating the main points of the speech, shareholder account number (or participation certificate number) and account name so that the chairperson will determine the order of his or her speech. The present shareholder who has only delivered the speech note but does not deliver a speech shall be deemed to have not delivered a speech. Where the content actually spoken is found differing from the entry onto the speech note, the contents actually spoken shall prevail. While a present shareholder delivers a speech, other shareholder(s) shall not interfere with the speech unless consented by the chairperson and the speaking shareholder. The chairperson shall stop the offender, if any.	<u>For a shareholders’ meeting convened by the board of directors, the agenda shall be fixed by the board of directors. The relevant motions (including <i>extempore</i> motions and an amendment to the original proposal) shall be resolved on a case-by-case basis. The meeting shall go ahead based on the scheduled agenda which shall not be changed unless duly resolved in the shareholders’ meeting. To an event where the shareholders’ meeting is convened by a convener with convening power beyond the board of directors, the provision set forth under the preceding Paragraph shall equally apply. Until the agenda issues scheduled under the two preceding Paragraphs (including <i>extemporary</i> motions) end, the chairperson shall not announce adjournment of the meeting straight. In the event that the chairperson violates the shareholders’ meeting procedure rules by announcing adjournment of the meeting, other members of the board of directors shall promptly help the present shareholders to elect one person to serve as the chairperson through the statutory procedures by one half majority vote of the present shareholders to chair and continue the meeting. Toward the issues of the meeting and amendments or <i>extemporary</i> motion posed by shareholders, the chairperson shall grant adequate opportunities for explanation and discussion. Where the time is considered up for voting process, the chairperson may announce discontinuance from discussion and go into the voting process and shall, meanwhile, arrange a timeframe adequate for balloting.</u>	Contents of the original article amended to Article 11
Article XI	On the same motion, the speech delivered by each shareholder shall not exceed twice unless consented by the chairperson and shall not exceed five (5) minutes each time.	<u>Before a present shareholder deliver a speech, he or she shall first fill in the statement of speech, stating the main points of the speech, shareholder account number</u>	Contents of the original article amended to



Table of Contents Before and After Amendment in Comparison of “Shareholders’ Meeting Procedure Rules”

Contents of articles	Before amendment	After amendment	Descriptions
	Where a shareholder violates the provisions set forth under the preceding Paragraph or speaks beyond the scope of the motion, the chairperson may stop his or her speech.	<u>(or participation certificate number) and account name so that the chairperson will determine the order of his or her speech.</u> <u>The present shareholder who has only delivered the speech note but does not deliver a speech shall be deemed to have not delivered a speech. Where the content actually spoken is found differing from the entry onto the speech note, the contents actually spoken shall prevail.</u> <u>In case of an inquiry into an issue brought to report enumerated under the agenda, a present shareholder shall not speak up until all issues brought to report have been read out or reported in full by the chairperson or a person designated by the chairperson in full. Unless approved by the chairperson, each shareholder shall not speak up more than twice, not beyond five (5) minutes in each speech.</u> <u>Toward the issues brought for acknowledgement, issues under discussion, election issues enumerated under the agenda as well as all motions in extemporary motions, the speech by each shareholder on the same motion shall not be more than twice, not beyond five (5) minutes in each speech.</u> <u>Where a present shareholder violates the rules or speaks beyond the scope of the subject issue or violates the order of the meeting, the chairperson may stop his or her speech.</u> <u>While a present shareholder delivers a speech, other shareholder(s) shall not interfere with the speech unless consented by the chairperson and the speaking shareholder. The chairperson shall stop the offender, if any.</u> <u>Where a corporate shareholder appoints two or more representatives to participate in a shareholders’ meeting, only one shall be appointed among them can speak up on a same issue.</u> <u>After a present shareholder completes his/her speech, the chairperson may reply either in person himself or through a designated person.</u>	Article 11
Article XII	Where a juristic person is entrusted to participate in a shareholders’ meeting, that juristic person may appoint only one representative to participate in the meeting. Where a corporate shareholder appoints two or more representatives to participate	<u>The voting process in a shareholders’ meeting shall be counted based on the number of shares.</u> <u>In the resolution process in a shareholders’ meeting, the number of shares without voting power shall not be counted into the</u>	Contents of the original article amended to Article 6 and Article



Table of Contents Before and After Amendment in Comparison of “Shareholders’ Meeting Procedure Rules”

Contents of articles	Before amendment	After amendment	Descriptions
	in a shareholders’ meeting, only one shall be appointed among them can speak up on a same issue.	<u>total number of outstanding shares. Where an issue in the shareholders’ meeting involves a shareholder in the interests of the shareholder himself or herself likely to be harmful to the Company's interests, that shareholder shall not participate in the voting process nor shall he or she exercise voting power on behalf of another shareholder. The number of shares not entitled to voting power mentioned under the preceding Paragraph shall not be counted into the voting power of the present shareholders. Except for a trust enterprise or a shareholder services agent approved by the competent authority over securities, when a same proxy is authorized by two or more shareholders simultaneously, the voting power represented by that proxy shall not exceed 3% of the aggregate total of outstanding shares. The voting power in excess shall not be counted.</u>	11
Article XIII	After a present shareholder completes his/her speech, the chairperson may reply either in person himself or through a designated person.	<u>A shareholder is entitled to one voting unit for each share held except for a share subject to restriction or a share without voting power as enumerated under Paragraph 2, Article 179 of the Company Act. Where the Company convenes a shareholders’ meeting, the Company shall adopt electronic means or such means in writing to exercise the voting power. The methods to exercise the voting power shall be expressly stated onto the notices for the shareholders’ meeting. A shareholder who exercises voting power in writing or in electronic means shall be deemed to have participate in the shareholders’ meeting in person. Toward an extemporaneous motion or an amendment to the original motion in that shareholders’ meeting, nevertheless, that shareholder is deemed to be in abstention. Accordingly, the Company shall refrain from posing an <i>extempore</i> motion or an amendment to the original motion. For those who exercise voting power in writing or electronically per the preceding paragraph, their expressions of intent shall be delivered to the Company two days prior to the date scheduled for the meeting. In the event of repetitions of expressions of intent, the first one shall prevail. Unless the preceding expression is declared withdrawn.</u>	Contents of the original article amended to Article 11



Table of Contents Before and After Amendment in Comparison of “Shareholders’ Meeting Procedure Rules”

Contents of articles	Before amendment	After amendment	Descriptions
		<u>A shareholder who intends to participate in a shareholders’ meeting in person after exercising voting power in writing or electronically shall withdraw the expression of intent in the same manner as exercising the voting power two (2) days prior to the date scheduled for the meeting. In the event that such a shareholder withdraws beyond the specified timeframe, the voting power exercised in writing or electronically shall prevail. Where a shareholder exercises voting power in writing or electronically and, as well, appoints a proxy through a proxy form to participate in a shareholders’ meeting, the voting power exercised by that proxy shall prevail.</u> <u>Unless otherwise specified in the Company Act and these Articles of Incorporation, a motion shall be resolved with one half majority vote cast by the total number of present shareholders. In the voting process, the total number of voting power shall be announced by the chairperson or a person designated by the chairperson on a case-by-case basis before the shareholders cast votes for resolution on a case-by-case basis. On the date after the shareholders’ meeting is convened, the Company shall have the pros, cons and abstention results input into Market Observation Post System (MOPS).</u> <u>Where a same motion bears amendment or replacement, the chairperson shall consolidate the amendment or replacement with the original motion to determine the order of the voting process. Where one motion among them is passed, other motions are deemed vetoed without a need to vote once more.</u> <u>The scrutineers and vote-counters for voting over proposals/motions shall be designated by the chairperson but the scrutineers shall be appointed from among shareholders.</u> <u>The ballot counting operations for a voting process or election motion shall be conducted only inside the venue open to the public. The counting outcome shall be announced on-the-spot upon completion of the counting process, including the statistical power number which shall be worked out into written records.</u>	
Article	Where the discussion of a motion is	<u>Election of directors amidst a shareholders’</u>	Contents of



Table of Contents Before and After Amendment in Comparison of “Shareholders’ Meeting Procedure Rules”

Contents of articles	Before amendment	After amendment	Descriptions
XIV	believed up to the extent ready for resolution, the chairperson may announce stop for discussion and may proceed with the voting process.	<u>meeting, if any, shall be duly handled exactly in accordance with the Director Election Procedures enacted by the Company. The election outcome shall be announced on-the-spot, including the list of successfully elected directors, election votes they won, list of unsuccessful candidates and the electoral votes that they won.</u> <u>The election ballots amidst the election issue mentioned in the preceding Paragraph shall be closely sealed up and signed by the ballot scrutinizer(s) and shall be put under prudent custody for one year minimum. Where involved in an issue with lawsuits lodged in accordance with Article 189 of the Company Act, nevertheless, the ballots shall be put under custody until the litigious process is ended.</u>	the original article amended to Article 10
Article XV	The scrutineers and vote-counters for voting over proposals/motions shall be designated by the chairperson but the scrutineers shall be appointed from among shareholders. The outcome of the voting process shall be announced on-the-spot and shall be entered into the minutes.	<u>Decisions resolved in a shareholders’ meeting shall be worked out into the minutes which shall be signed and stamped with seal by the chairperson and shall be served to all shareholders within twenty (20) days after the meeting.</u> <u>The distribution of the minutes as mentioned under the preceding Paragraph may be conducted by means of inputs into the Market Observation Post System (MOPS).</u> <u>The minutes shall faithfully bear such entries as the month/day/year, venue of the meeting, name of the chairperson, method of resolution, progress of the agenda issues and outcome of revolution (including the number of statistical powers). In case of election of directors, the minutes shall disclose the ballots won by each and every candidate. The minutes shall be put into custody permanently throughout the period while the Company exists.</u>	Contents of original articles amended to Article 13
Article XVI	During progress of a meeting, the chairperson may announce a break at his discretion.	<u>On the number of shares solicited by the solicitors and the number of shares under agency through the trusted proxies, the Company shall, on the very day when the shareholders’ meeting is convened, work out the Table of Statistics based on the specified format and expressly disclose the same inside the venue of the shareholders’ meeting.</u> <u>Whenever a decision resolved in the shareholders’ meeting is deemed as a significant message as defined by the Taiwan Stock Exchange Corporation, the</u>	Contents of the original article amended to Article 18



Table of Contents Before and After Amendment in Comparison of “Shareholders’ Meeting Procedure Rules”

Contents of articles	Before amendment	After amendment	Descriptions
		<u>Company shall transmit such decision into the Market Observation Post System (MOPS) within the specified time limit.</u>	
Article XVII	Unless otherwise provided for in the Company Act and the Articles of Incorporation, a decision in the meeting shall be resolved by over one half majority vote cast by the present shareholders in the meeting.	<u>The meeting staff in charge of a shareholders’ meeting shall wear identification certificates or armbands.</u> <u>The chairperson may direct pickets or security guard personnel to help secure order in the venue. When pickets or security guard personnel are on the scene to help maintain order, they should wear a "Picket" armband or identification card.</u> <u>Where the venue of the meeting is equipped with amplifying equipment, the chairperson may stop it whenever a shareholder does not use the equipment provided by the Company to speak.</u> <u>Whenever a shareholder violates the Shareholders’ Meeting Procedure Rules and does not obey the chairperson's rectification and disturbs the meeting from proceeding, the picket or security personnel may, as instructed by the chairperson, ask such shareholder to leave the venue.</u>	Contents of original articles amended to Article 13
Article XVIII	Where a same motion bears amendment or replacement, the chairperson shall consolidate the amendment or replacement with the original motion to determine the order of the voting process. Where one motion among them is passed, other motions are deemed vetoed without a need to vote once more.	<u>During the progress of a meeting, the chairperson may, at his discretion, announce a break for an appropriate period of time. Upon occurrence of a <i>force majeure</i>, the chairperson may rule to discontinue the meeting and announce the time to resume that meeting as the actual circumstances may justify.</u> <u>Whenever by any reason the venue of the shareholders’ meeting becomes unable to be used for the meeting continuously (including <i>extempore</i> motion) before the meeting ends, the shareholders’ meeting may resolve a decision to find out another venue to continue the meeting.</u> <u>The shareholders’ meeting may duly resolve in accordance with Article 182 of the Company Act to postpone the meeting or to resume the meeting within five (5) days.</u>	The contents of the original article amended to Article 13
Article XIX	The chairperson may direct the pickets (or security guard personnel) to help maintain order in the venue. The pickets (or security guard personnel) shall wear the armbands reading “Picket” while helping maintain the order at the venue.	<u>These Rules shall be put into enforcement after being resolved in the shareholders’ meeting. This same provision shall apply to an event of amendment.</u> <u>These Rules were duly enacted on June 20, 1998; and duly amended on June 28, 2002 as the 1st amendment; June 24, 2015 as the 2nd amendment; June 17, 2020 as the 3rd amendment; and June 8, 2021 as the 4th amendment.</u>	Contents of the original article amended to Article 17



Table of Contents Before and After Amendment in Comparison of “Shareholders’ Meeting Procedure Rules”

Contents of articles	Before amendment	After amendment	Descriptions
Article XX	These Rules shall be put into enforcement after being resolved in the shareholders’ meeting. This same provision shall apply to an event of amendment.		Contents of original article amended to Article 19 with deletion of the article code



Chun Yu Works & Co., Ltd.

Articles of Incorporation

Chapter I General Provision

Article I: The Company is duly incorporated in accordance with the Company Act and bears the title of CHUN YU WORKS & CO., LTD.

Article II: The Company is engaged in the following business:

1. Manufacturing and trading of irons and steels, machines and tools.
2. Manufacturing and trading of screws, nuts, wood screws, iron nails, sanding rods, sanding disc, annealing wire, spheroidizing steel, structural steel, iron wire, and copper wire.
3. Thermal processing and acid pickling of iron and steel, and surface treatment of the above two items.
4. Manufacturing and trading of electronic and electrical appliances.
5. Manufacturing and trading of parts and components for motor vehicles and bicycles.
6. Manufacturing, repair and disassembling of surface vessels.
7. Design, manufacturing and turn-key projects for prevention of pollution and water treatment.
8. Cleanup and treatment of general solid wastes, industrial solid wastes, and toxic dumps.
9. Manufacturing and trading of sulfuric acid, oxidized iron and metallic powder injection molding parts (textile machinery, precision machinery, industrial machinery, electronic communication equipment, business machines, parts for motor vehicles, bicycles and medical devices).
10. F401010 International trade
11. F107100 Wholesale of basic chemical materials.
12. All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article II -1: The Company may act as guarantor in favor of a third party.

Article III: The Company is not governed by Article 13 of the Company Act where direct investment is limited to 40% of the paid-in capital.

Matters pertinent to direct investment shall be determined by the Board.

Article IV: The Company is headquartered in Kaohsiung City, and may establish branch offices in appropriate locations at home and abroad for business needs at the resolution of the Board.

Article V: The Company shall make announcement in accordance with Article 28 of the Company Act.

Chapter II Shares of Stock

Article VI: The Company has stated capital of NT\$3,920,696,000 and equality split into 392,069,600



shares at NT\$10/share. These shares may be offered in tranches.

The Company may issue Employee Stock Options (ESO) and may reserve 5,000,000 shares of the aforementioned total shares for this purpose.

The Board of Directors is authorized to issue ESO in tranches as dictated by business needs.

Employees as referred to in the preceding paragraph shall include the employees of controlled business entities or subsidiaries meeting specific conditions.

These conditions shall be set forth by the Board of Directors under resolution.

Article VI – 1: (deleted)

Article VII: The Company is not required to print physical share certificates, and if so, the Company shall comply with the Company Act and other applicable laws.

Article VIII: Shareholders or legal representatives shall fill in a specimen seal impression and send the impression cards to the Company for reference filing. Respective shareholders or legal representatives shall, based on the aforementioned impression cards on record, claim for stock dividends, bonus or exercise the rights of shareholders in writing.

Article IX: In the event of missing or the replacement of the impression cards of shareholders on record of the Company, proceed to the

Article X: “Regulations Governing the Administration of Shareholders Services of Public Companies.” Shareholders shall duly observe the “Regulations Governing the Administration of Shareholders Services of Public Companies” in addition to other applicable legal rules and code governing securities in processing the assignment of shares, pledging the shares under lien, reporting lost securities, succession of securities, offering securities as gifts, and reporting loss of specimen seal impression and requesting for change of impression, changing mailing address, other shareholder services, and the exercising of the rights of shareholders.

Article XI: (Deleted on 2002/06/28).

Article XII: (Deleted on 2002/06/28)

Article XIII: Transaction of shares shall be prohibited in the period of 60 days prior to a scheduled regular session of the General Meeting of Shareholders, a period of 30 days prior to a scheduled special session of the General Meeting of Shareholders, or a period of 5 days prior to the day of stock dividend or bonus payment or any other benefits decided by the Company.

Chapter III General Meeting of Shareholders

Article XIV: The General Meeting of Shareholders may convene in regular session or special session.

Regular session shall be convened once a year within 6 months after the end of the fiscal year as required by the law.



Special session may be convened at any time where necessary.

Article XV: Notice to shareholders for the convention of a regular session shall be made 30 days in advance, and 15 days in advance for special sessions.

Shareholders shall be informed of the year, month, day, place, and the cause of convention.

Article XVI: If a specific shareholder cannot attend a session of the General Meeting of Shareholders in person, such shareholder may use the power of attorney prepared and printed by the Company to appoint a proxy to attend the session by specifying the scope of authorization and the affixing of the authorized signature/seal thereunto.

If one shareholder acting as the proxy of two or more shareholders, the votes to be cast by this shareholder shall not exceed 3% of the total number of votes to be cast for resolution.

Any votes in excess will not be counted for this purpose except trust enterprises or the shareholder service agents approved by competent authority.

Unless the Company Act provides otherwise, shareholders appointing proxies to attend the General Meeting of Shareholders shall be governed by the

“Regulations Governing the Use of Power of Attorney by Shareholders to Attend Shareholders Meeting of Public Companies.”

Article XVII: The Chairman shall act as the presiding officer of the General Meeting of Shareholders unless the Company Act provides otherwise. In the absence of the Chairman due to leave or for whatever reasons, the Vice Chairman shall act in the capacity as the presiding officer. If there is no Vice Chairman, or in the absence of the Vice Chairman due to leave or for whatever reasons, the Chairman shall appoint one Director to act in the capacity of the presiding officer. If the Chairman has not appointed any proxy, the Directors shall elect one among themselves to act as the presiding officer. If a session is called for by a third party outside the Board of Directors, such party shall preside over the session. If there are more than two parties calling for the session, they shall elect one among themselves to preside over the session.

Article XVIII: Unless the Company Act specifies otherwise, resolutions of the General Meeting of Shareholders shall be made in a session with the presence of shareholders representing more than half of the total outstanding shares and a simple majority of the shares represented by the shareholders in session.

Article XIX: The exercise of voting rights by the Shareholders and the method of exercise of rights shall be governed by applicable laws.

Article XX: Resolutions of the General Meeting of Shareholders shall be tracked as minutes of meeting on record with the year, month, day, place, name of the presiding officer, method of resolution, the summary of the procedures, and the result inscribed therein and the confirmation of the presiding officer by affixing the authorized signature/seal thereunto. The minutes of meeting on record shall be released to the Shareholders within 20 days after



the session. The release of the minutes of meeting on record shall be governed by the Company Act.

The minutes of the General Meeting of Shareholders on record shall be kept within the perpetuity of the Company.

The sign-in registry book for tracking the attendance of Shareholders and the power of attorney for the proxies shall be kept for at least one year. In the event of legal proceedings instated by Shareholders in accordance with Article 189 of the Company Act, the aforementioned documents shall be kept until the conclusion of the legal proceedings.

Article XXI: Directors are entitled to traveling allowances paid by the Company notwithstanding the profit status of the Company. The remunerations to the Directors shall be commensurate with their level of participation in the operation and contribution value to the Company with reference to the industry standard, and shall be determined by the Board of Directors under authorization.

Chapter IV Directors

Article XXII: The Company shall establish 5 to 11 seats of Directors. Each Director shall have tenure of 3 years in office, and shall be elected by the General Meeting of Shareholders from people of legal capacity. Each Director may assume a second term of office if reelected.

The Directors shall hold a minimum percentage of registered shares being in totality as stated in Article 26 of the Securities and Exchange Act.

Pursuant to Article 14-2 of the Securities and Exchange Act, at least three of the aforementioned seats of Directors shall be reserved for Independent Directors since the election of Directors in 2016, and the total number of seats for Independent Directors shall not fall below 1/5 of the seats of all Directors.

The election of Directors (including Independent Directors) shall be held under the nomination of candidate. Directors shall be elected to the seats from the list of candidates by the General Meeting of Shareholders.

The nomination, method of election, and other complaint matters shall be governed by related rules and regulations of the competent authority.

Article XXIII: The Directors shall be organized into the Board of Directors (the Board). A Chairman shall be elected by the Board in a session with the presence of at least 2/3 of the Directors and a simple majority of the Directors in session for approval.

The Chairman shall execute all matters as required by law, the Articles of Incorporation, and the resolutions of the General Meeting of Shareholders and the Board.

A Vice Chairman may be elected in the same procedure as aforementioned to assist the Chairman.



Article XXIV: The Chairman shall call for the sessions of the Board and shall act as the presiding officer of all sessions of the Board unless the Company specified otherwise.

In the absence of the Chairman due to leave or for whatever reasons, the person acting on behalf of and in the name of the Chairman shall be governed by Article 208 of the Company Act.

In case a specific Director cannot attend a session of the Board in person, such Director may appoint another Director as proxy to attend the session with the authorization of power of attorney specifying the scope of authorization.

Article XXV: Each Director shall have tenure of three years in office and may assume a second term of office if reelected. If an election of Directors cannot be held on time at the expiration of the term of office, the term of office may be extended until a new Board was elected and the new Directors have assumed office. However, the competent authority may order the Company to hold an election of a new Board within its authority. If no election has ever been held at the expiration of the current term of the Board, the current term of the Board shall be discharged as expired.

Article XXVI: The Board shall perform the following functions:

1. Review and institute the internal code of the Company.
2. Determine the business policy.
3. Review the budget and account settlement.
4. Map out the plan for distribution of earnings or covering loss carried forward.
5. Map out the plan for raising new capital or reducing capital.
6. Execute the resolutions of the General Meeting of Shareholders.
7. Exercise the authority granted by the law and the General Meeting of Shareholders

Article XXVII: The Board shall convene at least once quarterly with the Directors informed seven days in advance. The Board may also convene at any time in case of emergency.

The reasons for the convention of the Board shall be specified in the notice of meeting sent to the Directors by correspondence, e-mail, or fax.

Article XXVIII: Unless the Company Act specifies otherwise, all resolutions of the Board shall be made by the Board in session with the presence of at least half of the Directors and a simple majority of the Directors in session.

Article XXIX: If any of the seats of the Directors was left vacant, the Board shall call for a special session of the General Meeting of Shareholders to elect a new Director to fill the vacancy in 60 days. No election of new Directors is required if the vacancy falls below 1/3 of the total seats.



New Directors elected in this manner shall have tenure for the duration of the remaining term of office left behind by its predecessor.

Chapter V Functional Committees

Article XXX: The Company shall establish various functional committees in accordance with applicable laws and the internal code of the Company for vitalizing the function of monitoring and strengthening management mechanisms.

The Company has established the Auditing Committee, which was staffed with all the Independent Directors. There shall be at least three members for the committee. The Auditing Committee shall perform its function in accordance with and be governed by applicable laws and the Articles of Incorporation.

Article XXXI: (Deleted on 2016/06/29).

Article XXXII: (Deleted on 2016/06/29).

Article XXXIII: (Deleted on 2016/06/29).

Chapter VI Key Personnel

Article XXXIV: The Company may appoint a number of managers and the appointment, dismissal and remuneration of whom shall be governed by Article 29 of the Company Act.

Article XXXV: The General Manager shall administer all matters of the Company to the order of the Chairman and the Board. The Deputy General Manager shall assist the General Manager in performing his duties.

Article XXXVI: The Company may retain certified public accountants as accounting advisor and lawyers as legal counsel, or prominent figures of this industry as corporate advisor through the Board for business needs.

The remuneration to these professionals shall be determined by the Board.

Chapter VII Accounting

Article XXXVII: The fiscal year of the Company starts on January 1 and ends on December 31 of each calendar year.

Article XXXVIII: At the end of the fiscal year, the Board shall prepare the following reports and statements for the Company and refer to the General Meeting of Shareholders for recognition.

1. Business Report.
2. Financial Statements.
3. Proposal for the Distribution of Earnings or Appropriation for Covering loss carried forward.

Article XXXIX: The Company shall appropriate 2% of its earnings of the year, where applicable, as



remuneration to the employees, followed by the appropriation of 2% as remunerations to the Directors. However, the Company shall appropriate for covering the loss carried forward, where applicable.

Article XXXIX – 1: The Company may proceed to distribute earnings or appropriate for covering loss carried forward in the middle of the fiscal year under the Company Act. In distributing earnings, the Company shall estimate and appropriate for the payment of applicable taxes, covering loss carried forward under the law, and appropriate for legal reserve. If the amount of legal reserve is equivalent to the paid-in capital, no further appropriation for legal reserve will be necessary. Earnings shall be distributed in cash subject to the approval of the Board. Where earnings may be paid in stock in which case the resolution of the General Meeting of Shareholders shall be necessary.

Further to the payment of applicable taxes and covering of loss carried forward under the law from earnings after account settlement, the Company shall appropriate 10% of the remainder as legal reserve, other reversals, or special reserve, followed by the pooling up with the undistributed earnings of the previous year as distributable income.

The Board shall propose the plan of distribution and present the plan to the General Meeting of Shareholders for approval before proceeding to distribution.

The Company may authorize the Board to make decision of paying stock dividend and bonus, additional paid-in capital or legal reserve by cash in whole or in part in a session attended by more than 2/3 of the Directors and a simple majority of the Directors in session, and report to the General Meeting of the Shareholders regardless of the aforementioned requirement of approval by the General Meeting of the Shareholders in the first place. The dividend policy of the Company is conditioned by the status of profit and pursued in consideration of the capital requirement of corporate development of the future and the interest of the Shareholders.

In general, cash dividend shall not fall below 50% of the total dividend payable to the Shareholders.

This rule shall be subject to change in response to the change in the operation environment of the industry or the need of the operation plan of the Company by the General Meeting of Shareholders upon the proposal of the Board.

Chapter VIII Miscellaneous

Article XL: Any amendment to the Articles of Incorporation shall be made by a session of the General Meeting of Shareholders with the presence of Shareholders representing more than half of the outstanding shares and the approval of Shareholders representing more than 2/3 of the voting rights.

Article XLI: Anything not mentioned in the Articles of Incorporation shall be governed by the Company Act and other applicable laws.

Article XLII: The Articles of Incorporation shall come into full force as of the day of resolution by the General Meeting of Shareholders. The same procedure is applicable to any amendment thereto.

Article XLIII: The Articles of Incorporation was duly instituted on 1964.11.27

Amended for the 1st instance on 1966/04/15.

Amended for the 2nd instance on 1967/04/15.

Amended for the 3rd instance on 1970/04/27.

Amended for the 4th instance on 1971/06/15.



Amended for the 5th instance on 1973/04/06.
Amended for the 6th instance on 1974/06/30.
Amended for the 7th instance on 1974/09/26.
Amended for the 8th instance on 1975/06/30.
Amended for the 9th instance on 1979/05/21.
Amended for the 10th instance on 1980/05/08.
Amended for the 11th instance on 1981/05/04.
Amended for the 12th instance on 1982/08/28.
Amended for the 13th instance on 1982/10/28.
Amended for the 14th instance on 1985/04/11.
Amended for the 15th instance on 1986/04/10.
Amended for the 16th instance on 1986/07/08.
Amended for the 17th instance on 1987/04/12.
Amended for the 18th instance on 1988/05/24.
Amended for the 19th instance on 1989/03/29.
Amended for the 20th instance on 1989/12/16.
Amended for the 21st instance on 1990/08/19.
Amended for the 22nd instance on 1991/04/14.
Amended for the 23rd instance on 1992/03/26.
Amended for the 24th instance on 1993/06/06.
Amended for the 25th instance on 1994/06/18.
Amended for the 26th instance on 1995/06/17.
Amended for the 27th instance on 1996/06/22.
Amended for the 28th instance on 1997/06/21.
Amended for the 29th instance on 1998/06/20.
Amended for the 30th instance on 1998/06/20.
Amended for the 31st instance on 1999/06/26.
Amended for the 32nd instance on 2000/06/17.
Amended for the 33rd instance on 2002/06/28.
Amended for the 34th instance on 2005/06/30.
Amended for the 35th instance on 2010/06/29.
Amended for the 36th instance on 2012/06/27.
Amended for the 37th instance on 2013/06/26.
Amended for the 38th instance on 2015/06/24.
Amended for the 39th instance on 2016/03/16.
Amended for the 40th instance on 2016/06/29.
Amended for the 41st instance on 2018/06/13.



Amended for the 42nd instance on 2019/06/05.

Amended for the 43rd instance on 2020/06/17



Annex II

Parliamentary Procedure for General Meeting of Shareholders

Amended and passed by the General Meeting of Shareholders on 1998/06/20

Amended by the General Meeting of Shareholders on 2002/06/28

Amended by the General Meeting of Shareholders on 2015/06/24

Amended by the General Meeting of Shareholders on 2020/06/17

- I. The General Meeting of Shareholders shall be governed by This Procedure unless the law specified otherwise.
- II. The Company shall set up a sign-in registry or receive the attendance pass surrendered by the Shareholders at the entrance in lieu of sign-in for tracking and attendance of Shareholders for the General Meeting of Shareholders. The quantity of shares represented in the meeting shall be based on the quantity of outstanding shares represented by the Shareholders attending the meeting as tracked by the sign-in registry and the attendance plus the votes cast by correspondence or electronic means.
- III. The attendance to the General Meeting of Shareholders and the votes cast for decision-making shall be based on the quantity of shares represented in the meeting.
- IV. The place for the General Meeting of Shareholders shall preferably be the location of the Company or a place convenient and suitable for the Shareholders to attend. The time of the meeting shall not be earlier than 09:00 or later than 15:00.
- V. If the General Meeting of Shareholders convenes to the call of the Board, the Chairman shall act as the presiding officer. In the absence of the Chairman due to leave or for whatever reasons, the Vice Chairman shall act in the capacity of the Chairman. If there is no Vice Chairman, or in the absence of the Vice Chairman due to leave or for whatever reasons, the Chairman shall appoint one Executive Director to preside over the session. If there is no Executive Director, one Director shall be appointed to act as the presiding officer. If the Chairman has not appointed a specific person as the presiding officer, the Executive Directors or the Directors shall elect one among themselves to preside over the session.

The General Meeting of Shareholders may convene to the call of an entitled third party other than the Board; this third party shall act as the presiding officer.



VI. The Company may appoint the commissioned lawyers, certified public accountants, or related personnel to attend the General Meeting of Shareholders as observers.

The administrative staff of the General Meeting of Shareholders shall wear ID badge or arm badge.

VII. The Company shall track the entire procedure of the General Meeting of Shareholders by voice recording and videotaping, and keep the record for at least one year. If legal proceedings were instated by Shareholders pursuant to Article 189 of the Company Act, the record shall be kept until the conclusion of the legal proceedings.

VIII. The presiding officer shall announce the session of the General Meeting of Shareholders at the time so stated, but shall announce a postponement if the presence of Shareholders by then falls below half of the total outstanding shares. The session may be postponed twice only, and the total time lapse shall not exceed one hour. If the session has been postponed twice but the presence of Shareholders still cannot represent more than 1/3 of the total outstanding shares, provisional resolution shall be made pursuant to Article 175 of the Company Act.

If the presence of Shareholders can represent more than half of the total outstanding shares before the adjournment of the session, the presiding officer shall refer the provisional resolutions to the General Meeting for final decision pursuant to Article 174 of the Company Act.

IX. If the General Meeting of Shareholders convenes to the call of the Board, the Board shall set the agenda. All the motions presented shall be discussed and voted on one by one. The session shall be unfolded to the order of the agenda, which shall not be changed without the resolution of the General Meeting of Shareholders.

The same procedure is applied to any session of the Board called by parties entitled to call for the session.

The presiding officer shall not announce for the adjournment of the session before the conclusion of the proceedings as stated in the agenda of the preceding two paragraphs (including extemporary motions) without the resolution of the Shareholders. Shareholders cannot nominate another presiding officer to continue the session at the same place or in another place after the adjournment of the session unless the presiding officer acts in defiance of the parliamentary procedure thereby announces for the adjournment of the session in which case the Shareholders representing more than half of the total outstanding shares may, at their common consent, nominate another person to act as the



presiding officer and continue the session.

X. Shareholders in session shall fill in a message slip specifying the summary of the message and the Shareholder ID (or attendance pass number) and title in order to take the floor for delivery of speech. If a specific Shareholder just presents the message slip and does not deliver the speech, it shall be construed as no delivery of speech. If the content of the speech is not relevant with the content of the message slip, the former shall prevail.

No Shareholder may interfere in another Shareholder giving a speech unless under the consent of the presiding officer and the Shareholder concerned. The presiding officer shall stop any of such behavior.

XI. Each Shareholder may express an opinion on the same motion up to two times unless approved by the presiding officer. The time for each instance of expression of opinion is limited to five minutes. The presiding officer shall stop any Shareholder who violates this rule in expressing opinion or the content of opinion is beyond the topic of discussion.

XII. Each Institutional Shareholder may appoint only one representative to attend the session.

If specific Institutional Shareholder has appointed more than two representatives to attend the session, only one of them is entitled to express an opinion.

XIII. The presiding officer shall respond to the queries expressed by the Shareholders personally or appoint particular staff to respond.

XIV. The presiding officer shall announce to stop the discussion on particular motion and proceed to vote if the purpose of discussion on such motion has been served.

XV. The presiding officer shall appoint certain number of scrutineers and tally clerks to monitor and count the votes in balloting. The scrutineers and the tally clerks must also be Shareholders.

The result of balloting shall be announced on the scene and tracked on record.

XVI. The presiding officer may consider announcing a break while the General Meeting of Shareholders is in session.

XVII. The resolution of motions shall be made by a simple majority of the voting rights represented by the Shareholders in session unless the Company Act or the Articles of Incorporation specified otherwise.

XVIII. There may be amendment to or substitute for particular motion and the presiding officer shall



determine the priority of the voting of the original motion and the amendment/substitute. If either the original motion or the amendment/substitute has been passed, it shall be construed a veto of the others, whereby further voting on the same motion will be unnecessary.

XIX. The presiding officer shall command a team of prefects (or security guards) to keep the order of the venue of the meeting. The prefects (or securities) shall wear arm badge marked with the wording of “PREFECT” while keeping order of the venue.

XX. This Procedure shall come into force at the resolution of the General Meeting of Shareholders. The same procedure is applicable to any amendment thereto.



Annex III

The effect of paying stock dividend on the operation performance, earnings per share and ROI of the Shareholders:

No stock dividend will be paid for this instance, not applicable here.

Year Item		2021	
Paid-in capital at the beginning of the period (NTD)		2,877,740,000	
Stock and cash dividend paid in current period	Cash dividend per share (NTD) (Note 1)	0.60	
	Entitlement of new shares from capitalization of retained earnings per each share of holding	0	
	Entitlement of new shares from capitalization of capital surplus per each share held	0	
Changes in operation performance	Operating income	Not applicable (Note 2)	
	Rate of change in operating income from the previous period		
	Net income		
	Rate of change in net income from the previous period.		
	Earnings per share (cum-dividend)		
	Rate of change in earnings per share from the previous period		
	Annual average ROI (ratio of Annual average ROI)		
Planned Earnings per share and P/E ratio	If new shares from capitalization of retained earnings are changed to payment of cash dividend	Planned earnings per share	Not applicable (Note 2)
		Planned annual average ROI	
	If there is no capitalization of capital surplus	Planned earnings per share	
		Planned annual average ROI	
	If there is no capitalization of capital surplus and the capitalization of retained earnings into new shares was changed to payment of cash dividend.	Planned earnings per share	
		Planned annual average ROI	

1. The Company shall explain the basic assumption the information for estimation and planning is based on.
2. The planned earnings per share under the change of capitalization of retained earnings in full amount to payment of cash dividend = [net income - estimated interest expense to be borne by cash dividend x (1- effective tax rate)] / [Total quantity of outstanding share at the end of current period - quantity of shares for allotment from



- capitalization of retained earnings].
3. Estimated interest expense to be borne by cash dividend = amount of retained earnings for capitalization into new shares $\times$ the interest rate for general lending per annum.
 4. Quantity of shares for allotment under capitalization of retained earnings = the quantity of shares issued from the capitalization of retained earnings in the previous period.
 5. Annual average P/E ratio = annual average market price per share / earnings per share presented in the financial report.

Note: 1. Information provided is based on the motion of income distribution approved by the Board on 2021.03.10.

2. The Company did not have any public financial forecast in 2021 and it is not necessary to disclose information on the forecast of 2021.



Chun Yu Works & Co., Ltd.
Shareholding by Directors

I. The Company has 287,774,000 outstanding shares for the time being.

II. According to Article 26 of the Securities and Exchange Act, and Article 2 of the “Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies”:

1. Directors of the Company shall hold at least 12,000,000 shares in totality under law.
2. The Company has established an Audit Committee that the requirement of shareholding by Supervisors is not applicable.

III. As of the period prior to the regular session of the General Meeting of Shareholders where transaction of shares is prohibited, the holding of shares by the Directors individually and collectively is specified below:

2021.04.10

Title	Name	Number of shares	Ratio %
Chairman	TAIWAN STEEL GROUP HOLDING COMPANY. Representative: LIN HUEI-JENG	447,000	0.16%
Director	TAIWAN STEEL GROUP HOLDING COMPANY. Representative: WANG CHIUNG FEN		
Director	BAI JIA YUAN INVESTMENT Co., Ltd Representative: CHEN, CHI-TAI	80,209,000	27.87%
Director	BAI JIA YUAN INVESTMENT Co., Ltd Representative: WONG, CHUNG-CHUN		
Director	LEE, SHIH-HO	3,767,998	1.31%
Independent Director	LEE, YA-JUNG	-	-
Independent Director	WU, YI-CHING	-	-
Independent Director	LEE, CHIN-CHANG	-	-
TOTAL		84,423,998	29.34%



MEMO



Chun Yu Works & Co., Ltd.

