



**Yuen Foong Yu Consumer Products Co., Ltd.**

## **2022 Annual General Meeting of Shareholders**

### **Meeting Handbook**

**Date: June 15, 2022**

Note: This is a translation of the meeting handbook of 2022 Annual General Meeting of Shareholders. The translation is intended for reference only and nothing else, the Company here by disclaims any and all liabilities whatsoever for the translation. The Chinese text of the handbook shall govern any and matters related to the interpretation of the subject matter stated herein.

## Table of Contents

Meeting Agenda.....	1
I. Management Presentation .....	2
(I) 2021 Business Report.	
(II) Audit Committee’s Review Report on 2021 Financial Statements.	
(III) 2021 Report about the Distribution of Remuneration to Employees and Directors.	
II. Proposals .....	4
(I) Adoption of 2021 Financial Statements.	
(II) Adoption of the Proposal for Distribution of 2021 Profits	
III. Discussions: .....	6
(I) Amendment to the Operational Procedures for the Acquisition or Disposal of Assets.	
(II) Amendment to the Operational Procedures for Transactions with Related Party	
IV. Elections .....	7
By-election for One Director of the 15th Directors.	
V. Other Matters .....	8
Proposal of Release the Prohibition on Directors from Participation in Competitive Business	
VI. Questions and Motions .....	9
Appendices	
1. Business Report .....	10
2. Consolidated Balance Sheets .....	13
3. Consolidated Statements of Comprehensive Income .....	14
4. Consolidated Statements of Changes in Equity .....	16
5. Consolidated Statements of Cash Flows .....	17
6. Balance Sheets.....	19
7. Statements of Comprehensive Income .....	20
8. Statements of Changes in Equity .....	22
9. Statements of Cash Flows .....	23
10. Statement of Earnings Distribution.....	24
11. Certified Public Accountants’ Audit Report.....	26
12. Audit Committee’s Review Report.....	34
13. Comparative Table of Amendment of the Operational Procedures for the Acquisition or Disposal of Assets .....	35
14. Comparative Table of Amendment of the Operational Procedures for Transactions with Related-Parties.....	51
15. List of Candidates for Directorship.....	65
16. Procedures for the Election of Directors and Supervisors .....	66

17. The Content of The Proposal to Remove The Competition for The Company's Directors .....	71
18. Rules of Procedure for Shareholders' Meetings .....	72
19. Articles of Incorporation .....	84
20. Current Shareholding of Directors .....	92

(Please refer to the website below for entire details of the Financial Statements:

<http://mops.twse.com.tw>)

**Yuen Foong Yu Consumer Products Co., Ltd.**  
**AGENDA OF SHAREHOLDERS' REGULAR MEETING 2022**

Time: 09:00 a.m. on Wednesday, June 15, 2022

Venue: 5F, No. 24, Sec. 1, Hangzhou S. Rd., Zhongzheng District, Taipei City (GIS MOTC Convention Center)

Method of convening: Physical Shareholders' Meeting

Chaired by: Chairman Yi-Da Ho

Content of Agenda:

I. Call the Meeting to Order

II. Chairperson Remarks

III. Management Presentations

(I) 2021 Business Report.

(II) Audit Committee's Review Report on 2021 Financial Statements.

(III) 2021 Report about the Distribution of Remuneration to Employees and Directors.

IV. Proposals

(I) Adoption of 2021 Financial Statements.

(II) Adoption of the Proposal for Distribution of 2021 Profits.

V. Discussions:

(I) Amendment to the Operational Procedures for the Acquisition or Disposal of Assets.

(II) Amendment to the Operational Procedures for Transactions with Related-parties.

VI. Elections

By-election for one director seat of the 15th Directors.

VII. Other Matters

Proposal of Release the Prohibition on Directors from Participation in Competitive Business.

VIII. Questions and Motions

IX. Adjournment

## **Management Presentations**

### I. 2021 Business Report. (Proposed by the Board of Directors)

Explanation:

- (I) In Year 2021, the Company's consolidated operating revenue came to NT\$9.89 billion and the operating profit came to NT\$1.24 billion, with net profit attributable to the owners at NT\$1.06 billion at earnings per share (EPS) of NT\$4.24 per share.
- (II) The Business Report is entered into Agenda Handbook's Appendix I (Please refer to from Page 10 to Page 12 for more details).
- (III) Please be kept informed of the aforementioned facts.

### II. Audit Committee's Review Report on 2021 Financial Statements. (Proposed by the Audit Committee)

Explanation:

- (I) For Year 2021, the Company's consolidated and individual financial statements have been duly verified by the certified public accountant(s) and hereby along with the Business Report, and the Statement in Profit Distribution have been duly reviewed by the Audit Committee who has submitted the Audit Report as well as Review Report as published into the Agenda Handbook's Appendices 11, 12. (Please refer to from Page 26 to Page 34 for more details).
- (II) We hereby earnestly request the Audit Committee's Convener to read aloud the Review Report. Please be kept informed of the aforementioned facts.

### III. 2021 Report about the Distribution of Remuneration to Employees and Directors. (Proposed by the Board of Directors)

Explanation:

- (I) Pursuant to Article 26 of the Company's Articles of Incorporation, with the profit earned by the Company in a year, a sum of 1% minimum shall be amortized as remuneration to employees and a sum of 2% maximum shall be

amortized as the remuneration to directors and supervisors.

- (II) The Company duly amortizes NT\$12,770,522 for remuneration to employees and NT\$13,500,000 for remuneration to directors.
- (III) The present motion was already duly reviewed and passed by the Remuneration Committee through its 6<sup>th</sup> meeting of Session Two convened on March 10, 2022 and was further duly resolved by the Board of Directors through its 9<sup>th</sup> meeting of Session 15<sup>th</sup> convened on March 10, 2022.
- (IV) Please be kept informed of the aforementioned facts.

## Proposals

### I. Adoption of 2021 Financial Statements. (Proposed by the Board of Directors)

Explanation:

- (I) For Year 2021, the Company's consolidated and individual financial statements have been duly verified by the certified public accountant(s) and have along with the Business Report been duly reviewed by the Audit Committee who proves them free of flaw. All supporting data (e.g. Business Report, consolidated and individual financial statements, and the like) have been duly published into the Agenda Handbook's Appendices 1-9 (Please refer to Page 10 to Page 24 for more details).
- (II) Please kindly acknowledge the aforementioned statements.

Resolution:

### II. Adoption of the Proposal for Distribution of 2021 Profits. (Proposed by the Board of Directors)

Explanation:

- (I) In Year 2021, the Company's net profit after tax came to NT\$1,062,266,011; added with the unappropriated retained earnings of the preceding year NT\$160,579,392 less the ascertained welfare plan measured at NT\$1,848,000, the total distributable amount came to NT\$1,220,997,403. Other than the legal reserve NT\$106,041,801 and special reserve NT\$37,892,920 to be duly amortized, the allocable cash dividend would be NT\$3 per common share. The total distribution comes to NT\$801,387,063 and the NT\$275,675,619 balance shall be reserved not to be allocated in consolidation until the ensuing year.
- (II) After the common shares-based cash dividend is resolved in the shareholders' meeting, it is proposed that July 10 of the current year shall be fixed as the base date for dividend distribution.
- (III) Given the difficulty in computerized checks and auxiliary currency exchange, the fractions less than one share, i.e. the odd lots in cash dividend, shall be allocated to the whole number of New Taiwan dollar and a fraction less than one New Taiwan dollar in full shall be discarded. The aggregate total accumulated from the fraction less than the whole number of one New Taiwan dollar shall be converted into the Company's Welfare Committee.

(IV) The present motion was already duly resolved in the “9<sup>th</sup> Board of Directors meeting of Session Fifteen.” The Statement in Profit Distribution for Year 2021 has been published into the Agenda Handbook’s Appendix 10 (Please refer to Page 25 for more details). The present issue is duly posed for acknowledgement.

Resolution:



## **Discussions**

### I. Amendment to the Operational Procedures for the Acquisition or Disposal of Assets.

(Proposed by the Board of Directors)

Explanation:

- (I) In order to conform to the needs of amendments to the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” by the Securities & Futures Bureau of the Financial Supervisory Commission of on January 28, 2022, the company hereby proposes to amend the “Operational Procedures for the Acquisition or Disposal of Assets” .
- (II) Please find enclosed herewith the Comparative Table of Contents of the Pre-Amendment and Post-Amendment of the “ Operational Procedures for the Acquisition or Disposal of Assets” in Appendix 13 (Please refer to Page 35 to Page 50 for more details).
- (III) The issue is duly posed into discussion and resolution.

Resolution:

### II. Amendment to the Operational Procedures for Transactions with Related-parties.

(Proposed by the Board of Directors)

Explanation:

- (I) In order to conform to the needs of amendments to “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” by the Securities & Futures Bureau of the Financial Supervisory Commission of on January 28, 2022, the Company hereby proposes to amend the “ Operational Procedures for Transactions with Related-Parties” .
- (II) Please find enclosed herewith the Comparative Table of Contents of the Pre-Amendment and Post-Amendment of the “Procedures for Transactions with Related Party(ies)” as per Appendix 14 (Please refer to Page 51 to Page 64 for more details).
- (III) The issue is duly posed into discussion and resolution.

Resolution:

## **Elections**

By-election for one director seat of the 15th term of directors.  
(Proposed by the Board of Directors)

Explanation:

- (I) For the Company's Board of Directors of Session Fifteen, seven directors (including three independent directors) were duly elected in the shareholders' meeting of Year 2020 into the tenure of office from September 24, 2020 to September 23, 2023.
- (II) Director Hsu, Chih-Hung resigned from the directorship seat due to personal reasons on March 10, 2022. In line with the need of business operation, as resolved in the "9<sup>th</sup> Board of Directors meeting of Session Fifteen," by-election for the directorship seat shall be conducted in the shareholders' meeting 2022 and the newly elected director in the by-election shall serve the directorship term until the reelection for the Board of Directors of the current Session.
- (III) The Company's directors shall be elected under the candidate nomination system. For the present election, the candidates shall be nominated by the Company's Board of Directors. The List of Candidates for Directors and their academic credentials and hands-on career experience data are detailed in Appendix 15 (Please refer to Page 65 for more details).
- (IV) Please duly elect the director(s) in accordance with the Company's "Procedures for Directors and Supervisors Elections" (Appendix 16. Please refer to Page 66 to Page 70 for more details) Refer to list of Candidates for Director.

The chairperson announces the start of the election process.

The chairperson announces the outcome of the election.

## Other Matters

Proposal of Release the Prohibition on Directors from Participation in Competitive Business. (Proposed by the Board of Directors)

Explanation:

- (I) As expressly provided for in Paragraph 1, Article 209: “A director who does anything for either himself or herself or on behalf of another person that falls within the scope of the Company’s business shall explain to the meeting of shareholders the essential contents of such an act and secure approval therefrom.
- (II) Where a newly elected director of the Company and a corporate person he or she represents invests in a company or engages in business linked with or similar to the scope of the Company’s business where such act is not against the duties he or she is in charge of, it is advisable to propose to the shareholders’ meeting to lift him or her or the corporate person he or she represents from prohibition of business strife.
- (III) The contents of the acts in prohibition of business strife to be lifted from a director are detailed in Appendix 17 (Please refer to Page 71 for more details).

Decision resolved:

## **Questions and Motions**

## **Yuen Foong Yu Consumer Products Co., Ltd.**

### **Business Report**

In Year 2021, the entire world was continuously affected by the reiterative impacts of the coronavirus pandemic (COVID-19). In Taiwan, the economy performed variably in the respects of domestic demand and exports. In terms of domestic demand, COVID-19 violently spread in Taiwan in late May, triggering the government authority to adopt strict epidemic prevention measures on the one hand. Such a measure also triggered extensive anxiety toward the entire public. As a result, the domestic demand-oriented service industry was tremendously dampened. Such negative shocks remained not in any alleviation at all until the third quarter of the year, due to the rising vaccine penetration against COVID-19 coronavirus hit. In terms of foreign trade, particularly export performance, as the major economies of the world reignited economic momentums on various occasions in succession, the United States, China, Europe and lots of other nations resuscitated their economic momentum even into new expansions, driving into mounting demand of commodities and, meanwhile, stimulating Taiwan into mounting exports. Overall, Taiwan's economy presented a sound and rosy boom in 2021.

In Taiwan, the aggregate total sales of the household paper market hit more than NT\$10 billion notably with draw-up toilet paper and kitchen paper towels ranking as the top two categories in terms of sales volumes. In Year 2021, the sales of draw-up toilet paper grew by 12%. Sales of the top-level products continually grew, accounting for up to 50% while the high-end consumption momentum continually pushed the toilet paper toward an increasingly refined trend. COVID-19 still cast an unceasing impact upon routine lifestyle, pushing general consumers upwardly into vigilant care about hygiene and health. More and more consumers reduced their restaurant meals turning to cooking in their own kitchens, bringing kitchen tissues into strongly popular use and into increasingly upgraded quality. The top-level kitchen tissues exceeded more than 60% in market shares, suggesting the facts that consumers were pursuing upgraded sense of quality. In the market, Yuen Foong Yu's signature brand name Mayflower Thick (五月花厚棒) Toilet Paper and Kitchen Tissues virtually dominated the high-end markets and were virtually acclaimed in both quality and market shares. Our cleansing products enjoyed equally promising growth as general consumers became increasingly vigilant toward their healthcare amidst the coronavirus spread, in particular the laundry capsules which won the most impressive growth. Yuen Foong Yu put forth maximum possible efforts to develop brand-new products toward athlete groups, in particular "Proud" (得意)

laundry detergent capsules stressing the top three striking functions including notable deodorization, anti-mites and cleansing performances. Besides this, thanks to the innovative research & development efforts, the “Orange House” (橘子工坊) Golden Ball won proud recognition with the 2021 International Innovation Award (IIA). In Fiscal Year 2021, the consolidated revenues came to NT\$9.89 billion, with operating profit at NT\$1.24 billion. The net profit attributable to the Owners came to NT\$1.06 billion with earnings per share (EPS) at NT\$ 4.24.

In the aspect of Mainland China in 2021, amidst the profound impacts with COVID-19, power ration control and soaring coal price coupled with other negative factors, we underwent tremendously soaring operating costs, tremendous gluts in the markets while competitors sharply cut prices down to grip purchase orders and further increased huge investment into the online logistic e-commerce channels, leading the tough challenges against us from bad to worse. Here at Yuen Foong Yu, our managerial team spares no effort to enhance the consolidation of existent customers, deepen cooperative ties with strategic distributions also with unceasing efforts to develop more new high-end customers to minimize the operating risks amidst the COVID-19 spread and soaring energy prices to continually optimize our product structures and procuring capabilities and to, in turn, diminish the disadvantageous factors amidst changes in the markets.

Here at Yuen Foong Yu, we continuously put forth maximum possible efforts toward sustainable development to thoroughly implement environmental, social and corporate governance (ESG). In September 2021, we successfully stepped into the capital market while the positive brand Yuen Foong Yu brand image and corporate vision became helpful to us to nurture talents, retain capable staff members and appeal to more talented human resources for our Yuen Foong Yu team. Looking forward to Year 2022, with major countries of the world over accelerating their pace in COVID-19 vaccination progress, and the public people gradually back to a normal lifestyle amidst quite obvious rebound of the global economy, we are still facing significant impacts on the negative side, in particular semiconductors, shipping logistics and undersupply of energy in the tight markets coupled with the uneven distribution of COVID-19 vaccinations leading to divergence in terms of growth of the global economy. Inflation has become an even more vigilant issue in Year 2022. In the entire world, prices of energy, food supply and commodities all soar to new highs. Those supplies closely linked with catering and livelihood are even more fragile toward price hikes amidst the high frequency of consumption. The psychological vigilance tends to turn into hands-on practice in consumption, notably short-term shopping panic, stockpile hoarding as well as conservative

behaviors in consumption. Amidst the uneven global economic rebound, we are inevitably facing instable supply chains, price fluctuations, the prolonged trade war between the United States and Mainland China among lots of other unforeseeable variables. Our Yuen Foong Yu managerial team shall respond in a more prudential, flexible and sophisticated countermeasure amidst unceasing refinement of our manufacturing process. Based on such high Yuen Foong Yu morale as a whole, we are still promising toward further breakthrough to harvest more bountiful investment returns to all Yuen Foong Yu shareholders.

Chairman: Ho, Yi-Da

Managerial Officer: Hsu, Chih-Hung

Accounting Head: Chen, Pei-Wen

## YUEN FOONG YU CONSUMER PRODUCTS CO., LTD. AND SUBSIDIARIES

**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2021 AND 2020**  
**(In Thousands of New Taiwan Dollars)**

ASSETS	2021		2020	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 1,645,437	21	\$ 1,231,266	16
Financial assets at amortized cost - current (Notes 4 and 7)	103,499	1	86,564	1
Notes and accounts receivable (Notes 4, 5, 8 and 16)	1,269,329	16	1,190,247	16
Accounts receivable from related parties (Notes 4, 16 and 25)	3,332	-	19,754	-
Other receivables from related parties (Note 25)	2,223	-	373	-
Inventories (Notes 4 and 9)	1,099,668	14	886,063	12
Other current assets (Note 25)	<u>223,512</u>	<u>3</u>	<u>373,087</u>	<u>5</u>
Total current assets	<u>4,347,000</u>	<u>55</u>	<u>3,787,354</u>	<u>50</u>
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment (Notes 4, 11, 17 and 25)	3,114,280	39	3,298,154	44
Right-of-use assets (Notes 4, 12 and 17)	318,635	4	306,207	4
Deferred tax assets (Notes 4 and 18)	23,013	-	21,861	-
Other non-current assets	<u>140,739</u>	<u>2</u>	<u>127,971</u>	<u>2</u>
Total non-current assets	<u>3,596,667</u>	<u>45</u>	<u>3,754,193</u>	<u>50</u>
<b>TOTAL</b>	<u>\$ 7,943,667</u>	<u>100</u>	<u>\$ 7,541,547</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 13)	\$ 37,000	-	\$ 77,000	1
Short-term bills payable (Note 13)	149,990	2	-	-
Notes and accounts payable	492,114	6	431,154	6
Accounts payable to related parties (Note 25)	236,683	3	309,786	4
Other payables	982,708	12	1,028,712	14
Other payables to related parties (Note 25)	47,114	1	29,814	-
Current tax liabilities (Notes 4 and 18)	148,399	2	256,032	3
Lease liabilities - current (Notes 4, 12 and 25)	51,296	1	42,052	1
Other current liabilities (Note 16)	<u>98,526</u>	<u>1</u>	<u>65,199</u>	<u>1</u>
Total current liabilities	<u>2,243,830</u>	<u>28</u>	<u>2,239,749</u>	<u>30</u>
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings (Note 13)	57,900	1	922,180	12
Deferred tax liabilities (Notes 4 and 18)	57,146	1	57,455	1
Lease liabilities - non-current (Notes 4, 12 and 25)	187,322	2	180,357	2
Net defined benefit liabilities (Notes 4 and 14)	16,679	-	22,047	-
Other non-current liabilities	<u>38,203</u>	<u>1</u>	<u>38,139</u>	<u>1</u>
Total non-current liabilities	<u>357,250</u>	<u>5</u>	<u>1,220,178</u>	<u>16</u>
Total liabilities	<u>2,601,080</u>	<u>33</u>	<u>3,459,927</u>	<u>46</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 15)</b>				
Share capital				
Ordinary shares	<u>2,671,290</u>	<u>34</u>	<u>2,449,060</u>	<u>32</u>
Capital surplus	<u>1,214,116</u>	<u>15</u>	<u>219,055</u>	<u>3</u>
Retained earnings				
Legal reserve	225,589	3	76,248	1
Special reserve	203,863	3	-	-
Unappropriated earnings	<u>1,220,998</u>	<u>15</u>	<u>1,493,408</u>	<u>20</u>
Total retained earnings	<u>1,650,450</u>	<u>21</u>	<u>1,569,656</u>	<u>21</u>
Other equity	<u>(241,756)</u>	<u>(3)</u>	<u>(203,863)</u>	<u>(3)</u>
Total equity attributable to owners of the Company	<u>5,294,100</u>	<u>67</u>	<u>4,033,908</u>	<u>53</u>
<b>NON-CONTROLLING INTERESTS</b>	<u>48,487</u>	<u>-</u>	<u>47,712</u>	<u>1</u>
Total equity	<u>5,342,587</u>	<u>67</u>	<u>4,081,620</u>	<u>54</u>
<b>TOTAL</b>	<u>\$ 7,943,667</u>	<u>100</u>	<u>\$ 7,541,547</u>	<u>100</u>

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



## YUEN FOONG YU CONSUMER PRODUCTS CO., LTD. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
NET SALES (Notes 4, 16 and 25)	\$ 9,890,353	100	\$ 10,147,738	100
COST OF GOODS SOLD (Notes 4, 9, 14, 17 and 25)	<u>(7,209,860)</u>	<u>(73)</u>	<u>(6,911,622)</u>	<u>(68)</u>
GROSS PROFIT	<u>2,680,493</u>	<u>27</u>	<u>3,236,116</u>	<u>32</u>
OPERATING EXPENSES (Notes 4, 14, 17 and 25)				
Selling and marketing	(1,007,676)	(10)	(1,159,506)	(11)
General and administrative	(388,004)	(4)	(468,511)	(5)
Research and development	<u>(47,548)</u>	<u>-</u>	<u>(62,129)</u>	<u>(1)</u>
Total operating expenses	<u>(1,443,228)</u>	<u>(14)</u>	<u>(1,690,146)</u>	<u>(17)</u>
PROFIT FROM OPERATIONS	<u>1,237,265</u>	<u>13</u>	<u>1,545,970</u>	<u>15</u>
NON-OPERATING INCOME AND EXPENSES				
Finance costs (Notes 4, 17 and 25)	(14,632)	-	(31,093)	-
Interest income (Notes 4 and 25)	24,664	-	9,766	-
Other income (Note 25)	20,672	-	26,277	-
Gain (loss) on disposal of property, plant and equipment (Note 4)	2,294	-	(134,933)	(1)
Gain on disposal of investments (Note 22)	1,763	-	356,826	4
Other expenses (Note 11)	(3,605)	-	(71,103)	(1)
Foreign exchange gain (Notes 4 and 27)	<u>18,851</u>	<u>-</u>	<u>49,413</u>	<u>-</u>
Total non-operating income and expenses	<u>50,007</u>	<u>-</u>	<u>205,153</u>	<u>2</u>
PROFIT BEFORE INCOME TAX	1,287,272	13	1,751,123	17
INCOME TAX EXPENSE (Notes 4 and 18)	<u>(216,575)</u>	<u>(2)</u>	<u>(250,430)</u>	<u>(2)</u>
NET PROFIT FOR THE YEAR	<u>1,070,697</u>	<u>11</u>	<u>1,500,693</u>	<u>15</u>
OTHER COMPREHENSIVE LOSS				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Notes 4 and 14)	(2,310)	-	7,725	-
Tax effect of items that will not be reclassified (Notes 4 and 18)	<u>462</u>	<u>-</u>	<u>(1,545)</u>	<u>-</u>
	<u>(1,848)</u>	<u>-</u>	<u>6,180</u>	<u>-</u>

(Continued)

# YUEN FOONG YU CONSUMER PRODUCTS CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation	\$ (37,893)	(1)	\$ (35,783)	(1)
Other comprehensive loss for the year, net of income tax	(39,741)	(1)	(29,603)	(1)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b><u>\$ 1,030,956</u></b>	<b><u>10</u></b>	<b><u>\$ 1,471,090</u></b>	<b><u>14</u></b>
<b>NET PROFIT ATTRIBUTABLE TO:</b>				
Owners of the Company	\$ 1,062,266	11	\$ 1,487,228	15
Non-controlling interests	<u>8,431</u>	<u>-</u>	<u>13,465</u>	<u>-</u>
	<b><u>\$ 1,070,697</u></b>	<b><u>11</u></b>	<b><u>\$ 1,500,693</u></b>	<b><u>15</u></b>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>				
Owners of the Company	\$ 1,022,525	10	\$ 1,457,746	14
Non-controlling interests	<u>8,431</u>	<u>-</u>	<u>13,344</u>	<u>-</u>
	<b><u>\$ 1,030,956</u></b>	<b><u>10</u></b>	<b><u>\$ 1,471,090</u></b>	<b><u>14</u></b>
<b>EARNINGS PER SHARE (Note 19)</b>				
Basic	<u>\$ 4.24</u>		<u>\$ 6.12</u>	
Diluted	<u>\$ 4.23</u>		<u>\$ 6.09</u>	

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

(Concluded)

## YUEN FOONG YU CONSUMER PRODUCTS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020  
(In Thousands of New Taiwan Dollars)

	Equity Attributable Owners of the Company (Notes 15 and 20)										
	Share Capital Shares (In Thousands)	Amount	Capital Surplus (Note 4)	Legal Reserve	Special Reserve	Retained Earnings (Note 15) Unappropriated Earnings	Total	Other Equity Exchange Differences on Translating the Financial Statements of Foreign Operations (Note 4)	Total	Non-controlling Interests (Notes 15 and 20)	Total Equity
BALANCE AT JANUARY 1, 2020	241,636	\$ 2,416,360	\$ 151,622	\$ 29,780	\$ -	\$ 458,588	\$ 488,368	\$ (168,201)	\$ 2,888,149	\$ 74,922	\$ 2,963,071
Appropriation of 2019 earnings	-	-	-	46,468	-	(46,468)	-	-	-	-	-
Legal reserve appropriated	-	-	-	-	-	(412,120)	(412,120)	-	(412,120)	-	(412,120)
Cash dividends distributed by the Company	-	-	-	-	-	1,487,228	1,487,228	-	1,487,228	13,465	1,500,693
Net income for the year ended December 31, 2020	-	-	-	-	-	6,180	6,180	(35,662)	(29,482)	(121)	(29,603)
Other comprehensive (loss) income for the year ended December 31, 2020	-	-	-	-	-	1,493,408	1,493,408	(35,662)	1,457,746	13,344	1,471,090
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	1,493,408	1,493,408	(35,662)	1,457,746	13,344	1,471,090
Differences between equity purchase price and carrying amount arising from actual acquisition of subsidiary (Note 20)	-	-	4,859	-	-	-	-	-	4,859	(34,900)	(30,041)
Share-based payment transactions	3,270	32,700	62,574	-	-	-	-	-	95,274	108	95,382
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	(5,762)	(5,762)
BALANCE AT DECEMBER 31, 2020	244,906	2,449,060	219,055	76,248	-	1,493,408	1,569,656	(203,863)	4,033,908	47,712	4,081,620
Appropriation of 2020 earnings	-	-	-	149,341	-	(149,341)	-	-	-	-	-
Legal reserve appropriated	-	-	-	-	203,863	(203,863)	-	-	-	-	-
Special reserve appropriated	-	-	-	-	-	(979,624)	(979,624)	-	(979,624)	-	(979,624)
Cash dividends distributed by the Company	-	-	-	-	-	1,062,266	1,062,266	-	1,062,266	8,431	1,070,697
Net income for the year ended December 31, 2021	-	-	-	-	-	(1,848)	(1,848)	(37,893)	(39,741)	-	(39,741)
Other comprehensive (loss) income for the year ended December 31, 2021	-	-	-	-	-	1,060,418	1,060,418	(37,893)	1,022,525	8,431	1,030,956
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	1,060,418	1,060,418	(37,893)	1,022,525	8,431	1,030,956
Issuance of ordinary shares for cash	20,717	207,170	924,154	-	-	-	-	-	1,131,324	-	1,131,324
Share-based payment transactions	1,506	15,060	70,907	-	-	-	-	-	85,967	37	86,004
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	(7,693)	(7,693)
BALANCE AT DECEMBER 31, 2021	267,129	\$ 2,671,290	\$ 1,214,116	\$ 225,589	\$ 203,863	\$ 1,220,998	\$ 1,650,450	\$ (241,756)	\$ 5,294,100	\$ 48,487	\$ 5,342,587

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

**YUEN FOONG YU CONSUMER PRODUCTS CO., LTD. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020  
(In Thousands of New Taiwan Dollars)**

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 1,287,272	\$ 1,751,123
Adjustments for:		
Depreciation expenses	416,934	447,429
Amortization expenses	2,433	4,819
Expected credit loss (reversed) recognized on accounts receivable	(784)	856
Finance costs	14,632	31,093
Interest income	(24,664)	(9,766)
Share-based compensation expense	7,692	46,332
(Gain) loss on disposal of property, plant and equipment	(2,294)	134,933
Gain on disposal of investments	(1,763)	(356,826)
Impairment loss on non-financial assets	1,042	4,780
Gain from lease modification	(30)	-
Write-downs of inventories	4,008	15,469
Unrealized loss (gain) on foreign currency exchange	143	(13,838)
Changes in operating assets and liabilities		
Notes and accounts receivable	(84,185)	23,924
Accounts receivable from related parties	16,333	(52,177)
Other receivables from related parties	(1,888)	(4,522)
Inventories	(220,006)	159,117
Other current assets	143,498	(121,351)
Notes and accounts payable	61,690	(37,799)
Accounts payable to related parties	(68,711)	53,103
Other payables	(53,727)	156,730
Other payables to related parties	19,760	(1,046)
Other current liabilities	34,027	51,234
Net defined benefit liabilities	(7,678)	(2,433)
Cash generated from operations	1,543,734	2,281,184
Interest received	24,676	10,529
Interest paid	(15,237)	(32,984)
Income tax paid	(325,211)	(150,446)
Net cash generated from operating activities	<u>1,227,962</u>	<u>2,108,283</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
(Acquisition) disposal of financial assets at amortized cost	(19,741)	161,108
Net cash (outflow) inflow from disposal of subsidiary (Note 22)	(133)	749,344
Payments for property, plant and equipment	(189,444)	(181,838)
Proceeds from disposal of property, plant and equipment	6,018	32,254
Decrease in other receivables from related parties	-	443,313
(Increase) decrease in other non-current assets	(3,333)	10,950
Net cash (used in) generated from investing activities	<u>(206,633)</u>	<u>1,215,131</u>

(Continued)

# YUEN FOONG YU CONSUMER PRODUCTS CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Decrease in short-term borrowings	\$ (40,000)	\$ (748,000)
Increase (decrease) in short-term bills payable	150,000	(200,000)
Repayments of long-term borrowings	(864,280)	(765,820)
Increase (decrease) in other non-current liabilities	1,595	(7,747)
(Decrease) increase in other payables to related parties	(2,330)	155
Repayment of the principal portion of lease liabilities	(49,289)	(60,771)
Distribution of cash dividends	(979,624)	(412,120)
Issuance of ordinary shares for cash	1,131,324	-
Employee stock options	78,312	49,050
Acquisition of interests in subsidiaries (Note 20)	-	(30,041)
Decrease in non-controlling interests	<u>(7,693)</u>	<u>(5,762)</u>
Net cash used in financing activities	<u>(581,985)</u>	<u>(2,181,056)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES</b>		
	<u>(25,173)</u>	<u>(24,955)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	414,171	1,117,403
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>1,231,266</u>	<u>113,863</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 1,645,437</u>	<u>\$ 1,231,266</u>

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

(Concluded)

**YUEN FOONG YU CONSUMER PRODUCTS CO., LTD.****BALANCE SHEETS****DECEMBER 31, 2021 AND 2020****(In Thousands of New Taiwan Dollars)**

ASSETS	2021		2020	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash (Notes 4 and 6)	\$ 292,806	4	\$ 60,305	1
Notes and accounts receivable (Notes 4, 7 and 15)	780,267	11	672,709	10
Accounts receivable from related parties (Notes 4, 15 and 22)	191,213	3	169,810	3
Other receivables from related parties (Note 22)	8,551	-	32,148	-
Inventories (Notes 4 and 8)	383,331	5	357,581	5
Other current assets	<u>67,608</u>	<u>1</u>	<u>185,598</u>	<u>3</u>
Total current assets	<u>1,723,776</u>	<u>24</u>	<u>1,478,151</u>	<u>22</u>
<b>NON-CURRENT ASSETS</b>				
Investments accounted for using the equity method (Notes 4 and 9)	3,536,730	49	3,324,844	49
Property, plant and equipment (Notes 4, 10 and 22)	1,774,196	24	1,793,435	26
Right-of-use assets (Notes 4 and 11)	177,418	2	180,236	3
Deferred tax assets (Notes 4 and 17)	13,717	-	14,240	-
Other non-current assets	<u>48,239</u>	<u>1</u>	<u>22,583</u>	<u>-</u>
Total non-current assets	<u>5,550,300</u>	<u>76</u>	<u>5,335,338</u>	<u>78</u>
<b>TOTAL</b>	<u>\$ 7,274,076</u>	<u>100</u>	<u>\$ 6,813,489</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term bills payable (Note 12)	\$ 149,990	2	\$ -	-
Notes and accounts payable	287,044	4	217,151	3
Accounts payable to related parties (Note 22)	308,382	4	335,623	5
Other payables	714,737	10	744,145	11
Other payables to related parties (Note 22)	3,233	-	3,455	-
Current tax liabilities (Notes 4 and 17)	128,470	2	236,656	3
Lease liabilities - current (Notes 4 and 11)	41,384	1	32,648	1
Other current liabilities (Note 15)	<u>40,437</u>	<u>-</u>	<u>22,920</u>	<u>-</u>
Total current liabilities	<u>1,673,677</u>	<u>23</u>	<u>1,592,598</u>	<u>23</u>
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings (Note 12)	57,900	1	922,180	14
Deferred tax liabilities (Notes 4 and 17)	57,146	1	57,133	1
Lease liabilities - non-current (Notes 4 and 11)	138,412	2	149,461	2
Net defined benefit liabilities (Notes 4 and 13)	16,679	-	22,047	-
Other non-current liabilities	<u>36,162</u>	<u>-</u>	<u>36,162</u>	<u>1</u>
Total non-current liabilities	<u>306,299</u>	<u>4</u>	<u>1,186,983</u>	<u>18</u>
Total liabilities	<u>1,979,976</u>	<u>27</u>	<u>2,779,581</u>	<u>41</u>
<b>EQUITY (Notes 4 and 14)</b>				
Share capital				
Ordinary shares	<u>2,671,290</u>	<u>37</u>	<u>2,449,060</u>	<u>36</u>
Capital surplus	<u>1,214,116</u>	<u>17</u>	<u>219,055</u>	<u>3</u>
Retained earnings				
Legal reserve	225,589	3	76,248	1
Special reserve	203,863	3	-	-
Unappropriated earnings	<u>1,220,998</u>	<u>17</u>	<u>1,493,408</u>	<u>22</u>
Total retained earnings	<u>1,650,450</u>	<u>23</u>	<u>1,569,656</u>	<u>23</u>
Other equity	<u>(241,756)</u>	<u>(4)</u>	<u>(203,863)</u>	<u>(3)</u>
Total equity	<u>5,294,100</u>	<u>73</u>	<u>4,033,908</u>	<u>59</u>
<b>TOTAL</b>	<u>\$ 7,274,076</u>	<u>100</u>	<u>\$ 6,813,489</u>	<u>100</u>

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

**YUEN FOONG YU CONSUMER PRODUCTS CO., LTD.****STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2021		2020	
	Amount	%	Amount	%
NET SALES (Notes 4, 15 and 22)	\$ 6,155,049	100	\$ 5,900,941	100
COST OF GOODS SOLD (Notes 4, 8, 13, 16 and 22)	<u>(4,273,625)</u>	<u>(69)</u>	<u>(3,823,018)</u>	<u>(65)</u>
GROSS PROFIT	<u>1,881,424</u>	<u>31</u>	<u>2,077,923</u>	<u>35</u>
OPERATING EXPENSES (Notes 4, 13, 16 and 22)				
Selling and marketing	(670,615)	(11)	(692,388)	(12)
General and administrative	(253,308)	(4)	(274,426)	(5)
Research and development	<u>(32,270)</u>	<u>(1)</u>	<u>(37,793)</u>	<u>-</u>
Total operating expenses	<u>(956,193)</u>	<u>(16)</u>	<u>(1,004,607)</u>	<u>(17)</u>
PROFIT FROM OPERATIONS	<u>925,231</u>	<u>15</u>	<u>1,073,316</u>	<u>18</u>
NON-OPERATING INCOME AND EXPENSES				
Finance costs (Notes 4 and 16)	(10,658)	-	(22,730)	-
Share of profit of subsidiaries (Notes 4 and 9)	327,953	5	642,810	11
Interest income (Notes 4 and 22)	111	-	8,898	-
Other income (Note 22)	9,251	-	7,293	-
Gain (loss) on disposal of property, plant and equipment (Note 4)	281	-	(909)	-
Foreign exchange loss (Note 4)	(41)	-	(7,600)	-
Other expenses (Note 10)	<u>(1,346)</u>	<u>-</u>	<u>(870)</u>	<u>-</u>
Total non-operating income and expenses	<u>325,551</u>	<u>5</u>	<u>626,892</u>	<u>11</u>
PROFIT BEFORE INCOME TAX	1,250,782	20	1,700,208	29
INCOME TAX EXPENSE (Notes 4 and 17)	<u>(188,516)</u>	<u>(3)</u>	<u>(212,980)</u>	<u>(4)</u>
NET PROFIT FOR THE YEAR	<u>1,062,266</u>	<u>17</u>	<u>1,487,228</u>	<u>25</u>

(Continued)

# YUEN FOONG YU CONSUMER PRODUCTS CO., LTD.

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
<b>OTHER COMPREHENSIVE LOSS</b>				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Notes 4 and 13)	\$ (2,310)	-	\$ 7,725	-
Tax effect of items that will not be reclassified (Notes 4 and 17)	462	-	(1,545)	-
Items that may be reclassified subsequently to profit or loss:				
Share of the other comprehensive loss of subsidiaries	<u>(37,893)</u>	<u>-</u>	<u>(35,662)</u>	<u>-</u>
Other comprehensive loss for the year, net of income tax	<u>(39,741)</u>	<u>-</u>	<u>(29,482)</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>\$ 1,022,525</u>	<u>17</u>	<u>\$ 1,457,746</u>	<u>25</u>
<b>EARNINGS PER SHARE (Note 18)</b>				
Basic	<u>\$ 4.24</u>		<u>\$ 6.12</u>	
Diluted	<u>\$ 4.23</u>		<u>\$ 6.09</u>	

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

(Concluded)



**YUEN FOONG YU CONSUMER PRODUCTS CO., LTD.**

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020  
(In Thousands of New Taiwan Dollars)**

	Share Capital		Capital Surplus (Note 4)		Retained Earnings (Note 14)			Total	Other Equity Exchange Differences on Translating the Financial Statements of Foreign Operations (Note 4)	Total Equity
	Shares (In Thousands)	Amount	Legal Reserve	Special Reserve	Special Reserve	Unappropriated Earnings				
BALANCE AT JANUARY 1, 2020	241,636	\$ 2,416,360	\$ 29,780	\$ -	\$ -	\$ 458,588	\$ 488,368	\$ (168,201)	\$ 2,888,149	
Appropriation of 2019 earnings	-	-	46,468	-	-	(46,468)	-	-	-	
Legal reserve appropriated	-	-	-	-	-	(412,120)	(412,120)	-	(412,120)	
Cash dividends distributed by the Company	-	-	-	-	-	-	-	-	-	
Net income for the year ended December 31, 2020	-	-	-	-	-	1,487,228	1,487,228	-	1,487,228	
Other comprehensive (loss) income for the year ended December 31, 2020	-	-	-	-	-	6,180	6,180	(35,662)	(29,482)	
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	1,493,408	1,493,408	(35,662)	1,457,746	
Differences between equity purchase price and carrying amount arising from actual acquisition of subsidiary	-	-	-	-	4,859	-	-	-	4,859	
Share-based payment transactions	3,270	32,700	-	-	62,574	-	-	-	95,274	
BALANCE AT DECEMBER 31, 2020	244,906	2,449,060	76,248	-	219,055	1,493,408	1,569,656	(203,863)	4,033,908	
Appropriation of 2020 earnings	-	-	149,341	-	-	(149,341)	-	-	-	
Legal reserve appropriated	-	-	-	-	-	(203,863)	-	-	-	
Special reserve appropriated	-	-	-	203,863	-	(979,624)	(979,624)	-	(979,624)	
Cash dividends distributed by the Company	-	-	-	-	-	-	-	-	-	
Net income for the year ended December 31, 2021	-	-	-	-	-	1,062,266	1,062,266	-	1,062,266	
Other comprehensive loss for the year ended December 31, 2021	-	-	-	-	-	(1,848)	(1,848)	(37,893)	(39,741)	
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	1,060,418	1,060,418	(37,893)	1,022,525	
Issuance of ordinary shares for cash	20,717	207,170	-	-	924,154	-	-	-	1,131,324	
Share-based payment transactions	1,506	15,060	-	-	70,907	-	-	-	85,967	
BALANCE AT DECEMBER 31, 2021	267,129	\$ 2,671,290	\$ 225,589	\$ 203,863	\$ 1,220,998	\$ 1,650,450	\$ 1,650,450	\$ (241,756)	\$ 5,294,100	

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

**YUEN FOONG YU CONSUMER PRODUCTS CO., LTD.****STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020  
(In Thousands of New Taiwan Dollars)**

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 1,250,782	\$ 1,700,208
Adjustments for:		
Expected credit loss reversed on accounts receivable	(54)	-
Depreciation expenses	198,770	205,195
Finance costs	10,658	22,730
Interest income	(111)	(8,898)
Share-based compensation expense	6,622	29,457
Share of profit of subsidiaries	(327,953)	(642,810)
(Gain) loss on disposal of property, plant and equipment	(281)	909
Write-downs (reversal of write-downs) of inventories	571	(11,790)
Unrealized gain on foreign currency exchange	(125)	(37,775)
Impairment loss on non-financial assets	760	724
Gain from lease modification	(41)	-
Changes in operating assets and liabilities		
Notes and accounts receivable	(107,484)	20,995
Accounts receivable from related parties	(21,403)	(127,684)
Other receivables from related parties	23,741	(31,354)
Inventories	(26,321)	(8,191)
Other current assets	117,990	(85,051)
Notes and accounts payable	69,943	20,160
Accounts payable to related parties	(27,210)	102,228
Other payables	(48,941)	80,345
Other payables to related parties	(220)	(2,911)
Other current liabilities	17,517	13,699
Net defined benefit liabilities	(7,678)	(2,433)
Cash generated from operations	1,129,532	1,237,753
Interest received	111	15,068
Dividends received	79,063	40,969
Interest paid	(10,713)	(23,415)
Income tax paid	(295,704)	(102,322)
Net cash generated from operating activities	<u>902,289</u>	<u>1,168,053</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Disposal of financial assets at amortized cost	-	160,728
Payments for property, plant and equipment	(147,378)	(141,091)
Proceeds from disposal of property, plant and equipment	281	9,131
Decrease in other receivables from related parties	-	812,438
(Increase) decrease in other non-current assets	(1,047)	8,127
Net cash (used in) generated from investing activities	<u>(148,144)</u>	<u>849,333</u>

(Continued)

# YUEN FOONG YU CONSUMER PRODUCTS CO., LTD.

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

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	2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	\$ -	\$ (600,000)
Increase (decrease) in short-term bills payable	150,000	(200,000)
Repayments of long-term borrowings	(864,280)	(765,820)
Increase in other non-current liabilities	-	1,044
Repayment of the principal portion of lease liabilities	(37,376)	(45,426)
Distribution of cash dividends	(979,624)	(412,120)
Employee stock options exercised	78,312	49,050
Issuance of ordinary shares for cash	1,131,324	-
Acquisition of interests in subsidiaries	<u>-</u>	<u>(30,041)</u>
Net cash used in financing activities	<u>(521,644)</u>	<u>(2,003,313)</u>
NET INCREASE IN CASH	232,501	14,073
CASH AT THE BEGINNING OF THE YEAR	<u>60,305</u>	<u>46,232</u>
CASH AT THE END OF THE YEAR	<u>\$ 292,806</u>	<u>\$ 60,305</u>

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

(Concluded)

Yuen Foong Yu Consumer Products Co., Ltd  
2021 Statement of Earnings Distribution

Unit: NT\$

Item	Amount
Distributable Retained Earnings	
A Unappropriated earnings at beginning of the fiscal year	160,579,392
B Net profit for the year ended Dec 31,2021	1,062,266,011
C Re-measurement of defined benefit plans	(1,848,000)
Total	1,220,997,403
Distribution Items	
1 Legal Reserve((B~C)*10%)	106,041,801
2 Special Reserve	37,892,920
3 Cash Dividend(NT\$3 per share)	801,387,063
4 Unappropriated Retained Earnings	275,675,619
Total	1,220,997,403

Chairman: Yi-Da Ho

General Manager:Zhi-Hong Xu

Accounting Chief Officer: Pei-Wen Chen

The Board of Directors and Shareholders  
Yuen Foong Yu Consumer Products Co., Ltd.

**Opinion**

We have audited the accompanying consolidated financial statements of Yuen Foong Yu Consumer Products Co., Ltd. and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC) and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China.

**Basis for Opinion**

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

**Key Audit Matter**

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

The key audit matter identified in the Group's consolidated financial statements for the year ended December 31, 2021 is as follows:

#### Valuation of Receivables

The Group has a large number of customers and its notes and accounts receivable are material in amount. When evaluating the impairment of receivables, the management estimated the loss allowance based on the lifetime expected credit loss. The valuation of receivables involves accounting estimates and assumptions determined by the management. Therefore, we considered the valuation of receivables as a key audit matter.

For the disclosures related to receivables, refer to Notes 4, 5 and 8 to the consolidated financial statements.

Our audit procedures for the abovementioned key audit matter included the following:

1. We obtained the reports of impaired receivables impairment and assessed the reasonableness of the methodology and data used in the reports.
2. We tested the receivables aging schedule and reviewed the calculation of expected credit loss for reasonableness of the recognized expected credit loss on receivables.
3. We tested the recoverability of receivables by analyzing overdue accounts and by verifying cash receipts in the subsequent period. For a receivable that was past due but not yet received, we assessed the reasonableness of the expected credit loss based on the customer's payment history, customer's credit policy control and tracking of overdue receivables.

#### **Other Matter**

We have also audited the parent company only financial statements of Yuen Foong Yu Consumer Products Co., Ltd. as of and for the years ended December 31, 2021 and 2020 on which we have issued an unmodified opinion.

#### **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 IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

We also provide those charged with governance with statements 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 the matter that was of most significance in the audit of the consolidated financial statements for the year ended December 31, 2021, and is therefore the key audit matter. We describe the matter in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Shu-Wan Lin and Shiow-Ming Shue.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 14, 2022

Notice to Readers

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

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



## **INDEPENDENT AUDITORS' REPORT**

Appendix 11-2

The Board of Directors and Shareholders  
Yuen Foong Yu Consumer Products Co., Ltd.

### **Opinion**

We have audited the accompanying financial statements of Yuen Foong Yu Consumer Products Co., Ltd. (the “Company”), which comprise the balance sheets as of December 31, 2021 and 2020, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matter**

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the financial statements for the year ended December 31, 2021. The matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

The key audit matter identified in the Company's financial statements for the year ended December 31, 2021 is as follows:

#### Valuation of Receivables

The Company has a large number of customers and its notes and accounts receivable are material in amount. When evaluating the impairment of receivables, the management estimated the loss allowance based on the lifetime expected credit loss. The valuation of receivables involves accounting estimates and assumptions determined by the management. Therefore, we considered the valuation of receivables as a key audit matter.

For the disclosures related to receivables, refer to Notes 4, 5 and 7 to the financial statements.

Our audit procedures for the abovementioned key audit matter included the following:

1. We obtained the reports of impaired receivables and assessed the reasonableness of the methodology and data.
2. We tested the receivables aging schedule and reviewed the calculation of expected credit loss for reasonableness of the recognized expected credit loss on receivables.
3. We tested the recoverability of receivables by analyzing overdue accounts and by verifying cash receipts in the subsequent period. For a receivable that was past due but not yet received, we assessed the reasonableness of the expected credit loss based on the customer's payment history, customer's credit policy and tracking of overdue receivables.

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

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

In preparing the 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 Financial Statements**

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

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

1. Identify and assess the risks of material misstatement of the 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine the matter that was of most significance in the audit of the financial statements for the year ended December 31, 2021, and is therefore the key audit matter. We describe the matter in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Shu-Wan Lin and Shiow-Ming Shue.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 14, 2022

Notice to Readers

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

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

## **Yuen Foong Yu Consumer Products Co., Ltd**

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

March 14, 2022

The Board of Directors has prepared the Company's 2021 Business Report, Financial Statements, and proposal for allocation of earnings. The CPA firm of Deloitte & Touche was retained to audit CPG's Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and earnings allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of Yuen Foong Yu Consumer Products Co., Ltd. According to relevant requirements of the Securities and Exchange Act and the Company Act, we hereby submit this report.

2022 Annual General Shareholders' Meeting

Chairman of the Audit Committee: Mei-Li Su

## **Yuen Foong Yu Consumer Products Co., Ltd.**

### Operational Procedures for the Acquisition or Disposal of Assets

- I. These Procedures are duly enacted exactly in accordance with “Regulations Governing the Acquisition and Disposal of Assets by Public Companies.”.
  
- II. Scope of Application: Except an event where the Company engages in a transaction with a related-party, engages in a transaction with derivative financial instruments and engages in merger, demerger, acquisition or inward transfer of shares into acquisition or disposal of assets which should be duly handled in accordance with the respectively applicable laws, the term “assets” as set forth herein should apply to the scope as enumerated below:
  - (I) Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing a fund, deposit receipt certificates (DRC), call (put) warrants, beneficial interest securities as well as assets-backed securities.
  - (II) Real property (including land, houses and buildings, investment oriented real property, rights to use land, inventory of a construction enterprise) and the equipment.
  - (III) Memberships.
  - (IV) Patents, copyrights, trademarks, franchise rights and other intangible assets.
  - (V) Rights to use assets.
  - (VI) Creditor’s rights of financial institutions (including receivables, bills purchased and discounted, loans and overdue receivables.)
  - (VII) Major assets otherwise.
  
- III. Credit Limitation for Investment: The Company is entitled to invest in a variety of assets within the limitations as enumerated below:
  - (I) The aggregate total used to purchase real property and the assets as the right to use the same not oriented to use for business operation should not exceed 10% of the Company’s paid-in capital.
  - (II) The total amount spent on investment into Mainland China should not exceed the maximum limit in the percentage amount promulgated by the competent authority.
  - (III) The aggregate total used toward external investment in long-term negotiable securities (including investment in Mainland China), pursuant to the Company’s Articles of Incorporation, is free of the restriction at 40% of the Company’s paid-in capital. The total investment into an individual sort of negotiable securities otherwise duly resolved in the shareholders’ meeting should not exceed 30% of the Company’s paid-in capital.
  - (IV) The aggregate total used toward investment in short-term negotiable securities should not exceed 20% of the Company’s paid-in capital. The total investment in an individual sort of negotiable securities should not

exceed 10% of the Company's paid-in capital.

- (V) The total amount spent by a subsidiary of the Company to purchase real property not oriented to use for business operation purposes or in investment in negotiable securities as well as the restriction upon the negotiable securities is the same as that of its parent company.
- IV. Where the assets acquired or disposed of by the Company meet the circumstances enumerated below, the Company should, pursuant to the attributes, declare the relevant information in the specified format on the website designated by the Financial Supervisory Commission (FSC, hereinafter referred to as either FSC or Financial Supervisory Commission in full) within two(2) days starting from the date of occurrence of the fact:
- (I) A case to acquire or dispose of assets classified as equipment or the assets as the right to use the same for business operation purposes where the transaction counterpart is not a related-party and the transaction amount exceeds NT\$500 million.
  - (II) A case to acquire or dispose of real property or the assets as the right to use the same for use in the purpose of construction where the transaction counterpart is not a related-party and the transaction amount exceeds NT\$500 million.
  - (III) A case to acquire real property by means of commissioned construction with own land, commissioned construction with leased land, concerted construction to allocate the erected housing units, concerted construction to share the construction result by percentage, concerted construction to share the return of sales where the transaction counterpart is not a related-party and the transaction amount the Company anticipates investing exceeds NT\$500 million.
  - (IV) A transaction into assets or an investment in Mainland China other than those enumerated under the three preceding Paragraphs with transaction amount up to 20% of the Company's paid-in capital or more than NT\$300 million, but excluding the circumstances as enumerated below:
    1. Buys and sales of domestic bonds or bonds of a foreign country in credit rating not lower than the sovereign rating of the Republic of China.
    2. Where the Company engages in investment as its profession to buy and sell negotiable securities at a stock exchange or a negotiable securities dealer's business premise, or to subscribe to bonds of foreign countries or to raise and issue common corporate bonds and general financial bonds without being involved in equity (excluding subordinated bonds) through domestic primary markets or to subscribe to or buy back securities investment & trust funds or futures trust funds or to subscribe to or sell back index investment securities.
    3. Buys and sales of bonds with buy-back, sell-back terms, subscribe to or buy back the money market funds issued by the domestic securities investment trust enterprises.
  - (V) The transaction amounts mentioned under the preceding Paragraph should

be duly counted in the manners as enumerated below:

1. Amount of transaction in each case.
2. The transaction amount accumulated within one year in acquisition or disposal of a same target with a same counterpart.
3. The transaction amount accumulated within one year in acquisition or disposal of real property or the assets to use the same and right in a development project (with the acquisition and disposal to be accumulated respectively).
4. The transaction amount accumulated within one year in acquisition or disposal of same negotiable securities (with the acquisition and disposal to be accumulated respectively).
5. In case an item subject to public announcement is found erroneous or left out and thus calls for supplementation, the Company should launch announcement and declaration to the public of all involved items anew within two (2) days starting from the time point of awareness of such facts.
6. In case after announcement and declaration to public process, a relevant contract has been amended, either terminated or rescinded or the contents of the preceding announcement and declaration to public has been changed, the Company should launch announcement and declaration to the public through the website promulgated by the Financial Supervisory Commission within two (2) days starting from the time point of date of occurrence of such fact.

- (VI) The term “within one year” as set forth in the preceding Paragraph should be based on the date of occurrence of the fact, as one-year period preceding the date of occurrence of the fact retrospectively. The parts having been promulgated in accordance with these Procedures are no longer required to be counted inclusively.
- V. In Terms of Amounts in a Transaction not in New Taiwan Dollars: Where the amount of a transaction is not denominated in New Taiwan dollars, the transaction amount should be counted at the equivalent value at the time point of acquisition or disposal in U.S. dollars or other foreign currency.
- VI. Flowcharts of the Handling Procedures: In case of an act in acquisition or disposal of assets, the following relevant handling process should apply based on the different types of assets:
- (I) Application: In a case of acquisition or disposal of assets, the department in charge of assets should conduct evaluation in accordance with these Regulations or other methods to secure the Company’s investment equity. Where necessary, the issue should be duly handled in concert with the relevant department(s) to submit for approval based on the authorization levels in the Company.
  - (II) Price appraisal:
    1. In a case of procurement or sales of real property, equipment or the assets as the right to use the same, except a transaction with



domestic government authority, commissioned construction with own land, commissioned construction with leased land or acquisition or disposal of equipment oriented to use in business operation or the assets with the right to use the same, where the transaction amount is up to 20% of the Company's paid-in capital or more than NT\$300 million, the Company should obtain an appraisal report issued by a professional appraiser before date of occurrence of the fact and should further satisfy the specifications as enumerated below:

- (1) In the event that the appraisal result issued by an appraisal institution shows a discrepancy gap more than 20% from the transaction amount, except where the appraised price for an acquired asset is higher than the transaction price or where the appraised price for the asset to be disposed of is lower than the transaction price, the Company should consult a certified public accountant to offer concrete opinions on the causes behind the discrepancy gap and the appropriateness of the transaction price. The term "discrepancy gap between the appraisal result and the transaction amount" as set forth herein should be based on the transaction amount.
  - (2) In a case with transaction amount more than NT\$1 billion, the Company should request two or more professional appraisal institutions for appraisal. Where the appraisal results show a discrepancy gap more than 10% of the transaction amount, except where all appraised prices for an acquired asset are higher than the transaction price or where the appraised prices for asset to be disposed of are lower than the transaction price, the Company should request a certified public accountant(s) to offer concrete opinions on the causes behind the discrepancy gap and the appropriateness of the transaction price.
  - (3) The date on which a professional appraiser issued the appraisal report should not be up to three (3) months from the date in execution of the contract. Where the case is applicable to the publicly announced current value of the same term and the period is not more than six (6) months, the original professional appraisal institution may duly issue written opinions as a supplementation. The date to issue such a report should not be up to three (3) months from the date in execution of the contract. Where the case is applicable to the publicly announced current value of the same term and the period is not more than six (6) months, the original professional appraisal institution may duly issue written opinions as a supplementation
2. Where the Company acquires or disposes of negotiable securities,

the Company should, prior to the date of occurrence of the fact, acquire financial statement(s) of the most recent term of the target company duly audited or verified by a certified public accountant(s) as the reference to evaluate the transaction price. Where the transaction amount is up to 20% of the Company's paid-in capital or over NT\$300 million, the Company should request a certified public accountant to offer opinions regarding the rationality of the transaction price before the date of occurrence of the fact unless the target negotiable securities are quoted openly in an active stock exchange or unless otherwise specified by the competent authority in charge of securities affairs.

3. Where the Company acquires or disposes of intangible assets or the assets with the right to use the same or memberships and where the transaction amount is up to 20% of the Company's paid-in capital or over NT\$300 million, except a transaction with the domestic government authority, the Company should request a certified public accountant to offer opinions regarding the rationality of the transaction price before the date of occurrence of the fact.
4. In case of acquisition or disposal of assets through the auction process in a court, the supporting certificate(s) issued by the court may be acceptable instead of the appraisal report or written opinions of a certified public accountant.
5. In acquirement of an appraisal report or the written opinions from a certified public accountant, Attorney-at-Law or securities underwriter, such professional appraiser and the appraisal personnel thereof, the certified public accountant, Attorney-at-Law or the securities underwriter should satisfy the requirements as enumerated below:
  - (1) Having not been convicted to a jail term of more than one year as backed up by a final and irrevocable court judgment because of a breach of the Securities and Exchange Act, Company Act, Banking Act, Insurance Act, Financial Holding Corporation Act, Commercial Accounting Act or having not committed fraud, breach of trust, misappropriation, forgery of documents or a criminal act amidst performance of duty unless such a person has completed the jail term, has completed the probation period or has been pardoned more than three (3) years ago.
  - (2) With the counterparty in the transaction, the Company should not be a related-party or a substantial related-party.
  - (3) Where the Company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or the appraisal personnel should not be a related-party or a substantial related-party among each other.
  - (4) Where the personnel mentioned under the preceding

Paragraph issue(s) appraisal report or written opinions, such personnel should faithfully comply with the self-discipline specifications of their trade association(s) and the guidelines as enumerated below:

- (a) To prudentially evaluate his or her professional capability, hands-on experiences and independence status before accepting such a case.
- (b) To appropriately map out and implement appropriate operating procedures upon implementation of a case to make a conclusion and, accordingly, issue a report or written opinion to put all details in the execution procedures, the collected data and conclusions into the worksheets of the subject case..
- (c) To check and make sure of the appropriateness and rationality toward the data sources, parameters and information adopted as the very grounds to work out the appraisal report or written opinions.
- (d) Contents of declaration: Should include such contents that all relevant personnel well possess the professionalism and independence that the Company has evaluated that all information so adopted has been appropriate and rational with sound compliance with laws and ordinances concerned.

- 6. The transaction amount should be duly calculated in accordance with Article IV. The term “one-year” as set forth herein refers to the one-year period retrospectively preceding the date of occurrence of the transaction. The parts which have been backed up with the acquired appraisal report issued by a professional appraiser or the opinions of a certified public accountant are no longer required to be counted inclusively.

- (III) Price comparison or negotiation in the tendering process:  
After the price appraisal process, the asset management related department(s) should work out the reserve (base) price and proceed with the issue through open tender or price comparison. Where open tender or price comparison proves factually unenforceable, the case may be carried out through price negotiation.
- (IV) Contract signing:  
The contract signing should be duly executed with the counterpart exactly based on the results of price comparison or price negotiation with maximum possible effort to safeguard the interests of the Company.
- (V) Announcement and declaration to the public:  
In acquisition or disposal of assets, the case should be duly handled in accordance with Article IV of these Procedures for announcement and declared to public as necessary.
- (VI) Submittal to the Board of Directors:
  - 1. In case of an extraordinary reason where the limited price, specific price

or special price should be taken as the referential ground where the transaction amount is up to the standards/criteria for announcement and declaration to the public as required under Article IV, the Company should, first of all, have the case duly resolved in the Board of Directors. Where a director(s) object(s) as backed up with record or documented declaration, such objection data should be submitted to all supervisors. The aforementioned procedures should apply to an event of a change in the transaction condition in the future.

2. Other than the provision set forth under the preceding Paragraph, where the transaction amount of the deal mentioned under the preceding Paragraph is up to the standards/criteria for announcement and declaration to the public as required under Article IV, the Company should report the transaction to the Board of Directors after completion of the acquisition or disposal process.

(VII) Final Acceptance and Inventory Check

The assets acquired or disposed of should be subject to prudential final acceptance check or inventory check based on the contents set forth under the contract and the supporting documents on an item-by-item basis. In case of a non-conformity, the Company should duly proceed with the issue as necessary.

(VIII) Registration of Ownership:

In a case of acquisition of real property, the Company should duly proceed with ownership transfer registration with the competent authority within the statutory period. The same is required in case of a change.

- (IX) The Department of General Affairs should duly complete the insurance process as the attribute of assets and the substantial facts may justify.

VII. Definition of Date of Occurrence:

The term “date of occurrence of the fact” as set forth herein denotes in principle the date on which a contract is executed, payment is affected, commissioned deal proves successful, ownership transfer is registered, a decision is resolved in the Board of Directors or other date while the transaction counterpart and transaction amount are ascertained (whichever comes earlier). In case of an investment as approved by the competent authority of the government, nevertheless, one of the aforementioned dates(s) or the date are on which the approval is received from the competent authorities of the government, whichever comes the earlier.

- VIII. Where a subsidiary of the Company is not a domestic company listed to public and where the assets acquired or disposed of by such subsidiary are up to the threshold of announcement and declaration to the public of the Company, that subsidiary should keep the Company informed in writing on the date of occurrence of the fact. The Company should, in response, launch announcement and declaration to the public of all relevant information through the website promulgated by the Financial Supervisory Commission within two (2) days from date of occurrence of the fact. The term “subsidiary” as set forth in these Procedures should be identified in accordance with the Regulations Governing the

Preparation of Financial Reports by Securities Issuers.

- IX. Penalty upon Personnel in Dereliction of Duty:  
Upon acquisition or disposal of assets, the relevant personnel who fail(s) to faithfully comply with these Procedures should be subject to penalty.
- X. Custody of Information:  
At the moment upon acquisition or disposal of assets, the Company should have relevant contracts, minutes, memorandum books, appraisal reports, written opinions of a certified public accountant, Attorney-at-Law or securities underwriter put into prudential custody in the Company for five (5) years minimum unless otherwise specified in laws and ordinances concerned.
- XI. Matters not specified in these Procedures, if any, should be duly handled in accordance with the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies,” and laws and ordinances concerned.
- XII. A subsidiary of the Company should, on a regular basis, provide the relevant supporting data regarding acquisition or disposal of assets to the Company for audit and should, furthermore, duly work out and enact its own Procedures for the Acquisition or Disposal of Assets; otherwise, that subsidiary should duly act exactly in accordance with these Procedures.
- XIII. Procedures for Enactment and Amendment:
- (I) The enactment of or an amendment to these Procedures should be subject to approval by the Audit Committee with one-half majority vote of all its Committee members, further resolved in the Board of Directors before being submitted to the shareholders’ meeting for final consent. In case a director objects as backed up with record or written declaration, the data regarding objection of that director should be submitted to the Audit Committee.
  - (II) While the Procedures for the Acquisition or Disposal of Assets are submitted to the Board of Directors for discussion in accordance with the provision set forth under the preceding Paragraph, the opinions of all independent directors should be taken into adequate account. Where an independent director objects or voices reserved opinion, such facts should be expressly entered into the minutes of the Board of Directors meeting.
  - (III) Where the requirement is not approved by the Audit Committee with one-half majority vote of all Committee members, approval by the Board of Directors through two-thirds majority vote of all directorship seats may be acceptable instead. The decision resolved by the Audit Committee should be expressly entered into the minutes of the Board of Directors meeting.
  - (IV) The terms of all members of the Audit Committee in full set forth under the preceding Paragraph and as directorship seats in full set forth based on the number of incumbent ones.

<b>Date of amendment</b>	<b>Version</b>	<b>Details covered in the amendment</b>	<b>Proposed by (Department)</b>	<b>Proposed by</b>
2013/10/11	V01	Compilation of the Procedures for the Acquisition or Disposal of Assets (The 4th Board of Directors meeting of Session 11)	Department of Finance	Chen, Pei-Wen
2015/03/24	V02	An amendment duly completed in accordance with the version of YFY Inc., the parent company. (The 12th Board of Directors meeting of Session 11)	Department of Finance	Chen, Pei-Wen
2019/05/13	V03	An amendment duly completed in accordance with the version of YFY Inc., the parent company. (The 1st Board of Directors meeting of Session 13)	Department of Finance	Chen, Pei-Wen
2020/06/22 2020/07/10	V04	<ol style="list-style-type: none"> <li>1. Amendment to the governing laws.</li> <li>2. Amendment to the entity for public announcement and the unit for declaration.</li> <li>3. In response to amendment to the entity for public announcement and amendment to the limitation.</li> <li>4. Deletion of the descriptions as no requirements in risk evaluation.</li> <li>5. With addition that a subsidiary should provide the supporting data regarding the acquisition or disposal.</li> <li>6. With addition for descriptions of independent directors and Audit Committee.</li> </ol> (Duly resolved in the 7th Board of Directors meeting of Session 13 and the 1st special shareholders meeting convened in 2020)	Audit Office	Hsu, Chung-Ning
2022/03/10	V05	<ol style="list-style-type: none"> <li>1. An amendment as required under the governing laws.</li> <li>2. With addition of the requirements that upon transaction with a related-party, the Company should submit the relevant supporting data to the shareholders' meeting for approval.</li> </ol>		

Articles involved in amendment		V05-Post-amendment (The parts involved in amendment are in bold)	V04-Pre-amendment
Article IV	(IV)	<p>All transactions in assets or investment into Mainland China other than those mentioned in the three preceding Paragraphs with a transaction amount up to 20% of the Company's paid-in capital or more than NT\$300 million, except the circumstances as enumerated below:</p> <ol style="list-style-type: none"> <li>1. Buys and sales of domestic bonds <b>or bonds of a foreign country in credit rating not lower than the sovereign rating of the Republic of China.</b></li> <li>2. Specializing in investment as a profession to buy, sell negotiable securities in the stock exchanges or securities firms' business premises or to subscribe to <b>bonds of a foreign country or</b> the common corporate bonds raised and issued in the domestic primary markets and general financial bonds without being involved in the equity (excluding subordinated bonds) or to subscribe to or buy back securities investment trust funds or futures trust funds or to subscribe <b>to or to sell back index investment securities.</b></li> <li>3. Buys and sales of bonds with buy-back, sell-back terms, subscribe to or buy back the money market funds issued by the domestic securities investment trust enterprises.</li> </ol>	<p>All transactions in assets or investment into Mainland China other than those mentioned in the three preceding Paragraphs with a transaction amount up to 20% of the Company's paid-in capital or more than NT\$300 million, except the circumstances as enumerated below:</p> <ol style="list-style-type: none"> <li>1. Buys and sales of domestic bonds.</li> <li>2. Specializing in investment as a profession to buy, sell negotiable securities in the stock exchanges or securities firms' business premises or to subscribe to the common corporate bonds raised and issued in the domestic primary markets and general financial bonds without being involved in the equity (excluding subordinated bonds) or to subscribe to or buy back securities investment trust funds or futures trust funds.</li> <li>3. Buys and sales of bonds with buy-back, sell-back terms, subscribe to or buy back the money market funds issued by the domestic securities investment trust enterprises.</li> </ol>
Article VI	(II)	<ol style="list-style-type: none"> <li>1. (1)In an event that the appraisal result issued by the appraisal institution indicates that the appraisal result shows a discrepancy gap more than 20% from the transaction price, except where the appraised price for an acquired asset is higher than the transaction price or where the appraised price for the asset to be</li> </ol>	<ol style="list-style-type: none"> <li>1. (1)In an event that the appraisal result issued by the appraisal institution indicates that the appraisal result shows a discrepancy gap more than 20% from the transaction price, except where the appraised price for an acquired asset is higher than the transaction price or where the appraised price for the asset to be</li> </ol>

Articles involved in amendment	V05-Post-amendment (The parts involved in amendment are in bold)	V04-Pre-amendment
	<p>disposed of is lower than the transaction price, the Company shall request a certified public accountant(s) to <b><u>duly handle in accordance with the provisions of Statements of General Auditing Procedures No. 20 published by the Accounting Research and Development Foundation Republic of China (hereinafter referred to as ARDF) and to</u></b> issue concrete opinions regarding the cause(s) leading to the discrepancy gap and appropriateness of the transaction price. The term “a discrepancy gap between the appraised price and the transaction price” shall be based on the transaction amount.</p> <p>(2) In a case with transaction amount in excess of NT\$1 billion, the Company shall request two or more appraisal institutions for appraisal. Where the appraisal results show a discrepancy gap more than 10% of the transaction price, except where the appraised price for an acquired asset is higher than the transaction price or where the appraised price for the asset to be disposed of is lower than the transaction price, the Company shall request a certified public accountant(s) to <b><u>handle in accordance with provisions of Statements of General Auditing Procedures Gazette No. 20 promulgated by the Accounting Research and Development Foundation (ARDF) to</u></b> issue concrete opinions regarding the causes behind the discrepancy gap and the appropriateness of the transaction price.</p> <p>2. Where the Company acquires or disposes of negotiable securities, the Company shall obtain before the date of occurrence of the fact</p>	<p>disposed of is lower than the transaction price, the Company shall request a certified public accountant(s) to duly handle in accordance with the provisions of Statements of General Auditing Procedures No. 20 published by the Accounting Research and Development Foundation Republic of China (hereinafter referred to as ARDF) and to issue concrete opinions regarding the cause(s) leading to the discrepancy gap and appropriateness of the transaction price. The term “a discrepancy gap between the appraised price and the transaction price” shall be based on the transaction amount.</p> <p>(2) In a case with transaction amount in excess of NT\$1 billion, the Company shall request two or more appraisal institutions for appraisal. Where the appraisal results show a discrepancy gap more than 10% of the transaction price, except where the appraised price for an acquired asset is higher than the transaction price or where the appraised price for the asset to be disposed of is lower than the transaction price, the Company shall request a certified public accountant(s) to handle in accordance with provisions of Statements of General Auditing Procedures Gazette No. 20 promulgated by the Accounting Research and Development Foundation (ARDF) to issue concrete opinions regarding the causes behind the discrepancy gap and the appropriateness of the transaction price.</p> <p>2. Where the Company acquires or disposes of negotiable securities, the Company shall obtain before the date of occurrence of the fact</p>



Articles involved in amendment		V05-Post-amendment (The parts involved in amendment are in bold)	V04-Pre-amendment
		<p>the financial statement(s) worked out by the target company of the most recent term duly audited, certified or verified by the certified public accountant(s) as the reference to evaluate the transaction price. Where the transaction price is up to 20% of the Company's paid-in capital or more than NT\$300 million, the Company shall further request a certified public accountant(s) to express opinions on the rationality of the transaction price. <del>Where a certified public accountant is required to adopt an expert report, that certified public accountant shall duly handle the case in accordance with provisions of Statements of General Auditing Procedures Gazette No. 20 promulgated by the Accounting Research and Development Foundation (ARDF)</del> except a case where the negotiable securities are backed up with the open quotation in the active market or unless otherwise specified by the competent authority in charge of securities affairs.</p>	<p>the financial statement(s) worked out by the target company of the most recent term duly audited, certified or verified by the certified public accountant(s) as the reference to evaluate the transaction price. Where the transaction price is up to 20% of the Company's paid-in capital or more than NT\$300 million, the Company shall further request a certified public accountant(s) to express opinions on the rationality of the transaction price. Where a certified public accountant is required to adopt an expert report, that certified public accountant shall duly handle the case in accordance with provisions of Statements of General Auditing Procedures Gazette No. 20 promulgated by the Accounting Research and Development Foundation (ARDF) except a case where the negotiable securities are backed up with the open quotation in the active market or unless otherwise specified by the competent authority in charge of securities affairs.</p>
Article VI	(II)	<p>3. Where the Company acquires or disposes of intangible assets or the assets of the right to use the same or membership with the transaction price up to 20% of the Company's paid-in capital or more than NT\$300 million, except a case in transaction with the domestic government authority, the Company shall request a certified public accountant(s) to express opinions on the rationality of the transaction price. <del>That certified public accountant(s) shall duly</del></p>	<p>3. Where the Company acquires or disposes of intangible assets or the assets of the right to use the same or membership with the transaction price up to 20% of the Company's paid-in capital or more than NT\$300 million, except a case in transaction with the domestic government authority, the Company shall request a certified public accountant(s) to express opinions on the rationality of the transaction price. That certified public accountant(s) shall duly</p>

Articles involved in amendment	V05-Post-amendment (The parts involved in amendment are in bold)	V04-Pre-amendment
	<p><b><u>handle the case in accordance with the provisions of Statements of General Auditing Procedures Gazette No. 20 promulgated by the Accounting Research and Development Foundation (ARDF).</u></b></p>	<p>handle the case in accordance with the provisions of Statements of General Auditing Procedures Gazette No. 20 promulgated by the Accounting Research and Development Foundation (ARDF).</p>
<p><b>Article VI</b></p>	<p>5. In acquirement of an appraisal report or the written opinions from a certified public accountant, Attorney-at-Law or securities underwriter, such professional appraiser and the appraisal personnel thereof, the certified public accountant, Attorney-at-Law or the securities underwriter shall satisfy the requirements as enumerated below:</p> <p>(1) Having not been convicted to a jail term of more than one year because of a breach of the Securities and Exchange Act, Company Act, Banking Act, Insurance Act, Financial Holding Corporation Act, Commercial Accounting Act because of having committed fraud, breach of trust, misappropriation, forgery of documents or a criminal act amidst performance of duty unless such a person has completed the jail term, has completed the probation period or has been pardoned more than three (3) years ago.</p> <p>(2) With the counterparty in the transaction, the Company should not be a related-party or a substantial related-party.</p> <p>(3) Where the Company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or the appraisal</p>	<p>5. In acquirement of an appraisal report or the written opinions from a certified public accountant, Attorney-at-Law or securities underwriter, such professional appraiser and the appraisal personnel thereof, the certified public accountant, Attorney-at-Law or the securities underwriter shall satisfy the requirements as enumerated below:</p> <p>(1) Having not been convicted to a jail term of more than one year because of a breach of Securities and Exchange Act, Company Act, Banking Act, Insurance Act, Financial Holding Corporation Act, Commercial Accounting Act because of having committed fraud, breach of trust, misappropriation, forgery of documents or a criminal act amidst performance of duty unless such a person has completed the jail term, has completed the probation period or has been pardoned more than three (3) years ago.</p> <p>(2) With the counterparty in the transaction, the Company should not be a related-party or a substantial related-party.</p> <p>(3) Where the Company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or the appraisal</p>

Articles involved in amendment	V05-Post-amendment (The parts involved in amendment are in bold)	V04-Pre-amendment
	<p>personnel should not be a related-party or a substantial related-party among each other.</p> <p>(4)Where the personnel mentioned under the preceding Paragraph issue(s) appraisal report or written opinions, such personnel should duly act in accordance with <b><u>the faithfully comply with the self-discipline specifications of their trade association(s) and</u></b> the provisions as enumerated below:</p> <p>(a) To prudentially evaluate his or her professional capability, hands-on experiences and independence status before accepting such a case.</p> <p>(b) To appropriately map out and execute sound operating procedures upon <b><u>implementing</u></b> a case to make a conclusion and, accordingly, issue a report or written opinion to put all details in the execution procedures, the collected data and conclusions into the worksheets of the subject case.</p> <p>(c) To check and make sure of the <b><u>appropriateness</u></b> and rationality toward the data sources, parameters and information adopted as the very grounds to work out the appraisal report or written opinions.</p> <p>(d) Contents of declaration: Should include such contents that all relevant personnel well possess the</p>	<p>personnel should not be a related-party or a substantial related-party among each other.</p> <p>(4)Where the personnel mentioned under the preceding Paragraph issue(s) appraisal report or written opinions, should duly act in accordance with the provisions as enumerated below:</p> <p>(a) To prudentially evaluate his or her professional capability, hands-on experiences and independence status before accepting such a case.</p> <p>(b) To appropriately map out and execute sound operating procedures upon auditing a case to make a conclusion and, accordingly, issue a report or written opinion to put all details in the execution procedures, the collected data and conclusions into the worksheets of the subject case.</p> <p>(c) To check and make sure of the integrity, accuracy and rationality toward the data sources, parameters and information adopted as the very grounds to work out the appraisal report or written opinions.</p> <p>(d) Contents of declaration: Should include such contents that all relevant personnel well possess the professionalism and independence, that the Company has evaluated that all information so</p>

Articles involved in amendment	V05-Post-amendment (The parts involved in amendment are in bold)	V04-Pre-amendment
	<p>professionalism and independence that the Company has evaluated that all information so adopted has been <b>appropriate and accurate</b> with sound compliance with laws and ordinances concerned.</p>	<p>adopted has been rational and accurate with sound compliance with laws and ordinances concerned.</p>
<p><b>Article XIII</b></p>	<p>Procedures for enactment and amendment</p>	<p>(I) <b><u>The enactment or an amendment to these Procedures shall be subject to approval by the Audit Committee with one-half majority vote and shall, after being approved by the Board of Directors, be submitted to the shareholders' meeting for consent. Where a director objects as backed up with a record or written declaration, the data of such director's objection shall be submitted to the Audit Committee.</u></b></p> <p>(II) <b><u>After the Company is listed to public and has set up independent director(s)</u></b> While the Procedures for the Acquisition or Disposal of Assets are submitted to the Board of Directors for discussion in accordance with the requirements set forth under the preceding Paragraph, the opinions of an independent director(s) shall be taken into adequate account. Whenever an independent director objects or holds a reserved opinion, such facts shall be expressly entered into the minutes of the Board of Directors meeting.</p> <p><b><u>III. After the Company is listed to public and has set up the Audit Committee, the enactment or an amendment to these Procedures for the Acquisition</u></b></p>

Articles involved in amendment	V05-Post-amendment (The parts involved in amendment are in bold)	V04-Pre-amendment
	<p><del>or Disposal of Assets shall be subject to approval by the Audit Committee with one-half majority vote and shall be further submitted to the Board of Directors for final decision.</del></p> <p>(III) Where the requirement <u>set forth under Paragraph 3 of the preceding Paragraph</u> is not approved by the Audit Committee with one-half majority vote of all Committee members, approval by the Board of Directors through two-thirds majority vote of all directorship seats may be acceptable instead. The decision resolved by the Audit Committee shall be expressly entered into the minutes of the Board of Directors meeting.</p> <p>(IV) The terms of all members of the Audit Committee in full set forth under the <u>preceding Paragraph</u> and as directorship seats in full set forth <u>under the preceding Paragraph shall be counted</u> based on the number of incumbent ones.</p>	<p>the Board of Directors for final decision.</p> <p>(IV) Where the requirement under the preceding Paragraph is not approved by the Audit Committee with one-half majority of all Committee members, it may be submitted to the Board of Directors for approval through two-thirds majority vote of the total number of directorship seats instead. In such an event, the decision resolved by the Audit Committee shall be expressly entered into the minutes of the Board of Directors meeting.</p> <p>V. The terms of all members of the Audit Committee in full set forth under Paragraph III and as directorship seats in full set forth under the preceding Paragraph shall be counted based on the number of incumbent ones.</p>

## **Yuen Foong Yu Consumer Products Co., Ltd.**

### **Operational Procedures for Transactions with Related-Parties**

- Article I These Procedures are duly enacted in accordance with the provisions set forth under “Regulations Governing the Acquisition and Disposal of Assets by Public Companies.”
- Article II Scope of application: Whenever the Company acquires or disposes of assets with a related party, the Company should duly handle exactly in accordance with these Procedures in addition to the Procedures for the Acquisition or Disposal of Assets.
- The term “related-parties” as set forth in these Procedures should be duly identified in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Upon judgment whether a party is a related party, the Company should take into account the substantial relationship other than vigilant notice toward the formality in law.
- Article III Limitation upon investment: Where the Company acquires or disposes of real property with a related-party to the use other than business operation purposes, the total amount should not be in excess of 10% of the Company’s paid-in capital.
- Where a subsidiary of the Company acquires the aforementioned assets, the limitation is the same as that upon its parent company.
- Article IV Grounds in an amount and in a case are not transacted in New Taiwan dollars: In a case of a transaction in an amount not denominated in New Taiwan dollars, the amount should be duly counted based in U.S. Dollars or other foreign currencies in equivalent value.
- Article V The transaction amount should be duly calculated based on the principles as enumerated below:
- I. The amount of each transaction case.
  - II. The accumulated amount of a target in the same attribute acquired from or disposed of with a same counterparty within one year.
  - III. The accumulated amounts of the real property or assets of the right to use the same in a same development project acquired or disposed within one year (the amounts for acquisition and disposal should be accumulated respectively).
  - IV. The accumulated amount of same negotiable securities acquired from or disposed of within one year (the amounts for acquisition and disposal should be accumulated respectively).
- The term “within one year” as set forth in the preceding Paragraph refers to the one-year period preceding the date of occurrence of the present transaction fact retrospectively.
- Article VI Flowchart of the handling procedures: A transaction with a related party should be duly handled through the procedures as enumerated below:
- I. Application
- Whenever the Company acquires or disposes of assets with a related party, the Asset Management Department should duly handle the acquisition or disposal in

accordance with the Procedures for the Acquisition or Disposal of Assets as well as the Company's rules governing approval levels with submittal for approval beforehand.

- II. Price appraisal: Where the Company acquires or disposes of assets with a related party with transaction amount up to 20% of the Company's paid-in capital, 10% of the Company's total assets or over NT\$300 million in amount, the Company should acquire an appraisal report issued by a professional appraiser or written opinions from a certified public accountant and should further acquire the provisions as enumerated below:
- (I) Where the appraisal result by a professional appraiser is more than 20% from the transaction amount, the Company should consult with a certified public accountant(s). The term "discrepancy gap between the appraisal result and the transaction price" should be based on the transaction price unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount.
  - (II) In a case with transaction amount more than NT\$1 billion, the Company should consult two or more professional appraisers for appraisal. Where the results of two or more professional appraisers indicate a differential gap more than 10% of the transaction amount, the Company should consult with a certified public accountant(s) and request such certified public accountant(s) to issue concrete opinions on the causes leading to the differential gap and the appropriateness in the transaction price. The termed differential gap between the appraised price and the transaction price should be based on the transaction price unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount.
  - (III) The date while a professional appraiser issues the report should not be more than three (3) months from the date for execution of the transaction contract. Where the case applies to the publicly announced current value of the same term without being in excess of six (6) months, the written opinion issued by the same professional appraiser may be acceptable as supplementation.
  - (IV) Where an appraisal report is acquired or where an opinion is acquired from an Attorney-at-Law or a certified public accountant, such professional appraiser and the appraisal staff thereof, the certified public accountant, Attorney-at-Law or securities underwriter should not be a related party involved in the transaction.
  - (V) Whenever the Company acquires or disposes of real property or assets as the right to use the same with a related party, the Company should evaluate the rationality of the transaction costs based on the methods as enumerated below and should further consult with a certified public accountant to recheck and to issue concrete opinion(s):
    - 1. Take the transaction price with the related party added with the interest required for the capital fund and the cost payable by the buyer. The term "interest required for the capital fund cost" as set forth herein should be counted based on the amount borrowed by the Company in the year in

which the assets are purchased in weighted average interest rate. The interest rate so counted should, nevertheless, not be higher than the loan interest rate prevalent in the non-financial enterprises as promulgated by the Ministry of Finance.

2. Where the related-party has mortgaged the target object for a mortgaged loan, the total value is appraised by that financial institution over the target object, provided that the accumulated total value of the loan granted by the financial institution should be more than 70% of the appraised value and the duration of the loan should be over one year. This, nevertheless, does not apply to an event where the party in the transaction and that financial institution are related party(ies) to each other.

In case of purchase or leasehold of both the building lot and the premises of the same target in combination, the transaction costs of the building lot and the premises may be appraised in any approach under this Paragraph.

Whenever the Company acquires or disposes of real property and the assets as the right to use the same with a related party and appraises the costs of the real property and the assets as the right to use the same in the aforementioned approach, the Company should consult a certified public accountant for a recheck with a request to issue concrete opinions.

Whenever the Company acquires or disposes of real property and the assets as the right to use the same where the case meets one among the circumstances enumerated below, the provisions on appraisal set forth under this Paragraph should not apply:

1. Where the related party acquires the real property or the assets as the right to use the same as a result of inheritance.
2. Where the related party signed the contract to acquire the real property or the assets as the right to use the same up to five (5) years before execution of the contract for the present transaction.
3. Where the Company teams up with a related party to sign a contract for joint construction in concert, or for engaging in construction on own land, on leased land to commission the related party to erect the real property and to, in turn, acquire the real property.
4. In a case of acquisition or disposal of real property and assets as the right to use the same by and between the Company and its parent company, or by and among subsidiaries where the Company holds 100% of the outstanding shares or total capital either directly or indirectly.

(VI) Where the Company acquires real property from a related party through the court auction process, the supporting certificate(s) issued by the court may be acceptable instead of the appraisal report or a certified public accountant's opinions.

### III. Submittal and report to the Board of Directors:

Whenever the Company acquires or disposes of real property or the assets as the right to use the same with a related party, or acquires or disposes of assets other than real property or the assets as the right to use the same with a related party in a



transaction amount up to 20% of the Company's paid-in capital, 10% of the Company's total assets or over NT\$300 million, except a case of purchase, sales of domestic bonds, bonds with buy-back, sale-back conditions, subscription to or buy-back of the funds issued by a domestic securities investment & trust enterprise into the money markets, the Company should submit the papers as enumerated below to the Board of Directors for approval and to the supervisors for acknowledgement before the Company is entitled to sign the transaction contract and effect payment:

- (I) The very purpose to acquire or dispose of assets, the indispensability and anticipated benefits thereof.
- (II) The reason for why to choose the related party as counterparty.
- (II) In acquisition of real property or assets as the right to use the same from a related party, the supporting data to evaluate the rationality of the transaction conditions under Subparagraph 6, Paragraph 2 of Article 6 and Article 7.
- (IV) The data of previous acquisition by that related party and the price thereof, the transaction counterparty and the relationship with the related party and such facts.
- (V) The forecast table of revenues and expenditures in cash anticipated for all months in the upcoming one year, with evaluation into the indispensability in the transaction and rationality of capital utilization.
- (VI) The appraisal report acquired from a professional appraiser or the certified public accountant's opinions acquired under Paragraph 2 of Article 6.
- (VII) The restrictive conditions and other major covenants for the present transaction.

The amount of a transaction mentioned under the preceding Paragraph should be duly calculated in accordance with Article V. The parts having been duly submitted to and passed by the Board of Directors and duly acknowledged by the Audit Committee are not required to be counted inclusively.

In case of a transaction by and between the Company and its parent company, its subsidiaries or by and among subsidiaries where the Company holds 100% outstanding shares either directly or indirectly or holds the total capital, the Board of Directors is entitled to authorize the Chairman to conduct the transaction before submitting the transaction case to the Board of Directors for retrospective acknowledgement in the most recently convened meeting:

- (I) A case of acquisition or disposal of the equipment oriented to use for business operation or the assets as the right to use the same thereof.
- (II) A case of acquisition or disposal of the real property oriented to use for business operation or the assets as the right to use the same thereof.

After the Company is listed to public and sets up independent directors while the issue is submitted to the Board of Directors for discussion in accordance with Paragraph I, the opinions of independent directors should be taken into adequate account. Where an independent director objects or holds a conserved opinion, such objection and reserved opinion should be expressly entered into the minutes of the board of directors meeting.

After the Company is listed to public and sets up independent directors, an issue subject to recognition by the supervisors in accordance with the requirements set forth under Paragraph I should be subject to consent by one-half majority of all members in the Audit Committee and be further submitted to the Board of Directors for final decision.

Where an issue mentioned under the preceding Paragraph receives no consent from Audit Committee with one-half majority of its members, could consent by two-thirds majority vote among directors in full. The decision resolved in the Audit Committee should be expressly entered into the minutes of the board of directors meeting.

The term “all members of the Audit Committee and entire directors in full” should be duly counted based on the number of substantially incumbent ones.

Where the Company engages in a transaction as set forth under Paragraph 1 with a domestic subsidiary not listed to public with transaction amount more than 10% of the Company’s total assets, the Company should first submit all supporting data mentioned under Paragraph 1 to the shareholders’ meeting for consent before executing the contract and effecting payment, except a transaction by and between the Company and its parent company or among subsidiaries themselves.

The amount(s) in the transaction set forth under Paragraph 1 and the preceding Paragraph should be duly calculated in accordance with Article V. The term “within one year” as set forth herein denotes the one-year period preceding the date of occurrence of the present transaction retrospectively. The parts having been submitted to and resolved by the shareholders’ meeting, the Board of Directors and the Audit Committee are no longer required to be counted inclusively.

#### IV. Contract signing:

Upon the signing of a transaction contract with a counterpart, the Company should engage in measure the based on the results of price comparison and price negotiation and should put forth maximum possible efforts to safeguard the Company’s interests.

#### V. Public announcement and declaration process:

Where the Company acquires or disposes of real property or the assets as the right to use the same with a related party or acquires or disposes of assets other than real property or the assets as the right to use the same with a related party with the total amount of transaction up to 20% of the Company’s paid-in capital, 10% of the Company’s total assets or more than NT\$300 million, the Company should launch announcement and declaration to the public for the relevant information into the website designated by the Financial Supervisory Commission within two (2) days after the date of occurrence of the transaction fact except a case of buy, sales of domestic bonds or bonds with buyback or sale-back conditions, subscription to or buyback of the funds issued by a domestic securities. investment & trust enterprise.

Where a content required for public announcement is found erroneous or left out and thus calling for a correction, the Company should launch the announcement and declaration to the public for the entire contents anew within two (2) days after the fact is known.

In the event that a relevant contract signed with the initial transaction is amended, terminated or rescinded after announcement and declaration to the public, the Company should launch announcement and declaration to the public anew for such information through the website designated by the Financial Supervisory Commission within two (2) days after the date of occurrence of the fact.

VI. Final acceptance check and inventory check:

The real property acquired from a related party should be subject to final acceptance check or inventory check based on the contents of the contract and supporting documents concerned on an item-by-item basis. The Company should duly engage in settlement in case of a fact of non-conformity.

VII. Ownership registration:

The real property acquired from a related party should be duly registered with the competent authority within the timeframe set forth according to law. The same is required in case of a change.

VIII. The Department of General Affairs should complete insurance process based on the attribute of the assets and substantial practice needs.

The provision regarding 10% of the total assets as set forth under these Procedures should be counted based on the amount of total assets set into the individual or respective financial statement(s) of the most recent term pursuant to the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article VII Settlement of an absolute price, if any: In case of the real property or the assets as the right to use the same acquired from a related party where the value appraised in accordance with Subparagraph 6, Paragraph 2, Article 6 is lower than the transaction price, the Company should settle in accordance with the provisions as enumerated below:

- I. For the discrepancy gap between the transaction price of the real property or the assets as the right to use the same, the Company should duly amortize special reserve which should not be allocated or converted into capital increase or allotment of shares. In case of an investment by the Company evaluated in the equity method as a company listed to public, the Company should, as well, amortize special reserve based on the shareholding percentage for the amount so amortized.
- II. The supervisors should duly handle a case in accordance with Article 218 of the Company Act. After the Company is listed to public and has duly set up the Audit Committee, the provision set forth under the fore part of this Paragraph is *mutatis mutandis* applicable to the independent director(s) in the Audit Committee.
- III. The facts in handling under the two preceding Paragraphs should be reported to the shareholders' meeting and the details of the transaction contents should be made public through the Annual Report and the Prospectus.

Where the Company has amortized special reserve under provisions set forth under the preceding Paragraph, such special reserve should not be put into use until such assets purchased or leased at excessively high price have been duly recognized for the loss or

the assets have been disposed of or have got the lease agreement terminated or have been managed with appropriate compensation or have been restored to the status quo ante, or until there is other evidence proving them free of irrationality and until the Company has been approved by the Financial Supervisory Commission.

Where the Company acquires real property or the assets as the right to use the same from a related party and there is other evidence proving that transaction inconsistent with regular rules, that issue should be duly handled in accordance with the two preceding Paragraphs.

Where one among the circumstances enumerated below is met where the Company submits objective proof and acquires concrete and rational opinions from a professional appraiser and a certified public accountant to prove rationality, the Company is, nevertheless, exempted from any acts required under Paragraph 1:

- I. Where the related party acquires an undeveloped plot of land or leases land before erection into construction, the Company may provide evidence to prove it in consistency with one among the conditions enumerated below:
  - (I) The undeveloped plot of land should be appraised in the approach under Subparagraph 6, Paragraph 2 of Article VI; a housing unit should be appraised based on the related party's construction cost plus rational profit where the aggregate total exceeds the price of substantial transaction. The term "rational profit" as set forth herein denotes the gross profit rate of the related party's construction department averaged in the past three years or the gross profit rate of the construction industry promulgated by the Ministry of Finance in the most recent term, whichever is lower.
  - (II) A transaction case by another non-related party in another floor level or in a region in neighborhood within the past one year, in close floor space and the transaction conditions which prove in equivalence with appraisal into the required floor level or the regional differential gap pursuant to the real property or leasehold convention given the rational price gaps for the floor levels or for the regions.
- II. In a precedent of real property purchased from a related party or the assets as the right to use the real property acquired through leasehold from a related party, the Company may provide evidence to prove the transaction conditions are equivalent to a transaction case with transaction conditions and region by a non-related party within the past one-year period.

The term "transaction precedent in a region" as set forth herein denotes a case in the same or neighboring block not beyond 500 meters from the transaction target or a case with close publicly announced current value in principle; the term "close in floor space" denotes a case not less than 50% of the floor space in the target transaction case in principle. The term "within one-year" denotes the one-year period preceding the date of occurrence of the acquisition of the real property or the assets as the right to use the same in the present transaction retrospectively.

Article VIII Definition of the date of occurrence in the fact: In principle, this term refers to the date of contract execution of the ascertained transaction, date of payment, date of commissioned transaction, date of ownership transfer registration, date while the Board

of Directors resolves the decision or another date with adequate fact(s) to ascertain the transaction counterpart and transaction amount (whichever comes earlier). In a case that calls for approval from the competent authority for investment, nevertheless, it refers to the aforementioned date(s) or the date on which the approval is received from the competent authority, whichever comes earlier.

Article IX Where a subsidiary of the Company (to be identified in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers) as not a domestic company listed to public acquires or disposes of assets with a related party consistent with the requirements for announcement and declaration to the public under Article 6, that subsidiary should keep the Company informed in writing on the date of occurrence of the fact. The Company should, in response, launch announcement and declaration to the public for the required information on the website promulgated by the Financial Supervisory Commission within two (2) days from the date of occurrence of the fact.

Where the subsidiary mentioned under the preceding Paragraph up to the standards/criteria for announcement and declaration to the public regarding up to 20% of the paid-in capital or 10% of the total assets, such amount(s) should refer to the Company's paid-in capital or total assets.

Article X Penalty upon personnel in malpractice: A relevant person who proves failing to comply with these Procedures in a transaction with a related party should be subject to penalty as appropriate.

Article XI Custody of supporting data: Where the Company transacts with a related party, the relevant contracts, minutes of meetings, memorandum books, appraisal reports, written opinions of certified public accountants, lawyers or securities underwriters should be stored inside the Company for a minimum of five (5) years unless otherwise specified in laws and ordinances concerned.

Article XII Matters not specified in these Procedures, if any, should be duly handled in accordance with "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" and laws and ordinances concerned.

The Company's subsidiaries should, as the business operation may require, duly enact their Procedures for Transactions with Related Party(ies) or should duly handle the same if having not enacted the same.

Article XIII Procedures for enactment and amendment:

I. The enactment or amendment of these Procedures should be subject to consent by one-half majority of all members in the Audit Committee and should, after being resolved in the Board of Directors, be submitted to the shareholders' regular meeting for consent.

II. While the Procedures for the Acquisition or Disposal of Assets are submitted to the board of directors for discussion in accordance with the preceding Paragraph, the

opinion of an independent director(s) should be taken into adequate account. Where an independent director objects or voices a reserved opinion, such fact(s) should be expressly entered into the minutes of the board of directors meeting.

- III. In the event that the issue mentioned receives no consent in the Audit Committee with more than one-half members, it may be consented by more than two-thirds majority in the Board of Directors and the decision resolved in the Audit Committee should be expressly remarked in the minutes of the board of directors meeting.
- IV. The term of all members of the Audit Committee mentioned under Paragraph III and the term all directors in full should be duly calculated based on the number of the substantially incumbent ones.

<b>Dates of amendment</b>	<b>Versions</b>	<b>Details contained in amendments</b>	<b>Unit of proposal</b>	<b>Proposed by</b>
2013/10/11	V01	Motion to compile Procedures for Transactions with Related-Parties (The 4th Board of Directors meeting in Session 11)	Department of Finance	Chen Pei-Wen
2015/03/24	V02	Duly amended pursuant to the version of parent company YFY Inc. (The 12th Board of Directors meeting in Session 11)	Department of Finance	Chen Pei-Wen
2019/05/13	V03	Duly amended pursuant to the version of parent company YFY Inc. (The 1st Board of Directors meeting in Session 13)	Department of Finance	Chen Pei-Wen
2020/06/22 2020/07/10	V04	<ol style="list-style-type: none"> <li>1. The law governing the present amendment;</li> <li>2. With addition that a related party should take into account the substantial relationship.</li> <li>3. Explanation of the applicability to the construction industry.</li> <li>4. With addition that the costs of the assets as the right for use should be subject to recheck by a certified public accountant.</li> <li>5. Addition of relevant explanations toward independent directors and Audit Committee</li> <li>6. Amendment with the entity for public announcement and the unit for declaration.</li> <li>7. Amendment to the title of the competent authority</li> <li>8. Addition with specifications governing a subsidiary.</li> </ol> (Duly resolved in the 7th Board of Directors meeting and the 1st shareholders' meeting of Year 2020.)	Audit Office	Hsu Chung-Ning
2022/03/10	V05	Duly amended based on the version of the parent company, i.e. YFY Inc.		

Contents of amendment		V05-Post-amendment (The parts involved in amendment are in bold)	V04-Pre-amendment
Article VI	II. Price appraisal	<p>(I) Where the appraisal result by a professional appraiser is more than 20% from the transaction amount, the Company should consult with a certified public accountant(s) <b><u>to duly handle the case in accordance with provisions of Statement of General Auditing Procedure Gazette No. 20 published by the Accounting Research and Development Foundation (hereinafter referred to as ARDF), Republic of China and request such certified public accountant(s) to issue concrete opinions on the causes leading to the differential gap and the appropriateness in the transaction price.</u></b> The termed differential gap between the appraised price and the transaction price should be based on the transaction price unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount</p>	<p>(I) Where the appraisal result by a professional appraiser is more than 20% from the transaction amount, the Company should consult with a certified public accountant(s) to duly handle the case in accordance with the provisions of Statement of General Auditing Procedure Gazette No. 20 published by the Accounting Research and Development Foundation (hereinafter referred to as ARDF), Republic of China and request such certified public accountant(s) to issue concrete opinions on the causes leading to the differential gap and the appropriateness in the transaction price. The termed differential gap between the appraised price and the transaction price should be based on the transaction price unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount</p>
		<p>(II) In a case with transaction amount more than NT\$1 billion, the Company should consult two or more professional appraisers for appraisal. Where the results of two or more professional appraisers indicate a differential gap more than 10% of the transaction amount, the Company should consult with a</p>	<p>(II) In a case with transaction amount more than NT\$1 billion, the Company should consult two or more professional appraisers for appraisal. Where the results of two or more professional appraisers indicate a differential gap more than 10% of the transaction amount, the Company should consult with a certified public</p>



Contents of amendment		V05-Post-amendment (The parts involved in amendment are in bold)	V04-Pre-amendment
		<p>certified public accountant(s) to <b><u>duly handle the case in accordance with provisions of Statement of General Auditing Procedure Gazette No. 20 published by the Accounting Research and Development Foundation (hereinafter referred to as ARDF), Republic of China</u></b> and request such certified public accountant(s) to issue concrete opinions on the causes leading to the differential gap and the appropriateness in the transaction price. The termed differential gap between the appraised price and the transaction price should be based on the transaction price unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount.</p>	<p>accountant(s) to duly handle the case in accordance with provisions of Statement of General Auditing Procedure Gazette No. 20 published by the Accounting Research and Development Foundation (hereinafter referred to as ARDF), Republic of China and request such certified public accountant(s) to issue concrete opinions on the causes leading to the differential gap and the appropriateness in the transaction price. The termed differential gap between the appraised price and the transaction price should be based on the transaction price unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount.</p>
		<p><b><u>Where the Company or a subsidiary not as a publicly listed domestic company engages in a transaction under Paragraph 1 with transaction amount more than 10% of the Company's total paid-in capital, the Company should submit all supporting data set forth under Paragraph 1 to the shareholders' meeting for consent before execution of the transaction contract and effecting payment(s) except a transaction between the Company and its parent company or between subsidiaries themselves.</u></b></p>	

Contents of amendment		V05-Post-amendment (The parts involved in amendment are in bold)	V04-Pre-amendment
		<p><b><u>The transaction amounts set forth under Paragraph I and the preceding Paragraph should be duly calculated based on Article 5. The term “within 1 year” as set forth therein should be based on the date of date of occurrence of the fact for preceding one-year to be counted retrospectively. The part having been submitted to and approved by the shareholders’ meeting and Board of Directors and passed by the Audit Committee should no longer be counted inclusively.</u></b></p>	
Article XIII	Procedures for enactment and amendment	<p><b><u>I. The enactment or amendment of these Procedures should be subject to consent by one-half majority of all members in the Audit Committee and should, after being resolved in the Board of Directors, be submitted to the shareholders’ regular meeting for consent.</u></b></p> <p>II. <del>After the Company is listed to public and has set an independent director(s)</del> while the Procedures for the Acquisition or Disposal of Assets are submitted to the board of directors for discussion in accordance with the preceding Paragraph, the opinion of an independent director(s) should be taken into adequate account. Where an independent director objects or voices a reserved opinion, such fact(s) should be expressly entered into the minutes of the board of directors meeting.</p> <p><b><u>III— After the Company is listed to</u></b></p>	<p>I. These Procedures should, after being resolved in the Board of Directors, be submitted all supervisors and the shareholders’ meeting for consent; this same provision is applicable <i>mutatis mutandis</i> in case of amendment. Where a director objects as backed up with written records or issues a written declaration, the objection of such director should be submitted to all supervisors.</p> <p>II. After the Company is listed to public and has set an independent director(s) while the Procedures for the Acquisition or Disposal of Assets are submitted to the board of directors’ for discussion in accordance with the preceding Paragraph, the opinion of an independent director(s) should be taken into adequate account. Where an independent director objects or voices a reserved opinion, such</p>

Contents of amendment	V05-Post-amendment (The parts involved in amendment are in bold)	V04-Pre-amendment
	<p><del><b>public and has set up the Audit Committee, the Company should duly enact or amend the Procedures for Transaction with Related Parties which should be subject to consent by one-half of all members in the Audit Committee and be submitted to be Board of Directors for final decision.</b></del></p> <p>III. In the event that the issue mentioned <del><b>under the preceding Paragraph</b></del> receives no consent in the Audit Committee with more than one-half members, it may be consented by more than two-thirds majority in the Board of Directors and the decision resolved in the Audit Committee should be expressly remarked in the minutes of the board of directors meeting.</p> <p>IV. The term of all members of the Audit Committee mentioned under Paragraph III and the term all directors in full <del><b>mentioned under the preceding Paragraph</b></del> should be duly calculated based on the number of the substantially incumbent ones</p>	<p>fact(s) should be expressly entered into the minutes of the board of directors meeting.</p> <p>III. After the Company is listed to public and has set up the Audit Committee, the Company should duly enact or amend the Procedures for Transaction with Related Parties which should be subject to consent by one-half of all members in the Audit Committee and be submitted to be Board of Directors for final decision.</p> <p>IV. In the event that the issue mentioned under the preceding Paragraph receives no consent in the Audit Committee with more than one-half members, it may be consented by more than two-thirds majority in the Board of Directors and the decision resolved in the Audit Committee should be expressly remarked in the minutes of the board of directors meeting.</p> <p>V. The term of all members of the Audit Committee mentioned under Paragraph III and the term all directors in full mentioned under the preceding Paragraph should be duly calculated based on the number of the substantially incumbent ones.</p>

List of Candidates for Directorship of  
YFY Consumer Products Co., Ltd.

No.	Position	Name of Nominee	Education	Present position	Experiences	Shareholding
1	Director	Representatives of YFY Development Corp. Shien Xie	Department of Business Administration, Chinese Culture University	General Manager of Mainland China of YFY Consumer Products Co., Ltd.	1. Chief Factory Manager of Mainland China of YFY Consumer Products Co., Ltd. 2. Associate of R&D Department of YFY Consumer Products Co., Ltd.	5,136,400 shares

**Yuen Foong Yu Consumer Products Co., Ltd.**  
Procedures for the Elections of Directors and Supervisors

Article I Objectives:

These Procedures are duly enacted in accordance with “Corporate Governance Best-Practice Principles for TSEC/TPEX Listed Companies” to assure that the Company’s directors and supervisors are duly elected through fair, impartial and open procedures.

Article II Applicable Scope:

These Procedures are applicable to the election of the Company’s directors and supervisors. The Company’s directors and supervisors should be duly elected exactly in accordance with these Procedures unless otherwise specified in laws and ordinances concerned or the Company’s Articles of Incorporation.

Article III Principles for Nomination and Elections:

- (I) After the Company is listed to public, the directors and supervisors should be duly elected by the shareholders’ meeting through the candidate’s nomination system and should be duly elected from the list of candidates for directors and supervisors into the specified numbers of directorship seats and supervisors exactly in accordance with both the Company’s Articles of Incorporation and the numbers of the electees within the respective scopes as resolved by the Board of Directors, respectively. In the process to examine the candidates and make sure of that their qualification meets the requirements, academic credentials and working career experience backgrounds with or without the facts enumerated under Article 30 of the Company Act. The Company should not arbitrarily impose additional qualification requirements and require additional supporting certificate(s) and should submit the outcome of review into the shareholders’ reference so as to duly elect eligible and competent directors and supervisors.
- (II) Among the aggregate total of the directorship seats, those in such relationship as spouse or blood relatives within the second degree of kinship should not be more than a half. The Company’s Board of Directors should consider and duly adjust the compositions of the Board of Directors exactly according to the outcome or performance evaluation.
- (III) The Company’s supervisors should be duly set up with seriously consideration of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies and the issues regarding their independence. Accordingly, the Company should elect competent supervisors to enhance risk management and sound control over the Company’s finance and business operation.
- (IV) Among supervisors themselves or between the directors and supervisors, those in the relationship as spouse or relationship within blood relatives within the second degree of kinship should not account for more than one seat.
- (V) A supervisor should not concurrently serve as a director, a managerial officer or other staff member. Among all supervisors, at least one should have a regular

- domicile domestically so as to demonstrate the supervisory function in real time.
- (VI) Whenever a director is discharged out of the directorship seat for whatever reason and, as a result, the total number of directors is less than the minimum of five, the Company should hold a by-election in the most recently convened shareholders' meeting. Whenever, the vacancies of directorship seats are up to one-third of the total, the Company should, nevertheless, convene a special shareholders' meeting to hold the by-election within sixty (60) days from the date of occurrence of the fact.
  - (VII) After the Company is listed to public and sets up an independent director(s), in the event that the number of independent director(s) is below the threshold set forth under Proviso, Paragraph 1, Article 14-2 of the Securities and Exchange Act, the relevant provisions under the Regulations for the Examination Of Securities for Public Listing of the Taiwan Stock Exchange Corporation or Article 10-1 of the Rules Governing the Review of Securities for Trading on the Business Premises of Securities Dealers (TPEX) promulgated by TPEX, as per Paragraph 8 of "Standards/criteria of Being Not Advisable for OTC Listing," the by-election should be held in the most recently convened shareholders' meeting. Whenever, all independent directors are discharged in full, nevertheless, a special shareholders' meeting should be convened for the by-election within sixty (60) days from the date of occurrence of the fact.
  - (VIII) Whenever a supervisor is discharged out of the post for whatever reason and, as a result, the total number of supervisors is less than the minimum threshold set forth under the Articles of Incorporation, the Company should hold a by-election in the most recently convened shareholders' meeting. Whenever the supervisors are discharged in full, nevertheless, the Company should, convene a special shareholders' meeting to hold the by-election within sixty (60) days from date of occurrence of the fact.
  - (IX) After the Company is listed to public and sets up independent director(s), the election votes of the independent directors and non-independent directors should be calculated separately. The candidates for non-independent directors who win more election votes should be duly elected to the posts in turn. In the event that two or more candidates win the same number of voting votes and such candidates exceed the specified number of electors, those who win the same election votes should decide the winner(s) through a draw of lots. In case of that the candidate is absent, the chairperson should draw the lot on his or her behalf.
  - (X) The Company's directors and supervisors should be elected by single-name and cumulative voting method. Each share of the Company is entitled to election votes the same as the numbers of directors and supervisors to be elected and may be either centralized to elect one candidate or allocated to elect several candidates. The Company's Board of Directors should prepare election votes in the numbers the same as the directors and supervisors to be elected with the number of such voting powers to be duly filled up. Such election votes should be distributed to shareholders who participate in the shareholders' meeting. The name of a voter may be entered with the participation certificate code printed on the election vote instead.
  - (XI) As the election process starts, the chairperson should appoint a number of ballot

- scrutineer(s) and ballot teller(s) to carry out the respective duties. A ballot scrutineer should, nevertheless, be appointed out of the shareholders.
- (XII) The election ballots should be prepared by the Board of Directors and be serially numbered based on the codes of the participation certificates and should be remarked with the number of election powers.
- (XIII) The ballot box(es) should be prepared by the Company and should be opened to public by the scrutineer(s) before the voting process.
- (XIV) An elector who is a shareholder should remark in the box of the “candidate” on the election vote the name and account number of that candidate. An elector who is not a shareholder should remark the name and Serial number of ID Card of that candidate on the election vote. Where a candidate is the government or a corporate person, nevertheless, the box of the “candidate” on the election vote should be entered with the title of the government or the corporate person or may, as well, be entered as the name of the government or the corporate person and the name of the statutory representative thereof. In case of several statutory representatives, the names of all such statutory representatives should be respectively entered.
- (XV) An election ballot should be null and void if meets any one among those circumstances enumerated below:
1. Not an election ballot under these Regulations.
  2. Where a blank election ballot is dropped into the box.
  3. Where the election ballot bears illegible wording to identify a candidate or has been tampered with.
  4. Where the candidate entered as a shareholder is found inconsistent with the entry in the register of shareholders in terms of name or account number; where the candidate entered not as a shareholder is found inconsistent in terms of the name and Serial number of ID Card.
  5. Where the election ballot is found bearing other wording other than the candidate’s name and account number (Serial number of ID Card) and the allocated number of election powers.
  6. Where the entered candidate is found in the name same as another shareholder’s, without remark of the account number of Serial numbers of ID Card to identify the candidate.
  7. Where an election ballot is found bearing two or more candidates.
- (XVI) The election ballots should be opened to the public on-the-spot as soon as the voting process is completed. The result of the election should be announced by the chairperson on-the-spot, including the list of the successfully elected directors and supervisors and the corresponding ballots obtained. The election ballots used for the election process mentioned under the preceding Paragraph should be tightly sealed up and signed by the ballot scrutinizer(s) before being put into prudential custody for one year minimum. In the event that a shareholder lodges litigation in accordance with Article 189 of the Company Act., the election ballots should be put under such custody until the litigious proceedings are concluded.
- (XVII) The Board of Directors should serve the Notices for Being Successfully Elected to all elected directors and supervisors respectively.

Article IV This Same Provision is Applicable *mutatis mutandis* to an Event of Amendment.





The content of the proposal to remove the competition for the Company's directors:

Director or institutional entity they represent	Concurrent position at the company	Position held	Notes
YFY Development Corp.	Universal Venture Capital Investment Corporation  Guangyuan Investment Co., Ltd.  Taiwan Genome Sciences, Inc.	Director  Director  Supervisor	
Shien Xie (Representatives of YFY Development Corp.)	YFY Investment Co., Ltd.  Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.  Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	Director  Director  Director	

Director or institutional entity they represent	Concurrent position at the company	Position held	Notes
Zong-Chun Li (Representatives of YFY Inc.)	Yuen Foong Shop Co., Ltd.  Ever Growing Agriculture Bio-Tech Co., Ltd.  Livebricks Inc.  YFY Consumer Products, Co., Ltd.	Director  Director  Director  Director	The 15 <sup>th</sup> director of the Company; as the Company new General Manager, has been appointed as the director of the company listed on the left.

**Yuen Foong Yu Consumer Products Co., Ltd.**  
**Rules of Procedure for Shareholders' Meetings**

Article 1. Purpose

The Rules of Procedure were established to provide sound governance over this Corporation's shareholder meetings, and thereby enhancing the supervisory function of shareholders.

Article 2. Applicability

The Rules of Procedure shall apply to shareholders' meetings of this Corporation, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.

Article 3. Principles of the meeting

- I. This Corporation shall specify in its shareholders' meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.
- II. The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.
- III. Shareholders and their proxies (collectively, "shareholders") shall attend shareholders' meetings based on attendance cards, sign-in cards, or other certificates of attendance. This Corporation may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.
- IV. This Corporation shall provide an attendance log to record attendance of shareholders or proxies thereof (collectively referred to as shareholders below); alternatively, attendance cards may be presented to signify their presence at the meeting.
- V. This Corporation shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Shareholders shall also be given election ballots where election of directors is to take place.
- VI. When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders' meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

VII. Staff handling administrative affairs of the shareholders' meeting shall wear identification badges or arm-bands.

Article 4. Attendance and voting principles

- I. The attendance and votes of a shareholders' meeting shall be calculated based on the number of shares represented by the shareholders present at the meeting.
- II. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.

Article 5. Principles for determining the place and time of a meeting

- I. Shareholders' meetings shall be held at this Corporation or locations that are suitable and convenient for shareholders to attend.
- II. Meetings shall not begin earlier than 9 AM or later than 3 PM.
- III. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

Article 6. Principles for preparing the meeting and filing proposals

- I. Unless otherwise provided by law or regulation, this Corporation's shareholders' meetings shall be convened by the board of directors.
  - (I) This Corporation shall prepare the shareholders' meeting agenda and send them to the shareholders 20 days before the date of the annual general meeting of shareholders or 10 days before the date of the special shareholders' meeting. Physical copies of the shareholders' meeting manual and supplementary information shall also be prepared at least 10 days before the meeting and made accessible to shareholders at any time.
  - (II) This Corporation shall prepare electronic versions of the shareholders' meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) 30 days before the date of an annual general meeting of shareholders or 15 days before the date of a special shareholders' meeting. This Corporation shall prepare electronic versions of the shareholders' meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the annual general meeting of shareholders or before 15 days before the date of the special

shareholders' meeting. In addition, before 15 days before the date of the shareholders' meeting, this Corporation shall also have prepared the shareholders' meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at this Corporation and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place.

- (III) The reasons for convening a shareholders' meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.
- (IV) Matters pertaining to the election or discharge of directors, alteration of the Articles of Incorporation, reduction of capital, application for the approval of ceasing the status of the Corporation as a public company, approval of competing with the Corporation by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, dissolution, merger, spin-off, or any matters as set forth in each Subparagraph of Paragraph 1, Article 185 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, or Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out in the notice of the reasons for convening the shareholders' meeting. None of the above matters may be raised by an extraordinary motion.
- (V) The notices for convening the shareholders' meeting have stated the election of directors and the date on which they assume office. After the re-election is completed, the same meeting cannot change the date of assumption of office through extraordinary motions or other methods.

## II. Principles for filing proposals

- (I) Shareholders holding 1 percent or more of the total number of issued shares may submit to this Corporation a proposal for discussion at an annual general meeting of shareholders. However, only one matter shall be allowed in each single proposal. If a proposal contains more than one matter, then the said proposal shall not be included in the agenda. A shareholder proposal that urges the Corporation to promote public interests or fulfill its social responsibilities may still be included in the list of proposals to be discussed at a regular meeting of shareholders by the Board of Directors. In addition, when the circumstances of any subparagraph of Article 172-1, Paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the

board of directors may exclude it from the agenda.

- (II) Prior to the book closure date before an annual general meeting of shareholders is held, this Corporation shall publicly announce that it will receive shareholder proposals in writing or by way of electronic transmission, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.
- (III) Shareholder-submitted proposals are limited to 300 words. Proposals containing more than 300 words will not be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the annual general meeting of shareholders and take part in discussion of the proposal.
- (IV) Prior to the date for issuance of notice of an annual general meeting of shareholders, this Corporation shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. The Board of Directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda in the agenda book of the annual general meeting of shareholders.

#### Article 7. Principles for submitting proxies

- I. For each shareholders' meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by this Corporation and stating the scope of the proxy's authorization.
- II. A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders' meeting, and shall deliver the proxy form to this Corporation before 5 days before the date of the shareholders' meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.
- III. After a proxy form has been delivered to this Corporation, if the shareholder intends to attend the meeting in person to exercise voting rights or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to this Corporation before 2 business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

#### Article 8. Principles for designating the chairperson and acting chairperson of the meeting

- I. If a shareholders' meeting is convened by the board of directors, the meeting shall be chaired by the Chairman of the board. When the Chairman of the board is on leave or for

any reason unable to exercise the powers of the chairperson, the Vice Chairman shall act in place of the Chairman; if there is no Vice Chairman or the Vice Chairman also is on leave or for any reason unable to exercise the powers of the Vice Chairman, the Chairman shall appoint one of the managing directors to act as chairperson, or, if there are no managing directors, one of the directors shall be appointed to act as chairperson. Where the Chairman does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chairperson.

- II. If the meeting is chaired by a managing director or director other than the Chairman, it shall be one who is familiar with the Corporation's business and financial status and that had been appointed more than six months prior. The same shall be true for a representative of a juristic person director that serves as chairperson.
- III. It is advisable that shareholders' meetings convened by the board of directors be chaired by the Chairman of the Board in person, attended by a majority of directors, and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.
- IV. If a shareholders' meeting is convened by someone having the right to convene a meeting, but who is not a member of the Board of Directors, the said person shall chair the meeting. If two or more persons have the right to convene the meeting, one shall be elected to chair the meeting.

Article 9. Principles for attending the meeting in a non-voting capacity

Attorneys, certified public accountants, or related persons retained by this Corporation to attend a shareholders' meeting in a non-voting capacity.

Article 10. Principles for preparing comprehensive records of the entire meeting

This Corporation, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders' meeting, and the voting and vote counting procedures. The recording shall be kept for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 11. Principles for the number of attendees

- I. The chair shall call the meeting to order at the appointed meeting time, and announce related information including the number of shares without voting rights and the number

of shares in attendance at the same time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chairperson may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chairperson shall declare the meeting adjourned.

- II. If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, Paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders' meeting shall be convened within 1 month.
- III. When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chairperson may resubmit the tentative resolution for a vote by the shareholders' meeting pursuant to Article 174 of the Company Act.
- IV. On the day of a shareholders' meeting, this Corporation shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders' meeting.

#### Article 12. Drafting meeting agendas and rules of procedure

- I. If a shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. Related discussions (including motions and amendments of original proposals) shall be voted on a case-by-case basis, or deemed passed if the chairperson receives no objections from any attendees. This voting method is as effective as the conventional ballot method. Where there is an objection, it shall be determined with a vote by ballot. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting.
- II. The provisions of the preceding paragraph apply *mutatis mutandis* to a shareholders' meeting convened by a party with the power to convene that is not the board of directors.
- III. Unless by the resolution of the shareholders' meeting, the chairperson may not declare the meeting ended until all items on the agenda (including extraordinary motions) arranged in



the preceding two paragraphs have been completed. If the chairperson declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chairperson in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

- IV. The shareholders cannot designate any other person as chairperson and continue the meeting in the same or other place after the meeting is adjourned.

#### Article 13. Principles for shareholders' opinions and procedures

- I. Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chairperson.
- II. A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.
- III. When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chairperson and the shareholder that has the floor; the chairperson shall stop any violation.
- IV. Unless otherwise permitted by the chairperson, each shareholder shall not, for each discussion item, speak more than two times (each time not exceeding five minutes). However, if the approval of the chairperson is obtained, it may be extended by three minutes (only one extension shall be permitted).
- V. If a shareholder violates the rules outlined in the preceding paragraph or goes beyond the scope of proposals in speaking, the chairperson may stop him/her from speaking.
- VI. When a juristic person shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives so appointed may speak on the same proposal.
- VII. After an attending shareholder has spoken, the chairperson may respond in person or direct relevant personnel to respond.

#### Article 14. Principles for discussions and voting on proposals (including extraordinary motions)

- I. The chairperson must allow adequate time to explain and discuss the various agenda items, amendments or special motions proposed during the meeting. The chairperson may

announce to discontinue further discussion if the issue in question is considered to have been sufficiently discussed to proceed with the voting.

- II. The voting of the aforementioned agenda item shall be processed in accordance with Article 12, Paragraph 1 of these Rules.
- III. Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chairperson, provided that all monitoring personnel shall be shareholders of this Corporation. The results of each vote shall be announced on the spot and recorded in the meeting minutes.
- IV. Voting at a shareholders' meeting shall be calculated based the number of shares. With respect to resolutions of shareholders' meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.
- V. When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of this Corporation, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.
- VI. The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.
- VII. With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3 percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.
- VIII. When a meeting is in progress, the chairperson may announce a break based on time considerations. If a force majeure event occurs, the chairperson may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.
- IX. If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders' meeting may adopt a resolution to resume the meeting at another venue.
- X. A resolution may be adopted at a shareholders' meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.

- XI. A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, Paragraph 2 of the Company Act.
- (I) Voting rights can be exercised electronically or in writing during a shareholders' meeting. When this Corporation organizes shareholders' meetings after the public offering of this Corporation's shares, electronic voting shall be included as one of the channels for exercising voting rights. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders' meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, the aforesaid shareholders shall also be considered to have forfeited the voting rights on extraordinary motions and resolution amendments.
- (II) A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Corporation 2 days before the date of the shareholders' meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.
- (III) After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders' meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to this Corporation, by the same means by which the voting rights were exercised, before 2 business days before the date of the shareholders' meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders' meeting, the voting rights exercised by the proxy in the meeting shall prevail.
- (IV) Except as otherwise provided in the Company Act and in the Corporation's Articles of Incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. When this Corporation organizes shareholders' meetings after the public offering of this Corporation's shares, electronic voting shall be included as one of the channels for exercising voting rights. At the time of a vote, for each proposal, the chairperson or a person designated by the chairperson shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of

the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

- (V) When there is an amendment or an alternative to a proposal, the chairperson shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

#### Article 15. Principles for the election of directors

- I. The election of directors at a shareholders' meeting shall be held in accordance with the election and appointment rules adopted by this Corporation, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the number of votes with which they were elected as well as the names of those not elected as directors and the numbers of votes they received.
- II. The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

#### Article 16. Principles for the preparation and distribution of meeting minutes

- I. Matters relating to the resolutions of a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chairperson of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.
- II. This Corporation may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.
- III. The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chairperson's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results (including statistical weights). When directors are elected, the number of votes for each candidate should be disclosed. The minutes shall be kept permanently throughout the life of the Corporation.
- IV. If matters put to a resolution at a shareholders' meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation regulations (Taipei Exchange), this Corporation shall upload the content of such resolution to the MOPS within the prescribed time period.

Article 17. Regulations for the maintenance of order in the meeting

- I. The chairperson may instruct the inspectors (or security personnel) to assist in maintaining order in the meeting venue. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."
- II. At the place of a shareholders' meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by this Corporation, the chairperson may prevent the shareholder from so doing.
- III. When a shareholder violates the rules of procedure and defies the chairperson's correction, obstructing the order of the meeting and refusing to heed calls to stop, the chairperson may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 18. These Rules, and any amendments hereto, shall be implemented after adoption by the shareholders' meeting.

<b>Date of Amendment</b>	<b>Version</b>	<b>Details of the Amendment</b>	<b>Reporting Unit</b>	<b>Reporter</b>
2020/06/11	V01	Formulation of the Rules of Procedure for Shareholders' Meetings (passed in the 6th meeting of the 13th Board of Directors and the interim shareholders' meeting)	Office of the President	Yu-Chuan Hsiao
2020/06/22 2020/07/10	V02	1. The legal basis for the prohibition on the use of extraordinary motions for filing certain proposals is provided in accordance with amendments of the law. 2. The number of shareholder proposals proposed for urging this Corporation to promote public interests or fulfill its social responsibilities shall be restricted to one proposal in accordance with the amendment of Article 172-1 of the Company Act. (passed in the 7th meeting of the 13th Board of Directors and the 1st special shareholders' meeting in 2020)	Auditing and Compliance Office	Chung-Ning Hsu
2021/04/15	V03	1. Amendments implemented in accordance with changes in regulations to improve corporate governance and protect the rights and interests of shareholders. (Information to be announced for the meeting and announcement of the list of candidates who are not elected as directors and the numbers of votes they received, etc.) 2. The Company is now a public company and the description for matters after the public offering of the Company's shares is removed. 3. The Company has set up an Audit Committee and amended related regulations for supervisors.	Auditing and Compliance Office	Chung-Ning Hsu

## **Articles of Incorporation**

### **Chapter 1. General Provisions**

- Article 1. The Company shall be incorporated as a private company limited by shares in accordance with the Company Act and its Chinese name is 永豐餘消費品實業股份有限公司 (English name: Yuen Foong Yu Consumer Products Co., Ltd.).
- Article 2. The Company operates the following businesses:
1. C601050 Housewares and Tissue Paper Manufacturing.
  2. F106020 Wholesale of Articles for Daily Use.
  3. F206020 Retail Sale of Articles for Daily Use.
  4. F102170 Wholesale of Food and Grocery.
  5. F203010 Retail sale of Food and Grocery.
  6. F107030 Wholesale of Cleaning Preparations.
  7. F207030 Retail Sale of Cleaning Preparations.
  8. F106060 Wholesale of pet appliances.
  9. F206050 Retail of pet appliances.
  10. C802100 Cosmetics Manufacturing
  11. F108040 Wholesale of Cosmetics.
  12. F208040 Retail Sale of Cosmetics.
  13. F104110 Wholesale of Cloths, Clothes, Shoes, Hat, Umbrella and Apparel, Clothing Accessories and Other Textile Products.
  14. F204110 Retail sale of Cloths, Clothes, Shoes, Hat, Umbrella and Apparel, Clothing Accessories and Other Textile Products.
  15. F107190 Wholesale of Plastic Sheets & Bags.
  16. F207190 Retail Sale of Plastic Sheets & Bags.
  17. F401010 International Trade.
  18. C601020 Paper Manufacturing.
  19. F108021 Wholesale of Drugs and Medicines.
  20. F208021 Retail Sale of Drugs and Medicines.
  21. F108031 Wholesale of Medical Devices.
  22. F208031 Retail sale of Medical Devices.
  23. F208050 Retail Sale of the Class B OTC Drugs.
  24. Other business outside the permitted scope not prohibited or restricted by law.
- Article 3. The Company may provide external guarantees. The Company may not become a shareholder with unlimited liabilities or a partner in a partnership of another company. If the company becomes a shareholder with limited liabilities of another company, it shall be exempt from the restrictions on total investment amount, which shall not

exceed forty percent of the paid-up capital. However, where the company makes external guarantees or investments, it shall be determined by the Board of Directors by approval of more than half of directors present at the meeting, where more than two thirds of the directors are present, before implementation.

Article 4. The head office of the company is established in Taipei City and the company may, subject to business requirement, set up branch office(s) at other appropriate locations, either locally or abroad based on a resolution of a meeting of the Board of Directors attended by more than half of the Directors adopted by more than half of the directors in attendance.

Article 5. Public announcements of the company shall be made in accordance with the company Act and related regulations.

## Chapter 2. Shares

Article 6. The Company's total capital is NT\$3.5 billion divided into 350 million shares with a par value of NT\$10 per share. The Board of Directors is authorized to issue the shares in separate tranches.

The total capital specified in the preceding paragraph may, with a range of NT\$100 million, be provided for the issuance of employee subscription warrants, preferred stocks with subscription rights, corporate bonds with warrants, or new restricted employee shares, totaling 10 million shares. The Board of Directors is authorized to issue the shares as mentioned above with business requirements in separate tranches.

Article 6-1. After the public offering of the company, the subscription price for the issuance of employee warrants may be exempt from restrictions in related regulations, provided that the approval of two thirds of the votes represented by the attending shareholders during a shareholders' meeting where the attending shareholders represent over half of the total number of issued shares. The shares may be issued in separate tranches within one year after it is approved in the shareholders' meeting.

The transfer of shares to employees at a price lower than which the shares were repurchased shall require the approval of two thirds of the votes represented by the attending shareholders during a shareholders' meeting where the attending shareholders represent over half of the total number of issued shares.

Article 6-2. Treasury stocks purchased by the company shall be distributed to recipients including employees of parents or subsidiaries of the company meeting certain specific requirements.

The Company's employee warrants shall be distributed to recipients including employees of parents or subsidiaries of the company meeting certain specific requirements.

When the company issues new shares, the employees eligible for share subscription shall include employees of parents or subsidiaries of the company meeting certain specific requirements.



The recipients of new restricted employee shares issued by the company include employees of parents or subsidiaries of the company meeting certain specific requirements.

- Article 7. The Company's stocks shall be registered.
- When issuing stocks, the company may print the share certificates and deliver them physically or through bank transfer.
- In case the delivery is through printed share certificates, they shall be numbered and affixed with the signature or seal of the director representing the company, and shall be legally authenticated before issuance.
- In case the delivery is through bank transfer, there is no need to physically print the share certificates for the stock issuance. However, the company shall contact the centralized securities depository enterprise for the registration of the share certificates and process the delivery in accordance with the relevant regulations prescribed the centralized securities depository enterprise.

- Article 8. Unless otherwise specified in laws and regulations on securities, the company's shareholder services after the public offering of the company's shares shall be processed in accordance with the "Regulations Governing the Administration of Shareholder Services of Public Companies".

- Article 9. The entries in the shareholders' roster shall not be altered within 30 days prior to the convening date of a regular shareholders' meeting, or within 15 days prior to the convening date of a special shareholders' meeting, or within 5 days prior to the target date fixed by the issuing company for distribution of dividends, bonus or other benefits.

After shares are issued to the public, the entries in its shareholders' roster shall not be altered within 60 days prior to the convening date of a regular shareholders' meeting, or within 30 days prior to the convening date of a special shareholders' meeting, or within 5 days prior to the target date fixed by the issuing company for distribution of dividends, bonus or other benefits.

### Chapter 3. Shareholders Meeting

- Article 10. Shareholders' meeting shall be of the following two kinds:  
Regular meeting of shareholders and Special meeting of shareholders.  
The regular meeting of shareholders shall be held by Board of Directors at least once every year and convened within six months after close of each fiscal year, and the special meeting shall be held when necessary.
- Article 11. A notice to convene a regular meeting or special meeting of shareholders shall be processed in accordance with Article 172 of the Company Act. The notices for the shareholders' meeting prescribed in the preceding paragraph may, as an alternative, be given by means of electronic transmission, after obtaining a prior

consent from the recipient(s) thereof.

- Article 12. A shareholder, if unable to attend the shareholders' meeting, may appoint a proxy to attend on his/her behalf by executing a power of attorney that is properly signed or sealed, stating therein the scope of power authorized to the proxy.  
The regulations governing proxy attendance after the public offering of the company's shares shall be pursuant to the regulations in related legislation and the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" promulgated by the competent authority.
- Article 13. A shareholders' meeting shall, unless otherwise provided for in the Company Act, be convened by the Board of Directors, and the Chairman of Board shall act as the chairman of meeting. In case the Chairman of Board is on leave or unable to exercise his/her functional duties for any reason, a director shall be designated to act in his/her behalf; and if no representative is so designated, the representative shall be elected by the directors from among themselves. where as for a shareholders' meeting convened by any other person having the convening right, he/she shall act as the chairman of that meeting provided, however, that if there are two or more persons having the convening right, the chairman of the meeting shall be elected from among themselves.
- Article 14. Resolutions at a shareholders' meeting shall, unless otherwise provided for in the Company Act, be adopted by a majority vote of the shareholders present, who represent more than one-half of the total number of voting shares..
- Article 15. Each shareholder of the company shall have one vote per share, unless otherwise provided by Article 179 of the Company Act.  
After the public offering of the company's shares, the company shall adopt the electronic transmission as one of the methods for exercising the voting power. The method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting power by correspondence or electronic means will be deemed to have attended the meeting in person. Related matters shall be processed in accordance with laws and regulations.
- Article 16. Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chairman of the meeting and shall be distributed to all shareholders of the company within twenty (20) days after the close of the meeting, and the preparation and distribution of the minutes of shareholders' meeting may be effected by means of electronic transmission.  
With regard to a company offering its shares to the public, the distribution of the minutes of shareholders' meeting as required in the

preceding Paragraph may be effected by means of a public notice..

#### Chapter 4. Directors and Supervisors

Article 17. The Company shall have five to seven directors and two supervisors elected based on capacity during the shareholders' meeting. The term of office for directors and supervisors of the company shall be three years with eligibility for subsequent re-election.

After the public offering of the company's shares, the number of independent directors among the directors specified in the preceding paragraph shall be based on the regulations in the Securities and Exchange Act and shall be not less than two in number and not less than one-fifth of the total number of directors. The Company shall adopt a candidate nomination system for elections. Independent directors shall be elected from among the nominees in the shareholders' meeting. Regulations governing the professional qualifications, restrictions on shareholdings and concurrent positions held, assessment of independence, method of nomination, and other matters for compliance with respect to independent directors shall be prescribed by the Competent Authority.

After the public offering of the company's shares, the percentage of shareholdings of all the directors and supervisors shall be prescribed by regulations of the competent authority of securities.

After the public offering of the company's shares, the candidates nomination system is adopted for election of the directors of the company, and the shareholders' meeting shall elect the directors from among the nominees listed in the roster of director candidates.

The Company may establish functional committees under the Board of Directors and the establishment and duties of related committees shall be processed in accordance with regulations prescribed by the competent authority.

Article 18. The directors shall organize the board meeting. The board of directors shall elect a chairman of the board directors from among the directors by a majority vote at a meeting attended by over two-thirds of the directors. The Chairman represents the company externally and serves as the chairperson of the shareholder's meeting and the Board of Directors. Where the Chairman is on leave or unable to perform his duties, the Chairman shall appoint a director to act on his or her behalf. If the Chairman does not appoint a deputy, the remaining directors shall appoint an acting chairperson from among themselves.

Article 19. Notifications of board meetings may be delivered in written format, by fax, or electronically. In case a director appoints another director to attend a meeting of the board of directors in his/her behalf, he/she shall, in each time, issue a written proxy and state therein the scope of

authority with reference to the subjects to be discussed at the meeting. A director may accept the appointment to act as the proxy referred to in the preceding Paragraph of one other director only..

In case a board meeting is proceeded via visual communication network, the directors taking part in such a visual communication meeting shall be deemed to have attended the meeting in person.

Article 20. Unless otherwise prescribed in related regulations, the resolutions made by the Board of Directors shall be passed by a majority vote at a meeting of the Board of Directors attended by more than half of all directors on the Board. Unless otherwise provided by the company Act, the company's board meetings shall be convened by the chairman. The reason for convening board meetings shall be specified, and directors and supervisors shall be notified seven days in advance. However, a board meeting may be called at any time in the event of an emergency.

The abovementioned meeting notice, following the agreement of the corresponding person, shall be sent via email.

Article 21. The Company shall, regardless of profit and loss, pay remuneration to the directors and directors for carrying out their duties in the company. The Board of Directors shall be authorized to determine and approve said remuneration based on participation in management of the company and contribution as well as industry remuneration.

Article 22. After the public offering of the company's shares, the company may establish the Audit Committee in accordance with related regulations of the Securities and Exchange Act. The duties of the Audit Committee and other matters for compliance shall be processed in accordance with the company Act, Securities and Exchange Act, other related laws and regulations, and company bylaws. The Company shall, on the date of the establishment of the Audit Committee, abolish the supervisor system and regulations in the Articles of Incorporation regarding supervisors shall be voided immediately.

#### Chapter 5. Managerial Officers

Article 23. A company may have one or more managerial personnel in accordance with its Articles of Incorporation. Appointment and discharge and the remuneration of the managerial personnel shall be decided in accordance with the Company Act and related regulations..

#### Chapter 6. Accounting

Article 24. The Company's fiscal year begins on January 1 and ends on December 31.

Article 25. At the end of a fiscal year, the Board of Directors shall prepare the following documents and submit them to the supervisors for review in accordance with regulatory procedures. The supervisor shall prepare a report after reviewing the documents and submit the report to the regular shareholders' meeting for ratification.

1. Business Report.
2. Financial statements.
3. The surplus earning distribution or loss off-setting proposals..

Article 26. If the company sustains profit every year, 1% or more of the income shall be set aside as remunerations to employees, and 2% or less shall be distributed as director and supervisor remuneration. However, an amount shall be set aside first to compensate cumulative losses, if any.

Directors and supervisors' remuneration may be distributed by way of cash dividends, and employees' remuneration may be distributed by way of cash dividends or stock dividends. The Board of Director shall be authorized to define the qualification requirements of employees entitled to receive shares or cash, including the employees of parent or subsidiary companies of the company that meet certain specific requirements. The distribution ratio of directors and supervisors' remuneration, and the method of distribution and ratio of employees' remuneration shall be resolved by a majority vote at a board meeting attended by more than two thirds of the directors, and shall be reported at the shareholders' meeting.

Article 27. If the company has any surplus at the end of a year, it shall first be applied to pay income taxes according to the law and cover losses from the previous years. Then 10% of the balance will be allocated to a statutory surplus reserve, and a special surplus reserve shall be allocated or reserved according to the law. A special surplus reserve or retained earnings are set aside if needed. Any remaining balance plus accumulated undistributed earnings of previous years and undistributed earnings adjustments of the current year may be distributed as dividends to shareholders, for which the Board of Directors shall propose a surplus allocation plan to be submitted to the shareholders' meeting for distribution.

Article 28. In consideration of external factors and the objectives of long term financial planning and in the interest of stable business growth, the company's dividend policy measures future cash flows based on the capital budget and uses retained earnings to meet the cash flow requirements. The Company shall set aside no less than 30% of the profits available for distribution as shareholders' dividends each year. The dividends may be distributed in cash or shares and the cash dividends shall be at least 20% of the dividends. However, for the purpose of meeting other capital expenditure requirements, the company may distribute the aforementioned shareholder dividends in the form of share dividends only.

## Chapter 7. Supplemental Provisions

Article 29. If there are any issues not covered in the Articles of Incorporation, the company shall follow the provisions prescribed in the Company Act and other regulations.

Article 30. The Articles of Incorporation were established on October 8, 1986 and were implemented after approval in accordance with regulations.

The 1st amendment was on December 13, 1988.  
The 2nd amendment was on May 10, 1989.  
The 3rd amendment was on July 20, 1991.  
The 4th amendment was on August 22, 1991.  
The 5th amendment was on August 22, 1991.  
The 6th amendment was on November 20, 1992.  
The 7th amendment was on March 10, 2003.  
The 8th amendment was on March 10, 2003.  
The 9th amendment was on April 30, 2003.  
The 10th amendment was on December 29, 2003.  
The 11th amendment was on June 22, 2005.  
The 12th amendment was on August 23, 2005.  
The 13th amendment was on March 30, 2006.  
The 14th amendment was on June 28, 2007.  
The 15th amendment was on September 2, 2008.  
The 16th amendment was on May 15, 2009.  
The 17th amendment was on October 5, 2009.  
The 18th amendment was on June 14, 2010.  
The 19th amendment was on November 25, 2010.  
The 20th amendment was on January 5, 2011.  
The 21st amendment was on March 13, 2012.  
The 22nd amendment was on March 22, 2012.  
The 23rd amendment was on March 21, 2013.  
The 24th amendment was on May 14, 2014.  
The 25th amendment was on March 24, 2015.  
The 26th amendment was on May 13, 2016.  
The 27th amendment was on May 13, 2019.  
The 28th amendment was on June 11, 2020.

Yuen Foong Yu Consumer Products Co., Ltd.

Chairman: Felix Ho

## Yuen Foong Yu Consumer Products Co., Ltd. Shareholding of Directors

The shareholding of all directors as recorded in the shareholder register up until the book closure date (April 17, 2022) of the current shareholders' meeting:

Position		Name	Date of appointment	Shares held when elected			Number of shares held as recorded in the shareholder register as of April 17, 2022		
				Type	Number of shares	Shareholding ratio	Type	Number of shares	Shareholding ratio
Chairman	Representative of YFY Inc.	Yi-Da Ho	2020/9/24	Ordinary shares	178,905,565	73.05	Ordinary shares	158,004,565	59.15
Director		David Lo	2020/9/24						
Director		Zong-Chun Li	2020/9/24						
Independent Director	Mei-Li Su		2020/9/24	Ordinary shares	0	0.00	Ordinary shares	0	0.00
Independent Director	Chih-Chien Lin		2020/9/24	Ordinary shares	0	0.00	Ordinary shares	0	0.00
Independent Director	Wan-Chuan Hsieh		2020/9/24	Ordinary shares	0	0.00	Ordinary shares	0	0.00
Total					178,905,565	73.05		158,004,565	59.15

- The Company's paid-in capital was NT\$2,671,290,210, and the total number of issued shares was 267,129,021.
- Number of shares that must be held by all directors according to Article 26 of the Securities and Exchange Act: 12,000,000 shares. Actual number of shares held (shares held by independent directors are not included in the number of shares held by directors): 158,004,565 shares. The number of shares has reached the legally required percentage.
- The Company has set up an Audit Committee and therefore the provisions on the minimum percentage requirements for the shareholding of supervisors shall not apply.