



C SUN MFG. LTD

2021 Annual Shareholder's Meeting

Meeting Agenda  
(Translation)

Date : May 25, 2021

# **C Sun MFG. Ltd.**

## **Meeting Procedure for 2021 Shareholders' Meeting**

I. Call Meeting to Order (Report on Number of Shares Held by  
Attending Shareholders)

II. Chairperson's Remarks

III. Reporting Items

IV. Ratification Items

V. Discussion Items

VI. Extempore Motions

VII. Adjournment

# **C Sun MFG. Ltd.**

## **Meeting Agenda for 2021 Shareholders' Meeting**

1. Time: 9:00 AM, 25 May 2021 (Tuesday)
2. Venue: Training Room, 2F., No.53, Wenhua 1st Rd., Guishan Dist., Taoyuan City, Taiwan (R.O.C.)  
(Linkou Industrial Park Service Center, MOEA)
3. Chairperson's Remarks
4. Reporting Items
  - (1) 2020 Business Report
  - (2) 2020 Audit Committee's Review Report
  - (3) Report on the Distribution of Remuneration of Employees and Remuneration of Directors for 2020
  - (4) Other Reporting Items (Including A Report on Shareholders' Proposals)
5. Ratification Items
  - (1) 2020 Final Account Statements for Ratification
  - (2) Proposal of 2020 Earning Distribution for Ratification
6. Discussion Items
  - (1) Proposal of 2020 Capital Increase from Earnings
  - (2) Amendments to "Regulations for Endorsement and Guarantee"
  - (3) Amendments to "Procedures for the Purchase and Disposal of Assets"
  - (4) Amendments to "Procedures for Engaging in Derivative Transactions"
7. Extempore Motions
8. Adjournment

### **III. Reporting Items**

#### **(1) 2020 Business Report**

Explanation: For the 2020 business report, please see Attachment 1 (page 7) of the Handbook.

#### **(2) 2020 Audit Committee's Review Report**

Explanation:

- (1) The Company's 2020 final account report was certified by CPAs Li, Dian-Yi and Tseng, Guo-Hwa from PwC (Taiwan) and reviewed by the Audit Committee, and the auditor's report and the Audit Committee's review report were issued, respectively. Please see Attachment 2 (page 8) and Attachment 3 (page 9 to 30) of the Handbook.
- (2) Members of the Audit Committee are invited to read out the review report.
- (3) Submitted for review.

#### **(3) Report on the Distribution of Remuneration of Employees and Remuneration of Directors for 2020**

Explanation:

- (1) The Board of the Company passed the resolution related to the remuneration of employees of NT\$5,341,402 and the remuneration of Directors of NT\$12,018,154 for 2020 for full distribution in cash on 4 March 2021.
- (2) In addition, the performance bonuses of employees have been appropriated and distributed quarterly, with an amount of approximately NT\$81.89 million.
- (3) There is no difference between the remuneration amount of employees and Directors proposed to be distributed by the Board and the estimated amount recognized as expenses for the year.

#### **(4) Other Reporting Items**

- (1) Explanation: During the period for submitting proposals for the 2021 Annual Shareholders' Meeting, no shareholder holding 1% of the total issued shares or above had submitted any proposal.

## IV. Ratification Items

Proposed by the Board

**(1) Proposal of 2020 Final Account Statements is Submitted for Ratification.**

Explanation: (i) The Company's 2020 financial statements: including the balance sheet, statement of comprehensive income, statements of equity changes, statements of cash flows, and consolidated financial statements that were certified by CPAs; the financial statements and the business report were passed at the meeting of the Board on 4 March 2021 and reviewed by the Audit Committee.

(ii) For the 2020 business report, auditor's report, and the above financial statements, please see Attachment 1 (page 7) and Attachment 3 (page 9 to 30) of the Handbook.

(iii) Submitted for ratification.

Resolution:

Proposed by the Board

**(2) Proposal of 2020 Earning Distribution is Submitted for Ratification.**

Explanation: (i) The earning status and distribution for 2020 is set out in the following table:

C Sun MFG Ltd.  
Table of Earning Distribution  
2020

Unit: NT\$

C Sun MFG. Ltd.  
Earning Distribution Table  
For the Year Ended 31 December 2020

Unit: NT\$

Item	Amount	
	Subtotal	Total
Undistributed earnings at the beginning of the year		145,804,605
Net profit after tax for the year		438,766,292
Items not adjusted according to the retained earnings under the item of profit or loss:		26,784,345
Actuarial profit or loss included in retained earnings	(4,444,097)	
Disposals of equity instruments at fair value through other comprehensive income	31,228,442	
The amount of net profit after tax for the year plus items other than net profit of the period included in the undistributed earnings for the year		465,550,637
Less: Provision of 10% statutory surplus reserve		46,555,064
Less: Provision of special surplus reserve – Adjustment items for shareholders' equity		53,977,043
Earnings available for distribution		510,823,135
Distribution item:		
Shareholders' dividends – Cash (distribution of NT\$2,500 per thousand shares)		373,013,870
Shareholders' dividends – Shares (distribution of 20 shares per thousand shares)		29,841,110
Undistributed earnings at the end of the year		107,968,155
Chairman: Morrison Liang	General Manager: Morrison Liang	Chief Accountant: Lai, Chiu-Yen

- (ii) After the cash dividends of NT\$373,013,870 (distribution of NT\$2,500 per thousand shares) are passed at the annual shareholders' meeting, the Board is authorized to otherwise set the ex-dividend day; announcements would be otherwise made in due course.
- (iii) Before the ex-dividend day, where the repurchase of the Company's shares, employee stock options, transfers to treasury shares to employees, or unsecured convertible corporate bond affected the number of the outstanding shares during the year, it is proposed that the shareholders' meeting may authorize the Board to discretionally adjust the dividend distribution rates based on the outstanding number of shares.
- (iv) The sum of fractional amounts less than NT\$1 arising from the calculation of cash dividend is appropriated to the income of the Company's Employee Welfare Committee.
- (v) Submitted for ratification.

Resolution:

## V. Discussion Items

Proposed by the Board

### **(1) Proposal of 2020 Capital Increase from Earnings for the Issuance of New Shares.**

Explanation:

- (i) It is proposed to appropriate shareholders' dividends of NT\$29,841,110 from earnings for 2020 for a capital increase by way of issuance of new shares according to requirements under Article 240 of the Company Act; a total of 2,984,111 registered ordinary with a nominal value of NT\$10 per share is to be issued.
- (ii) Regarding the share distribution method for the capital increase from the shareholders' dividend by way of issuance of new shares, a right issue of 20 shares per thousand shares is to be made for the capital increase from the shareholders' dividend based on the shareholding of shareholders stated in the member's registrar on the ex-dividend day. For fractional shares less than 1 share arising from the distribution, shareholders shall register for the round-up of odd lots within five days from the book closure day. The remaining fractional shares are to be discounted to cash based on the nominal value of shares, and the amount shall be round up to NT\$1. The Chairman shall be authorized to agree with particular persons to subscribe for such shares at nominal value to supplement.
- (iii) Before the ex-dividend day, where the repurchase of the Company's shares, employee

stock options, transfers to treasury shares to employees, or unsecured convertible corporate bond affected the number of the outstanding shares during the year, it is proposed that the shareholders' meeting may authorize the Board to discretionally adjust the dividend distribution rates based on the outstanding number of shares.

- (iv) The rights and obligations of the new shares to be issued are equivalent to that of the existing shares.
- (v) After the proposal is passed by the shareholders' meeting and submitted to and approved by the competent authority, the Board shall be authorized to otherwise set the ex-dividend day.
- (vi) For matters related to the capital increase above, where alteration is required due to actual demand or after the review by the competent authority, the Board shall be authorized to handle at its discretion.
- (vii) Submitted for ratification.

Resolution:

Proposed by the Board

## **(2) Amendments to “Regulations for Endorsement and Guarantee”**

Explanation: For the Comparison Table for “Regulations for Endorsement and Guarantee” Before and After Amendments, please see Attachment 4 (page 31) of the Handbook.

Resolution:

Proposed by the Board

## **(3) Amendments to “Procedures for the Purchase and Disposal of Assets”**

Explanation: For the Comparison Table for “Procedures for the Purchase and Disposal of Assets” Before and After Amendments, please see Attachment 5 (page 32) of the Handbook.

Resolution:

Proposed by the Board

## **(4) Amendments to “Procedures for Engaging in Derivative Transactions”**

Explanation: For the Comparison Table for “Procedures for Engaging in Derivative Transactions” Before and After Amendments, please see Attachment 6 (page 33) of the Handbook.

Resolution:



## **VI. Extempore Motions**

## **VIII. Adjournment**

## Attachment 1

Dear shareholders,

We would like to extend our appreciation to our shareholders for their long-term support to C Sun. We hereby report to the shareholders' meeting our 2020 business status:

### (1) Business Results

Unit: NT\$000'

Item	2020	2019	Increase (decrease) ratio
Net operating income	4,085,806	4,438,288	-7.9%
Operating gross profit	1,547,314	1,268,300	22.0%
Operating expenses	1,016,806	954,186	6.6%
Operating net profit	530,508	314,114	68.9%
Non-operating income (expenses)	75,343	104,020	-27.6%
Net profit after tax	475,245	338,413	40.4%
Net profit attributable to the parent company	438,766	312,390	40.5%

### (2) Summary of Financial Income and Expenses and Profitability:

#### i. Financial Structure

Equity to asset ratio	=	39.74%
Debt ratio	=	60.26%

#### ii. Solvency

Current ratio	=	145.88%
Quick ratio	=	114.09%

#### iii. Profitability

Return on assets	=	6.67%
Return on equity (ROE)	=	16.46%
Profit margin	=	10.74%
Earnings per share (EPS)	=	2.94 元

Under the effects of the China-US trade war and COVID-19, the industry chain and trade ecology experienced significant transitions. Leverage on its solid nature and lean organization build throughout the past 55 years, C Sun strengthens its core technologies through industry-academic cooperation to flexibly and swiftly adapt to the transitions of the macroeconomy. We also closely collaborated with our partners to form the alliance of G2C+ in 2020, in the hope of integrating resources and providing added value to our services and products.

Looking into 2021, C Sun will focus on its core technologies, solidify and deepen its existing industries, products, customers, and reinforce the industry-academic cooperation. We will utilize our core technologies and comply with the trend of localization to satisfy customers' demand through the

one-stop-shopping services provided by the G2C+ Alliance and integrate product lines to offer premium services. We hope that C Sun and partners within the G2C+ Alliance will realize the expectations of “utilizing strong foundations to create value, cooperating for co-creation, sharing harmoniously, jointly achieving long-term cooperation.

Chairman: Morrison Liang

General Manager: Morrison  
Liang

Chief Accountant: Lai,  
Chiu-Yen

## **Attachment 2**

### **Audit Committee’s Review Report**

The Board has prepared and submitted the business report, financial statements (including individual and consolidated financial statements), and the proposal of earning distribution for 2020. The financial statements (including individual and consolidated financial statements) had been duly audited by CPAs Li, Dian-Yi and Tseng, Guo-Hwa from PwC (Taiwan) appointed by the Board of Directors, and they have issued an audit report with an unqualified opinion. The said business report, financial statements, and the proposal of earning distribution had been reviewed by the Audit Committee and we considered that they are in compliance with the Company Act and relevant laws and regulations. Therefore, the Audit Committee's report is hereby prepared in accordance with Article 14-4 and Article 219 of the Company Act. Submitted for your review.

To

2021 shareholders’ meeting of the Company

C Sun MFG. Ltd.

Convener of the Audit Committee Chu, Zhi-Yuan

4 March 2021

## **Attachment 3**

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR 20000546

To the Board of Directors and Shareholders of C SUN MFG. LTD.

### ***Opinion***

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

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

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. 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 Accountants in 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 matters***

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

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

## **Revenue recognition**

### Description

Refer to Notes 4(28) and 6(21) of the Group's 2020 consolidated financial statements for accounting policies on revenue recognition and the description of significant accounts – operating revenue, respectively.

The Group is primarily engaged in the manufacture and sale of related manufacturing equipment of printed circuit board and flat panel display. Main revenue recognition is based on customer's confirmation for acceptance. Since the timing of the transfer of risks and rewards of goods ownerships are subject to judgment and the result could affect sales revenue significantly in the consolidated financial statements. Thus, revenue recognition has been identified as a key audit matter.

### How our audit addressed the matter

Our audit procedures performed included the following:

1. Assessed the appropriateness of the policy of sales revenue recognition.
2. Assessed and tested the design and operating effectiveness of the key controls over sales revenue recognition.
3. Sampled and tested the sales transactions including checking customer purchase orders and evidences of sales transactions.
4. Performed cut-off test on sales transactions for a specific period of time prior to and after the balance sheet date.

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

We have audited and expressed an unqualified opinion on the parent company only financial statements

of C SUN MFG. LTD. as at and for the years ended December 31, 2020 and 2019.

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

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

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

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

### ***Auditors' responsibilities for the audit of the consolidated financial statements***

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

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in



internal control that we identify during our audit.

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

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

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Li, Tien-Yi

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Tsang, Kwok-Wah

For and on behalf of PricewaterhouseCoopers, Taiwan

March 4, 2021

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

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

**C SUN MFG. LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2020 AND 2019**  
(Expressed in thousands of New Taiwan dollars)

Assets			December 31, 2020		December 31, 2019			
			AMOUNT	%	AMOUNT	%		
Current assets								
1100	Cash and cash equivalents	6(1)	\$	1,621,979	24	\$	1,105,522	17
1110	Financial assets at fair value through profit or loss - current	6(2)		126,366	2		93,173	2
1120	Current financial assets at fair value through other comprehensive income	6(3)		1,555	-		15,891	-
1150	Notes receivable, net	6(4)		35,213	1		41,630	1
1170	Accounts receivable, net	6(4) and 7		1,944,329	29		2,463,018	38
1200	Other receivables	7		11,505	-		28,585	1
130X	Inventories	6(5)		953,758	14		582,939	9
1410	Prepayments			81,478	1		57,349	1
1470	Other current assets	8		7,019	-		4,896	-
11XX	Current Assets			4,783,202	71		4,393,003	69
Non-current assets								
1517	Non-current financial assets at fair value through other comprehensive income	6(3)		114,638	2		896,828	14
1550	Investments accounted for under equity method	6(6)		892,322	13		63,768	1
1600	Property, plant and equipment	6(7) and 8		709,219	10		755,251	12
1755	Right-of-use assets	6(8)		64,558	1		84,020	1
1780	Intangible assets	6(10)		51,373	1		54,474	1
1840	Deferred income tax assets	6(28)		120,294	2		148,133	2
1900	Other non-current assets	8		15,195	-		15,134	-
15XX	Non-current assets			1,967,599	29		2,017,608	31
1XXX	Total assets		\$	6,750,801	100	\$	6,410,611	100

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**C SUN MFG. LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2020 AND 2019**  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2020		December 31, 2019	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(11)	\$ 570,600	8	\$ 947,960	15
2120	Current financial liabilities at fair value through profit or loss	6(12)	166	-	6,876	-
2130	Current contract liabilities	6(21)	560,006	8	114,443	2
2150	Notes payable		67,232	1	60,294	1
2170	Accounts payable	6(13)	1,074,758	16	753,303	12
2180	Accounts payable - related parties	7	11,447	-	8,825	-
2200	Other payables	6(14)	615,136	9	566,568	9
2230	Current income tax liabilities		43,216	1	36,538	1
2280	Current lease liabilities		10,428	-	26,445	-
2300	Other current liabilities	6(15)	325,969	5	323,859	5
21XX	Current Liabilities		3,278,958	48	2,845,111	45
Non-current liabilities						
2527	Non-current contract liabilities	6(21)	-	-	4,800	-
2540	Long-term borrowings	6(15)	432,000	7	550,000	9
2570	Deferred income tax liabilities	6(28)	330,973	5	326,854	5
2580	Non-current lease liabilities		4,474	-	7,536	-
2600	Other non-current liabilities	6(16)	21,904	-	25,990	-
25XX	Non-current liabilities		789,351	12	915,180	14
2XXX	Total Liabilities		4,068,309	60	3,760,291	59
Equity attributable to owners of parent						
	Share capital	6(17)				
3110	Share capital - common stock		1,492,055	22	1,492,055	23
	Capital surplus	6(18)				
3200	Capital surplus		232,800	3	232,800	3
	Retained earnings	6(19)				
3310	Legal reserve		227,431	3	200,300	3
3320	Special reserve		51,901	1	51,901	1
3350	Unappropriated retained earnings		611,356	9	545,951	9
	Other equity interest	6(20)				
3400	Other equity interest		( 105,878 )	( 1 )	( 10,447 )	-
31XX	Equity attributable to owners of the parent		2,509,665	37	2,512,560	39
36XX	Non-controlling interest		172,827	3	137,760	2
3XXX	Total equity		2,682,492	40	2,650,320	41
	Significant contingent liabilities and unrecognized contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	Total liabilities and equity		\$ 6,750,801	100	\$ 6,410,611	100

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

**C SUN MFG. LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**  
(Expressed in thousands of New Taiwan dollars, except earnings per share)

Items		Notes	Year ended December 31			
			2020		2019	
			AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(21) and 7	\$ 4,085,806	100	\$ 4,438,288	100
5000	Operating costs	6(5)	( 2,538,492)	( 62)	( 3,169,988)	( 71)
5900	Net operating margin		1,547,314	38	1,268,300	29
	Operating expenses	6(26)(27)				
6100	Selling expenses		( 466,023)	( 12)	( 481,265)	( 11)
6200	General and administrative expenses		( 200,298)	( 5)	( 206,790)	( 5)
6300	Research and development expenses		( 258,182)	( 6)	( 245,046)	( 6)
6450	Expected credit losses		( 92,303)	( 2)	( 21,085)	-
6000	Total operating expenses		( 1,016,806)	( 25)	( 954,186)	( 22)
6900	Operating profit		530,508	13	314,114	7
	Non-operating income and expenses					
7100	Interest income	6(22)	25,468	1	24,982	1
7010	Other income	6(23)	51,826	1	127,358	3
7020	Other gains and losses	6(24)	( 30,075)	( 1)	( 17,908)	-
7050	Finance costs	6(25)	( 17,507)	-	( 37,104)	( 1)
7060	Share of profit of associates and joint ventures accounted for under equity method		45,631	1	6,692	-
7000	Total non-operating income and expenses		75,343	2	104,020	3
7900	<b>Profit before income tax</b>		605,851	15	418,134	10
7950	Income tax expense	6(28)	( 130,606)	( 3)	( 79,721)	( 2)
8200	<b>Profit for the year</b>		\$ 475,245	12	\$ 338,413	8

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**C SUN MFG. LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**  
(Expressed in thousands of New Taiwan dollars, except earnings per share)

				Year ended December 31			
				2020		2019	
Items		Notes	AMOUNT	%	AMOUNT	%	
<b>Other comprehensive income</b>							
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>							
8311	Losses on remeasurements of defined benefit plans		( \$ 4,444)	-	( \$ 1,242)	-	
8316	Unrealized gains(losses) on investments in equity instruments at fair value through other comprehensive income	6(20)	( 99,418)	( 2)	37,293	1	
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		9,932	-	-	-	
8310	Components of other comprehensive income that will not be reclassified to profit or loss		( 93,930)	( 2)	36,051	1	
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>							
8361	Financial statements translation differences of foreign operations		24,238	-	( 78,289)	( 2)	
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss		8,141	-	-	-	
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(28)	( 4,345)	-	14,588	-	
8360	Components of other comprehensive income that will be reclassified to profit or loss		28,034	-	( 63,701)	( 2)	
8300	<b>Other comprehensive loss for the year</b>		( \$ 65,896)	( 2)	( \$ 27,650)	( 1)	
8500	<b>Total comprehensive income for the year</b>		\$ 409,349	10	\$ 310,763	7	
Profit attributable to:							
8610	Owners of the parent		\$ 438,766	11	\$ 312,390	7	
8620	Non-controlling interest		36,479	1	26,023	1	
	Profit for the year		\$ 475,245	12	\$ 338,413	8	
Comprehensive income attributable to:							
8710	Owners of the parent		\$ 370,118	9	\$ 290,089	7	
8720	Non-controlling interest		39,231	1	20,674	-	
	Total comprehensive income for the year		\$ 409,349	10	\$ 310,763	7	
Basic earnings per share							
9750	Total basic earnings per share	6(29)	\$ 2.94		\$ 2.09		
Diluted earnings per share							
9850	Total diluted earnings per share	6(29)	\$ 2.94		\$ 2.09		

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

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

Equity attributable to owners of the parent												
Retained Earnings						Other equity interest						
						Financial statements translation differences of foreign operations	Total Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income					
Notes	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings			Other	Treasury shares	Total	Non-controlling interest	Total equity
<u>2019</u>												
Balance at January 1, 2019	\$ 1,587,445	\$ 246,818	\$ 144,662	\$ 51,901	\$ 703,284	(\$ 102,461)	\$ 114,723	\$ 530	(\$ 151,418)	\$ 2,595,484	\$ 123,502	\$ 2,718,986
Profit for the year	-	-	-	-	312,390	-	-	-	-	312,390	26,023	338,413
Other comprehensive (loss) income for the year	6(20) -	-	-	-	( 1,242)	( 58,352)	37,293	-	-	( 22,301)	( 5,349)	( 27,650)
Total comprehensive (loss) income	-	-	-	-	311,148	( 58,352)	37,293	-	-	290,089	20,674	310,763
Distribution of 2018 earnings:												
Legal reserve	6(19) -	-	55,638	-	( 55,638)	-	-	-	-	-	-	-
Cash dividends	6(19) -	-	-	-	( 373,013)	-	-	-	-	( 373,013)	-	( 373,013)
Disposal of equity instruments at fair value through other comprehensive income	6(20) -	-	-	-	2,180	-	( 2,180)	-	-	-	-	-
Cancellation of treasury shares	( 95,390)	( 14,018)	-	-	( 42,010)	-	-	-	151,418	-	-	-
Cash dividends from subsidiaries	-	-	-	-	-	-	-	-	-	-	( 6,416)	( 6,416)
Balance at December 31, 2019	\$ 1,492,055	\$ 232,800	\$ 200,300	\$ 51,901	\$ 545,951	(\$ 160,813)	\$ 149,836	\$ 530	\$ -	\$ 2,512,560	\$ 137,760	\$ 2,650,320
<u>2020</u>												
Balance at January 1, 2020	\$ 1,492,055	\$ 232,800	\$ 200,300	\$ 51,901	\$ 545,951	(\$ 160,813)	\$ 149,836	\$ 530	\$ -	\$ 2,512,560	\$ 137,760	\$ 2,650,320
Profit for the year	-	-	-	-	438,766	-	-	-	-	438,766	36,479	475,245
Other comprehensive (loss) income for the year	6(20) -	-	-	-	( 4,444)	25,282	( 89,486)	-	-	( 68,648)	2,752	( 65,896)
Total comprehensive (loss) income	-	-	-	-	434,322	25,282	( 89,486)	-	-	370,118	39,231	409,349
Distribution of 2019 earnings:												
Legal reserve	6(19) -	-	27,131	-	( 27,131)	-	-	-	-	-	-	-
Cash dividends	6(19) -	-	-	-	( 373,013)	-	-	-	-	( 373,013)	-	( 373,013)
Disposal of equity instruments at fair value through other comprehensive income	6(20) -	-	-	-	31,227	-	( 31,227)	-	-	-	-	-
Cash dividends from subsidiaries	-	-	-	-	-	-	-	-	-	-	( 4,164)	( 4,164)
Balance at December 31, 2020	\$ 1,492,055	\$ 232,800	\$ 227,431	\$ 51,901	\$ 611,356	(\$ 135,531)	\$ 29,123	\$ 530	\$ -	\$ 2,509,665	\$ 172,827	\$ 2,682,492

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

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

		Year ended December 31	
	Notes	2020	2019
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 605,851	\$ 418,134
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(7)(8)(26)	95,199	94,868
Amortization	6(26)	6,282	7,619
Expected credit impairment loss	12(2)	92,303	21,085
Net gain on financial assets or liabilities at fair value through profit or loss	6(2)(24)	( 9,359 )	2,975
Interest expense	6(25)	17,507	37,104
Interest income	6(22)	( 25,468 )	( 24,982 )
Dividend income	6(23)	( 12,507 )	( 53,293 )
Profit on investments accounted for under the equity method		( 45,631 )	( 6,692 )
Property, plant, and equipment transferred to expenses		100	-
Loss on disposal of property, plant and equipment, net	6(24)	199	( 226 )
Gain on disposal of financial assets	6(24)	( 10,351 )	( 2,729 )
Impairment loss from non – financial assets	6(24)	1,285	1,345
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		( 82,256 )	12,616
Proceeds from disposal of Financial assets at fair value through profit or loss		62,134	-
Notes receivable		6,766	4,975
Accounts receivable		438,832	( 24,854 )
Accounts receivable-related parties		( 6 )	795
Other receivables		1,310	156
Inventories		( 367,247 )	367,908
Prepayments		( 24,839 )	9,585
Other current assets		( 1,785 )	( 1,008 )
Changes in operating liabilities			
Notes payable		6,938	( 97,321 )
Accounts payable		319,173	( 206,857 )
Other payables		50,281	( 8,862 )
Current contract liabilities		440,763	( 66,537 )
Other current liabilities		2,110	15,189
Accrued pension liabilities		( 3,091 )	( 8,566 )
Cash inflow generated from operations		1,564,493	492,427
Dividend received		12,507	53,293
Interest paid		( 18,622 )	( 36,658 )
Income tax paid		( 104,928 )	( 103,689 )
Net cash flows from operating activities		1,453,450	405,373

(Continued)

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

		Year ended December 31	
	Notes	2020	2019
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Acquisition of financial assets at fair value through other comprehensive income		( \$ 23,015 )	( \$ 65,195 )
Proceeds from disposal of Financial assets at fair value through other comprehensive income		19,774	11,516
Proceeds from capital reduction of investments of Financial assets at fair value through other comprehensive income		15,714	1,800
Dividend received from investment accounted for under the equity method		52,776	-
Increase in investment accounted for under the equity method		( 139,087 )	-
Acquisition of property, plant, and equipment	6(30)	( 18,577 )	( 60,119 )
Proceeds from disposal of property, plant and equipment		46	1,080
Acquisition of intangible assets		( 2,617 )	( 5,584 )
Refundable deposits refunded (paid)		5,026	( 995 )
Increase in other receivables		15,041	( 15,041 )
(Increase) decrease in other financial assets		( 337 )	13,407
(Increase) decrease in other non-current assets		( 6,071 )	6,837
Interest received		26,197	24,483
Net cash flows used in investing activities		( 55,130 )	( 87,811 )
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Increase in short-term borrowings	6(31)	4,625,483	7,831,049
Repayment of short-term borrowings	6(31)	( 5,002,843 )	( 7,762,538 )
Increase in long-term borrowings	6(31)	842,000	1,990,000
Repayment of long-term borrowings	6(31)	( 960,000 )	( 1,760,000 )
Increase in guarantee deposits received	6(31)	247	1,268
Repayment of principal portion of lease liabilities	6(31)	( 29,055 )	( 27,952 )
Payment of cash dividends		( 373,014 )	( 373,013 )
Cash dividends from subsidiaries		( 4,164 )	( 6,416 )
Net cash flows used in financing activities		( 901,346 )	( 107,602 )
Effect of exchange rate		19,483	( 62,829 )
Net increase in cash and cash equivalents		516,457	147,131
Cash and cash equivalents at beginning of year	6(1)	1,105,522	958,391
Cash and cash equivalents at end of year	6(1)	\$ 1,621,979	\$ 1,105,522

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



## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR 20000545

To the Board of Directors and Shareholders of C SUN MFG. LTD.

### ***Opinion***

We have audited the accompanying parent company only balance sheets of C SUN MFG. LTD. as at December 31, 2020 and 2019, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of C SUN MFG. LTD. as at December 31, 2020 and 2019, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

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

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the parent company only financial statements* section of our report. We are independent of C SUN MFG. LTD. in accordance with the Norm of Professional Ethics for Certified Public Accountants in 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 matters***

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

Key audit matters for C SUN MFG. LTD.'s 2020 the parent company only financial statements of the current period are stated as follows:

### **Revenue recognition**

#### Description

Refer to Notes 4(27) and 6(20) of the parent company only financial statements for accounting policies on revenue recognition and the description of significant accounts – operating revenue, respecting.

C SUN MFG. LTD. is primarily engaged in the manufacture and sale of related manufacturing equipment of printed circuit board and flat panel display. Main revenue recognition is based on customer's confirmation for acceptance. Since the timing of the transfer of risks and rewards of goods ownerships are subject to judgment and the result could affect sales revenue significantly in the parent company only financial statements. Thus, revenue recognition has been identified as a key audit matter.

#### How our audit addressed the matter

Our audit procedures performed included the following:

1. Assessed the appropriateness of the policy of sales revenue recognition.
2. Assessed and tested the design and operating effectiveness of the key controls over sales revenue recognition.
3. Sampled and tested the sales transactions including checking customer purchase orders and evidences of sales transactions.
4. Performed cut-off test on sales transactions for a specific period of time prior to and after the

balance sheet

date.

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

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

In preparing the parent company only financial statements, management is responsible for assessing C SUN MFG. LTD.'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 C SUN MFG. LTD. 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 C SUN MFG. LTD. financial reporting process.

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

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

As part of an audit in accordance with the generally accepted auditing standards in the Republic of

China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Li, Tien-Yi

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Tsang, Kwok-Wah

For and on behalf of PricewaterhouseCoopers, Taiwan

March 4, 2021

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

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

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

Assets		Notes	December 31, 2020		December 31, 2019			
			AMOUNT	%	AMOUNT	%		
Current assets								
1100	Cash and cash equivalents	6(1)	\$	513,963	9	\$	240,271	4
1110	Financial assets at fair value through profit or loss - current	6(2)		55,878	1		24,414	1
1120	Current financial assets at fair value through other comprehensive income	6(3)		1,555	-		15,891	-
1150	Notes receivable, net	6(4)		3,750	-		18,927	-
1170	Accounts receivable, net	6(4)		992,286	18		1,650,856	29
1180	Accounts receivable - related parties	7		39,563	1		49,261	1
1210	Other receivables - related parties	7		7,725	-		3,220	-
130X	Inventories	6(5)		549,992	10		352,666	6
1410	Prepayments			38,600	-		10,955	-
1470	Other current assets	8		7,493	-		5,992	-
11XX	Current Assets			2,210,805	39		2,372,453	41
Non-current assets								
1517	Non-current financial assets at fair value through other comprehensive income	6(3)		102,018	2		876,827	15
1550	Investments accounted for under equity method	6(6)		2,679,882	48		1,821,682	32
1600	Property, plant and equipment	6(7) and 8		467,424	9		486,108	9
1755	Right-of-use assets	6(8)		6,054	-		3,078	-
1780	Intangible assets	6(9)		6,024	-		7,109	-
1840	Deferred income tax assets	6(27)		119,396	2		147,435	3
1900	Other non-current assets			11,862	-		7,892	-
15XX	Non-current assets			3,392,660	61		3,350,131	59
1XXX	Total assets		\$	5,603,465	100	\$	5,722,584	100

(Continued)

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

Liabilities and Equity		Notes	December 31, 2020		December 31, 2019	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(10)	\$ 570,600	10	\$ 947,960	17
2120	Financial liabilities at fair value through profit or loss - current	6(11)	166	-	6,876	-
2130	Current contract liabilities	6(20)	289,944	5	46,124	1
2150	Notes payable		67,224	1	60,260	1
2170	Accounts payable	6(12)	587,262	11	424,131	7
2180	Accounts payable - related parties	7	81,905	1	80,470	1
2200	Other payables	6(13)	355,481	6	386,969	7
2230	Current income tax liabilities		37,551	1	36,388	1
2280	Current lease liabilities		3,231	-	2,349	-
2300	Other current liabilities	6(14)(15)	314,768	6	316,734	5
21XX	Current Liabilities		2,308,132	41	2,308,261	40
Non-current liabilities						
2540	Long-term borrowings	6(14)	432,000	8	550,000	10
2570	Deferred income tax liabilities	6(27)	330,960	6	326,841	6
2580	Non-current lease liabilities		2,868	-	750	-
2600	Other non-current liabilities	6(15)	19,840	-	24,172	-
25XX	Non-current liabilities		785,668	14	901,763	16
2XXX	Total Liabilities		3,093,800	55	3,210,024	56
Equity						
	Share capital	6(16)				
3110	Share capital - common stock		1,492,055	27	1,492,055	26
	Capital surplus	6(17)				
3200	Capital surplus		232,800	4	232,800	4
	Retained earnings	6(18)				
3310	Legal reserve		227,431	4	200,300	3
3320	Special reserve		51,901	1	51,901	1
3350	Unappropriated retained earnings		611,356	11	545,951	10
	Other equity interest	6(19)				
3400	Other equity interest		( 105,878 )	( 2 )	( 10,447 )	-
3XXX	Total equity		2,509,665	45	2,512,560	44
	Significant contingent liabilities and unrecognized contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	Total liabilities and equity		\$ 5,603,465	100	\$ 5,722,584	100

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

C SUN MFG. LTD.  
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2020 AND 2019

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

		Notes	Year ended December 31			
			2020		2019	
			AMOUNT	%	AMOUNT	%
Items						
4000	Sales revenue	6(20) and 7	\$ 2,497,069	100	\$ 2,945,096	100
5000	Operating costs	6(5)	( 1,601,472)	( 64)	( 2,231,912)	( 76)
5900	Net operating margin		895,597	36	713,184	24
5910	Unrealized profit from sales		( 14,905)	( 1)	( 15,398)	-
5920	Realized profit from sales		14,489	1	12,599	-
5950	Net operating margin		895,181	36	710,385	24
	Operating expenses	6(25)(26)				
6100	Selling expenses		( 264,895)	( 11)	( 259,793)	( 9)
6200	General and administrative expenses		( 110,780)	( 4)	( 107,754)	( 4)
6300	Research and development expenses		( 182,814)	( 7)	( 166,048)	( 5)
6450	Expected credit losses		( 88,905)	( 4)	( 23,714)	( 1)
6000	Total operating expenses		( 647,394)	( 26)	( 557,309)	( 19)
6900	Operating profit		247,787	10	153,076	5
	Non-operating income and expenses					
7100	Interest income	6(21)	906	-	2,897	-
7010	Other income	6(22)	46,922	2	120,183	4
7020	Other gains and losses	6(23)	( 23,156)	( 1)	( 19,147)	-
7050	Finance costs	6(24)	( 16,709)	( 1)	( 35,222)	( 1)
7070	Share of profit of associates and joint ventures accounted for using equity method, net		261,030	11	150,763	5
7000	Total non-operating income and expenses		268,993	11	219,474	8
7900	<b>Profit before income tax</b>		516,780	21	372,550	13
7950	Income tax expense	6(27)	( 78,014)	( 3)	( 60,160)	( 2)
8200	<b>Profit for the year</b>		\$ 438,766	18	\$ 312,390	11

(Continued)



C SUN MFG. LTD.  
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2020 AND 2019

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

Items	Notes	Year ended December 31			
		2020		2019	
		AMOUNT	%	AMOUNT	%
<b>Other comprehensive income</b>					
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>					
8311 Other comprehensive income, before tax, actuarial gains (losses) on defined benefit plans		(\$ 4,444)	-	(\$ 1,242)	-
8316 Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(19)	( 99,201)	( 4)	37,293	1
8330 Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		9,715	-	-	-
8310 Components of other comprehensive income that will not be reclassified to profit or loss		( 93,930)	( 4)	36,051	1
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>	6(19)				
8380 Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss		29,627	1	( 72,940)	( 2)
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss		( 4,345)	-	14,588	-
8360 Components of other comprehensive income that will be reclassified to profit or loss		25,282	1	( 58,352)	( 2)
8300 <b>Other comprehensive loss for the year</b>		(\$ 68,648)	( 3)	(\$ 22,301)	( 1)
8500 <b>Total comprehensive income for the year</b>		\$ 370,118	15	\$ 290,089	10
Basic earnings per share	6(28)				
9750 Total basic earnings per share		\$ 2.94		\$ 2.09	
Diluted earnings per share	6(28)				
9850 Total diluted earnings per share		\$ 2.94		\$ 2.09	

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

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

			Retained Earnings				Other equity interest				
					Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Other	Treasury shares	Total equity	
	Notes	Share capital - common stock	Capital surplus	Legal reserve	Special reserve						
<u>2019</u>											
Balance at January 1, 2019		\$ 1,587,445	\$ 246,818	\$ 144,662	\$ 51,901	\$ 703,284	(\$ 102,461 )	\$ 114,723	\$ 530	(\$ 151,418 ) \$2,595,484	
Profit for the year		-	-	-	-	312,390	-	-	-	312,390	
Other comprehensive (loss) income	6(19)	-	-	-	-	( 1,242 )	( 58,352 )	37,293	-	( 22,301 )	
Total comprehensive (loss) income		-	-	-	-	311,148	( 58,352 )	37,293	-	290,089	
Distribution of 2018 earnings:											
Legal reserve	6(18)	-	-	55,638	-	( 55,638 )	-	-	-	-	
Cash dividends	6(18)	-	-	-	-	( 373,013 )	-	-	-	( 373,013 )	
Disposal of equity instruments at fair value through other comprehensive income	6(19)	-	-	-	-	2,180	-	( 2,180 )	-	-	
Cancellation of treasury shares		( 95,390 )	( 14,018 )	-	-	( 42,010 )	-	-	-	151,418 -	
Balance at December 31, 2019		\$ 1,492,055	\$ 232,800	\$ 200,300	\$ 51,901	\$ 545,951	(\$ 160,813 )	\$ 149,836	\$ 530	\$ - \$2,512,560	
<u>2020</u>											
Balance at January 1, 2020		\$ 1,492,055	\$ 232,800	\$ 200,300	\$ 51,901	\$ 545,951	(\$ 160,813 )	\$ 149,836	\$ 530	\$ - \$2,512,560	
Profit for the year		-	-	-	-	438,766	-	-	-	438,766	
Other comprehensive (loss) income	6(19)	-	-	-	-	( 4,444 )	25,282	( 89,486 )	-	( 68,648 )	
Total comprehensive (loss) income		-	-	-	-	434,322	25,282	( 89,486 )	-	370,118	
Distribution of 2019 earnings:											
Legal reserve	6(18)	-	-	27,131	-	( 27,131 )	-	-	-	-	
Cash dividends	6(18)	-	-	-	-	( 373,013 )	-	-	-	( 373,013 )	
Disposal of equity instruments at fair value through other comprehensive income	6(19)	-	-	-	-	31,227	-	( 31,227 )	-	-	
Balance at December 31, 2020		\$ 1,492,055	\$ 232,800	\$ 227,431	\$ 51,901	\$ 611,356	(\$ 135,531 )	\$ 29,123	\$ 530	\$ - \$2,509,665	

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

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

		Year ended December 31	
	Notes	2020	2019
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 516,780	\$ 372,550
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(25)	32,645	28,904
Amortization	6(25)	5,546	6,948
Expected credit impairment loss	12(2)	88,905	23,714
Net gain on financial assets or liabilities at fair value through profit or loss	6(23)	( 8,185 )	5,309
Gain on disposal of financial assets		( 10,351 )	( 2,729 )
Interest expense	6(24)	16,709	35,222
Interest income	6(21)	( 906 )	( 2,897 )
Dividend income	6(22)	( 12,507 )	( 53,293 )
Profit on investments accounted for under the equity method		( 261,030 )	( 150,763 )
Property, plant, and equipment transferred to expenses		100	-
Unrealized profits from sales		14,905	15,398
Realized profits from sales		( 14,489 )	( 12,599 )
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		( 19,638 )	24,250
Notes receivable		15,265	19,554
Accounts receivable		569,577	37,255
Accounts receivable-related parties		9,698	( 21,833 )
Inventories		( 197,326 )	217,899
Prepayments		( 28,350 )	10,644
Increase in other current assets		( 1,434 )	( 1,416 )
Changes in operating liabilities			
Notes payable		6,964	( 97,031 )
Accounts payable		163,131	( 151,998 )
Accounts payable - related parties		1,435	( 60,080 )
Other payables		( 30,697 )	( 23,725 )
Current contract liabilities		243,820	( 3,512 )
Other current liabilities		( 1,966 )	15,270
Accrued pension liabilities		( 8,776 )	( 8,566 )
Cash inflow generated from operations		1,089,825	222,475
Income tax paid		( 49,038 )	( 86,619 )
Dividend received		12,507	53,293
Interest paid		( 17,824 )	( 34,776 )
Net cash flows from operating activities		1,035,470	154,373

(Continued)

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

		Year ended December 31	
	Notes	2020	2019
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Acquisition of financial assets at fair value through other comprehensive income		(\$ 23,015 )	(\$ 65,195 )
Proceeds from disposal of financial assets at fair value through other comprehensive income		19,774	11,516
Decrease in other financial assets-non current		-	5,400
Proceeds from capital reduction of investments of financial assets at fair value through other comprehensive income		15,714	1,800
Increase in investment accounted for under the equity method		( 139,087 )	-
Acquisition of property, plant, and equipment	6(29)	( 10,749 )	( 46,430 )
Decrease in other financial assets		-	4,901
Refundable deposits refunded (paid)		2,302	( 40 )
Acquisition of intangible assets		( 1,917 )	( 4,762 )
Dividend received from investment accounted for under the equity method		258,315	21,817
(Increase) decrease in other receivables-related parties		( 4,505 )	19,007
Increase in other non-current assets		( 7,322 )	-
Interest received		906	2,897
Net cash flows from (used in) investing activities		110,416	( 49,089 )
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Increase in short-term borrowings	6(30)	-	68,511
Repayment of short-term borrowings	6(30)	( 377,360 )	-
Increase in long-term borrowings	6(30)	842,000	1,990,000
Repayment of long-term borrowings	6(30)	( 960,000 )	( 1,760,000 )
Payment of cash dividends		( 373,013 )	( 373,013 )
Repayment of principal portion of lease liabilities	6(30)	( 3,821 )	( 4,157 )
Net cash flows used in financing activities		( 872,194 )	( 78,659 )
Net increase in cash and cash equivalents		273,692	26,625
Cash and cash equivalents at beginning of year	6(1)	240,271	213,646
Cash and cash equivalents at end of year	6(1)	\$ 513,963	\$ 240,271

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

## Attachment 4

### The “Comparison Table for Regulations for Endorsement and Guarantee”

Before and After Amendments is as follows:

Before Amendments	After Amendments	Reason for the Amendment
<p>Article 7:</p> <p><b><u>After being passed by the Board</u></b>, the Regulations shall be implemented after being <b><u>submitted to the Audit Committee and</u></b> submitted to and agreed by the shareholders’ meeting; the same shall apply upon any amendment. Where any Director expressed opposing opinions with records or written declarations, the Company shall also submit the opposing opinions to the Audit Committee and submit to the shareholders’ meeting for discussion; the same shall apply upon any amendment.</p> <p>Furthermore, after the Company has set its Independent Directors, when submitting the Regulations to the Board for discussion according to the requirement in the previous paragraph, Independent Directors’ opinions shall be fully considered, and their explicit opinions on agreeing or opposing and the reasons for opposing shall be included in the meeting minutes of the Board meeting.</p>	<p>Article 7:</p> <p>After the Regulations are <b>agreed by the majority of the Audit Committee’s members and submitted to the Board for resolution</b>, the Regulations shall be implemented after being submitted to and agreed by the shareholders’ meeting; the same shall apply upon any amendment. Where any Director expressed opposing opinions with records or written declarations, the Company shall also submit the opposing opinions to the Audit Committee and submit to the shareholders’ meeting for discussion; the same shall apply upon any amendment.</p> <p>Furthermore, after the Company has set its Independent Directors, when submitting the Regulations to the Board for discussion according to the requirement in the previous paragraph, Independent Directors’ opinions shall be fully considered, and their explicit opinions on agreeing or opposing and the reasons for opposing shall be included in the meeting minutes of the Board meeting.</p>	Amended according to the actual operations of the Company.
<p>Article 16: The Regulations were established on 25 September 1997.</p> <p>The 1<sup>st</sup> amendment was made on 3 March 1999.  The 2<sup>nd</sup> amendment was made on 6 June 2003.  The 3<sup>rd</sup> amendment was made on 15 June 2006.  The 4<sup>th</sup> amendment was made on 15 June 2007.  The 5<sup>th</sup> amendment was made on 19 June 2009.  The 6<sup>th</sup> amendment was made on 17 June 2010.  The 7<sup>th</sup> amendment was made on 25 May 2012.  The 8<sup>th</sup> amendment was made on 18 June 2013.  The 9<sup>th</sup> amendment was made on 13 June 2019.</p>	<p>Article 16: The Regulations were established on 25 September 1997.</p> <p>The 1<sup>st</sup> amendment was made on 3 March 1999.  The 2<sup>nd</sup> amendment was made on 6 June 2003.  The 3<sup>rd</sup> amendment was made on 15 June 2006.  The 4<sup>th</sup> amendment was made on 15 June 2007.  The 5<sup>th</sup> amendment was made on 19 June 2009.  The 6<sup>th</sup> amendment was made on 17 June 2010.  The 7<sup>th</sup> amendment was made on 25 May 2012.  The 8<sup>th</sup> amendment was made on 18 June 2013.  The 9<sup>th</sup> amendment was made on 13 June 2019.  <b><u>The 10<sup>th</sup> amendment was made on 25 May 2021.</u></b></p>	

## Attachment 5

### The Comparison Table for “Procedures for the Purchase and Disposal of Assets” Before and After Amendments is as follows:

Before Amendments	After Amendments	Reason for the Amendment
<p>Article 17:</p> <p><b><u>After being passed by the Board</u></b>, the Procedures shall be implemented after being <b><u>submitted to the Audit Committee and</u></b> submitted to and agreed by the shareholders’ meeting. Where any Director expressed opposing opinions with records or written declarations, the Company shall also submit the opposing opinions to the supervisors and submit to the shareholders’ meeting for discussion; the same shall apply upon any amendment.</p> <p>Furthermore, after the Company has set its Independent Directors, when submitting the Procedures to the Board for discussion according to the requirement in the previous paragraph, Independent Directors’ opinions shall be fully considered, any opposing opinions or qualified opinions of Independent Directors shall be included in the meeting minutes of the Board meeting.</p>	<p>Article 17:</p> <p>After the Procedures are <b>agreed by the majority of the Audit Committee’s members and submitted to the Board for resolution</b>, the Procedures shall be implemented after being submitted to and agreed by the shareholders’ meeting. Where any Director expressed opposing opinions with records or written declarations, the Company shall also submit the opposing opinions to the Audit Committee and submit to the shareholders’ meeting for discussion; the same shall apply upon any amendment.</p> <p>Where any Director expressed opposing opinions with records or written declarations, the Company shall also submit the opposing opinions to the supervisors and submit to the shareholders’ meeting for discussion; the same shall apply upon any amendment.</p> <p>Furthermore, after the Company has set its Independent Directors, when submitting the Procedures to the Board for discussion according to the requirement in the previous paragraph, Independent Directors’ opinions shall be fully considered, any opposing opinions or qualified opinions of Independent Directors shall be included in the meeting minutes of the Board meeting.</p>	Amended according to the actual operations of the Company.
<p>Article 18: The Regulations were established on 25 September 1998.</p> <p>The 1<sup>st</sup> amendment was made on 3 March 1999.  The 2<sup>nd</sup> amendment was made on 26 November 1999.  The 3<sup>rd</sup> amendment was made on 24 December 1999.  The 4<sup>th</sup> amendment was made on 6 June 2003.  The 5<sup>th</sup> amendment was made on 15 June 2004.  The 6<sup>th</sup> amendment was made on 10 June 2005.  The 7<sup>th</sup> amendment was made on 15 June 2006.  The 8<sup>th</sup> amendment was made on 15 June 2007.  The 9<sup>th</sup> amendment was made on 19 June 2009.  The 10<sup>th</sup> amendment was made on 17 June 2010.  The 11<sup>th</sup> amendment was made on 25 May 2012.  The 12<sup>th</sup> amendment was made on 12 June 2014.  The 13<sup>th</sup> amendment was made on 8 June 2017.</p>	<p>Article 18: The Regulations were established on 25 September 1998.</p> <p>The 1<sup>st</sup> amendment was made on 3 March 1999.  The 2<sup>nd</sup> amendment was made on 26 November 1999.  The 3<sup>rd</sup> amendment was made on 24 December 1999.  The 4<sup>th</sup> amendment was made on 6 June 2003.  The 5<sup>th</sup> amendment was made on 15 June 2004.  The 6<sup>th</sup> amendment was made on 10 June 2005.  The 7<sup>th</sup> amendment was made on 15 June 2006.  The 8<sup>th</sup> amendment was made on 15 June 2007.  The 9<sup>th</sup> amendment was made on 19 June 2009.  The 10<sup>th</sup> amendment was made on 17 June 2010.  The 11<sup>th</sup> amendment was made on 25 May 2012.  The 12<sup>th</sup> amendment was made on 12 June 2014.  The 13<sup>th</sup> amendment was made on 8 June 2017.  <b><u>The 14<sup>th</sup> amendment was made on 25 May 2021.</u></b></p>	

## Attachment 6

### The Comparison Table for “Procedures for Engaging in Derivative Transactions” Before and After Amendments is as follows:

Before Amendments	After Amendments	Reason for the Amendment
<p>Article 8: Other Matters</p> <p><b><u>After being passed by the Board</u></b>, the Procedures shall be implemented after being <b><u>submitted to the Audit Committee and</u></b> submitted to and agreed by the shareholders’ meeting; the same shall apply upon any amendment. Where any Director expressed opposing opinions with records or written declarations, the Company shall also submit the information on opposing opinions of Directors to the Audit Committee.</p> <p>Furthermore, after the Company has set its Independent Directors, when submitting the Procedures for the Acquisition and Disposal of Assets to the Board for discussion according to the requirement in the previous paragraph, Independent Directors’ opinions shall be fully considered, any opposing opinions or qualified opinions of Independent Directors shall be included in the meeting minutes of the Board meeting.</p>	<p>Article 8: Other Matters</p> <p>After the Procedures are <b>agreed by the majority of the Audit Committee’s members and submitted to the Board for resolution</b>, the Procedures shall be implemented after being submitted to and agreed by the shareholders’ meeting; the same shall apply upon any amendment. Where any Director expressed opposing opinions with records or written declarations, the Company shall also submit the information on opposing opinions of Directors to the Audit Committee.</p> <p>Furthermore, after the Company has set its Independent Directors, when submitting the Procedures for the Acquisition and Disposal of Assets to the Board for discussion according to the requirement in the previous paragraph, Independent Directors’ opinions shall be fully considered, any opposing opinions or qualified opinions of Independent Directors shall be included in the meeting minutes of the Board meeting.</p>	Amended according to the actual operations of the Company.
<p>Article 9: The Regulations were established on 25 September 1998.</p> <p>The 1<sup>st</sup> amendment was made on 3 March 1999.</p> <p>The 2<sup>nd</sup> amendment was made on 6 June 2003.</p> <p>The 3<sup>rd</sup> amendment was made on 15 June 2006.</p> <p>The 4<sup>th</sup> amendment was made on 15 June 2007.</p> <p>The 5<sup>th</sup> amendment was made on 19 June 2009.</p> <p>The 6<sup>th</sup> amendment was made on 18 June 2013.</p> <p>The 7<sup>th</sup> amendment was made on 13 June 2019.</p>	<p>Article 9: The Regulations were established on 25 September 1998.</p> <p>The 1<sup>st</sup> amendment was made on 3 March 1999.</p> <p>The 2<sup>nd</sup> amendment was made on 6 June 2003.</p> <p>The 3<sup>rd</sup> amendment was made on 15 June 2006.</p> <p>The 4<sup>th</sup> amendment was made on 15 June 2007.</p> <p>The 5<sup>th</sup> amendment was made on 19 June 2009.</p> <p>The 6<sup>th</sup> amendment was made on 18 June 2013.</p> <p>The 7<sup>th</sup> amendment was made on 13 June 2019.</p> <p><b><u>The 8<sup>th</sup> amendment was made on 25 May 2021.</u></b></p>	

# **Articles of Association of C Sun MFG. Ltd.**

## **Chapter 1 General**

Article 1: The Company has been established and named “C Sun MFG. Ltd.” in accordance with the provisions related to “company limited” of the Company Act.

Article 2: Scope of business of the Company is as follow:

1. Manufacturing and sales of industrial heating equipment with constant temperature, accessories, and machine parts for electronics, textile, plastic, rubber, printing, chemical engineering, and aerospace.
2. Processing, manufacturing, and trading of UV dryer, plate solarization set, exposure machine, environmental testing equipment, industrial drying oven, IR dryer, convey dryer, precision testing oven, environmental chamber, muffle furnace, electric heating panel, vacuum oven, soldering furnace, vacuum impregnator, thermal cycling testing machine, auto punching pre-heat machine, dust-free room oven, auto exposure equipment, and UV surface cleaning machine.
3. Quotation, tender, and distribution for products related to the above paragraph for domestic or foreign suppliers.
4. E604010 Machinery Installation Construction.
5. CB01990 Other Machinery Manufacturing Not Elsewhere Classified.
6. CE01030 Photographic and Optical Equipment Manufacturing.
7. CB01010 Machinery and Equipment Manufacturing.
8. CC01101 Restrained Telecom Radio Frequency Equipment and Materials Manufacturing.
9. F401021 Restrained Telecom Radio Frequency Equipment and Materials Import.
10. F401010 International Trade.



11. I199990 Other Consultancy.

12. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3: The headquarter of the Company is in New Taipei City, and the Company may establish foreign or domestic branches and branch institutions such as plants, offices, or contact offices according to the resolutions of the Board meeting when necessary.

Article 4: The Company may provide external guarantees to companies within the same industry and affiliates; however, such guarantees shall be submitted to and passed and agreed by the Board according to the Company's "Regulations for External Endorsement and Guarantee."

Article 5: When the Company becomes a shareholder with limited responsibility due to its investment in another company, the total investment shall be exempted from the restrictions under Article 13 of the Company Act; however, such investments shall be made according to the "Procedures for the Acquisition and Disposal of Assets."

## Chapter 2 Shares

Article 7: The total capital amount of the Company is NT\$2 billion, divided into 200,000,000 ordinary shares, with a value of NT\$10 per share; the Board is authorized to issue the unissued shares in batches. NT\$100 million in the total capital amount in the previous paragraph shall be reserved for the issuance of conversion shares for employee stock options. The Board is authorized to issue a total of 10,000,000 conversion shares of NT\$10 each in batches.

Article 7-1: With consent from two-thirds of the voting rights of attending shareholders at an annual shareholder meeting with the attendance of shareholders holding the majority of the total issued shares, the Company may transfer its shares to employees at an average price lower than the actual prices of share repurchases.

Article 7-2: With consent from two-thirds of the voting rights of attending shareholders at an annual shareholder meeting with the attendance of shareholders holding the majority of the total issued shares, the Company may issue employee stock options at a price lower than the closing price of ordinary shares of the Company on the date of issuance.

Article 8: The Company's shares are registered, signed or affixed seal by the Director representing the Company, and issued after being certified according to the law.

The Company is a public issuer; the issuance of shares is exempted from printing the share certificate; the Company registers its shares with centralized securities depository enterprises.

Article 9: Deleted

Article 10: The transfer, succession, gifting, loss, and ruin of share certificates shall be subject to the Company Act and relevant laws and regulations. For replacement or re-issuance of share certificate due to losses or other reasons, the Company may discretionally charge the nominal fees.

Article 11: The alteration of registrations in the member's registrar shall be suspended 60 days prior to the annual shareholders' meeting, 30 days prior to the extraordinary shareholders' meeting, and within 5 days from the base day on which the Company determines to distribute dividends or other benefits.

### Chapter 3 Shareholders' Meeting

Article 12: Shareholders' meetings are divided into annual shareholders' meeting and extraordinary shareholders' meeting:

1. The annual shareholders' meeting shall be convened by the Board within six months after the end of each fiscal year according to the law.
2. The extraordinary shareholders' meeting may be convened according to the relevant laws and regulations when necessary.

Article 13: The meeting date, time, venue, and reason for the convening of the annual shareholders' meeting and extraordinary shareholders' meeting shall be made 30 days and 15 days prior to the meeting, respectively.

Article 14: Where a shareholder is unable to attend the shareholders' meeting, the shareholder may provide a proxy that sets out the scope of authorization to engage a proxy for attending the shareholders' meeting or exercise its rights through electronic methods. Regulations of shareholders' engaging a proxy shall be subject to the requirements under Article 177 of the Company and the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" promulgated by the competent authority.

Article 15: The Chairman shall be the chairperson of shareholders' meetings. When the Chairman is absent, the Chairman may appoint one Director to act on its behalf. When no appointment is made, one Director shall be elected among the Directors to act on the Chairman's behalf. When a shareholders' meeting is convened by another convener, the convener shall be the chairperson; where there are two conveners or above, one

person shall be elected among them to act as the chairperson.

Article 16: Except for otherwise provided by the Company Act, a resolution made at the shareholders' meeting shall receive consent from the majority of the voting rights of attending shareholders at a meeting with the attendance of shareholders holding the majority of the total issued shares.

Article 17: Except for shares with no voting rights stated in Article 179 of the Company Act, shareholders of the Company are entitled to one vote for each share. The exercise of their voting right may be made in writing or through electronic methods.

Article 18: A meeting minutes shall be prepared for the resolutions made at a shareholders' meeting subject to the requirements under Article 183 of the Company Act.

#### Chapter 4 Directors and the Audit Committee

Article 19: The Company has seven to nine Directors, who shall be elected among the list of candidates at the shareholders' meeting by adopting a candidate nomination system. Their term of office shall be three years and; however, at the expiry of the term and before the time of re-election, their terms for executing their duties may be extended until the newly elected Directors had assumed their posts. When the vacancy of Directors achieved one-third of the seats, the Board shall convene an extraordinary shareholders' meeting for the by-election, and the Directors so elected shall only hold their positions until the expiry of the original term. When the number of Independent Directors is less than the number stated in the Articles due to the dismissal of Independent Directors for other causes, a by-election shall take place at the upcoming shareholders' meeting. When Independent Directors are all dismissed, the Company shall convene an extraordinary meeting for the by-election within 60 days from the date of occurrence. The total number of registered shares held by all Directors of the Company shall be subject to the requirements enacted by the securities management

authority.

Article 19-1: According to the requirements under Article 14-2 of the Securities Exchange Act, among the above number of the Company's Directors, there shall be no less than three Independent Directors who account for no less than one-fifth of the number of Directors, and they shall be elected from the list of Independent Director candidate at a shareholders' meeting by adopting the candidate nomination system. The professional qualification, shareholdings, restriction on concurrent positions, nomination and election methods of Independent Directors, and other matters to be observed shall be subject to relevant requirements enacted by the securities management authority.

Article 20: The Board shall comprise of all Directors. The Chairman and the Vice Chairman shall be elected among Directors when receiving the consent from the majority of the Directors attending the Board meeting with over two-thirds of the Directors attending. The Chairman represents the Company externally. Internally, the Chairman is the chairperson of shareholders' meetings and Board meetings; externally, the Chairman represents the Company and executes all affairs of the Company based on the laws and regulations, Articles, and resolutions made at shareholders' meetings and Board meetings. When the Chairman is unable to execute its duties due to other causes, its proxy shall act on its behalf according to the requirements under Article 208 of the Company Act.

Article 21: Functions of the Board is as follows:

1. Determining the Company's operating policies and monitoring the business execution.
2. Appointment and dismissal of the General Manager, Chief Accountant, and Chief Auditor, and the appointment or dismissal of positions that shall be determined by the Board according to the laws and regulations.

3. Review and discussion on funding and final account.
4. Proposal of earning distribution or loss compensation and capital increase and reduction.
5. Approval for investments or loans to other companies and pledge of assets.
6. Establishment, adjustments, and cancellation of significant organizations and review of significant rules and regulations and significant contracts of the Company.
7. Approval of acquisition, disposal, and pledge of significant properties and real estate.
8. Convening of shareholders' meetings.
9. Determination on matters of discussion handed over by the Chairman and determination on matters proposed by the General Manager.
10. Obligations of being the joint guarantor of borrowings provided by the Company to external parties.
11. Exercise of other functions granted according to laws and regulations and by the shareholders' meeting.

Article 22: Except for otherwise required by the Company Act, resolutions made at a Board meeting shall receive consent from the majority of the Directors attending at a Board meeting with the majority of the Directors attending. When a Director is unable to attend the meeting due to other causes, it shall provide a proxy that sets out the scope of authorization to engage another Director to act on its behalf; however, a Director may only act on one other Director's behalf. The Board meeting shall be convened one to two times every three months and at least four times a year. Directors shall be notified for the convening of a Board meeting seven days prior to the meeting with reasons stated; however, the Board meeting may be convened at any time upon any emergencies. Notice for the convening of a Board meeting may

be made in writing or via fax or e-mail.

Article 23: Meeting minutes shall be made for the procedures of Board meetings; the meeting minutes shall be signed or affixed with seal by the chairperson, and the copies of the meeting minutes shall be distributed to Directors within 20 days from the meeting.

Article 24: The remuneration of the Chairman, Directors, and Independent Directors shall be paid regardless of profit or loss recorded by the Company; the amount of such remunerations shall be determined based on their level of participation in the Company's operations and the value of their contributions with reference to the domestic and foreign standards within the industry.

Article 24-1: The Company has established its Audit Committee that comprises all Independent Directors. The number of members, term of office, functions, rules of procedures, and other matters shall be otherwise stated within its Organizational Regulations of Audit Committee according to relevant requirements under the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies

## Chapter 5 Managers

Article 25: The Company may resolve to set one CEO and one deputy executive officer to assist the CEO in processing affairs. The CEO coordinates and is responsible for the operations and decision-making of the Company and all affiliates of the Company. The General Manager is the COO of the Company who acts in the nature of a Director and shall be monitored by the Board under the guidance of the Chairman. The General Manager is responsible for executing the overall business and operations within the assigned scope of responsibilities according to the Company's policies and reports to the Board, and the General Manager shall monitor and control the daily business and operations of the Company based on the policies made by the Board under the guidance of the Chairman.

Article 26: The General Manager shall execute duties designated by the Board. The CEO may authorize managers to sign for the management affairs of the Company within their scope of business in writing.

Article 27: Appointment and dismissal of the General Manager, Chief Accountant, and Chief Auditor, and the appointment or dismissal of positions that shall be determined by the Board shall be proposed by the Chairman to the Board and receive consent from the majority of the Director attending the meeting.

#### Chapter 6 Accounting

Article 28: The accounting period for each fiscal year of the Company is from 1 January to 31 December each year.

Article 29: Appointment and dismissal of the Chief Accountant shall be proposed by the Chairman to the Board and receive consent from the majority of the Director attending the meeting.

Article 30: At the end of each fiscal year, the Board shall prepare the following statements of the Company, submit to the Audit Committee for review 30 days prior to the annual shareholders' meeting, and propose to the shareholders' meeting for ratification.

1. Business report.
2. Financial statements.
3. Proposal of earning distribution or loss compensation.

Article 31: When the Company recorded profits for the year, the Company shall appropriate 1% to 9% of such profits as the remuneration of employees, and the distribution in shares or cash shall be determined by the Board; the distribution targets include employees of subsidiaries that fulfill certain conditions. The Board may determine to appropriate no more than 2.25% of the amount of the above profits of the Company as the remuneration of Directors.

Proposal of remuneration of employees and remuneration of Directors shall be reported to the shareholders' meeting.

However, when the Company has cumulative losses, the amount for compensation shall be reserved, and the appropriation of remuneration of employees and remuneration of Directors according to the above ratios.

Where the Company has any earning after the final annual account:

1. Pay taxation according to the law;



2. Compensate accumulated losses;
3. Appropriate 10% of the remaining earnings as the statutory surplus reserve; however, when the statutory surplus reserve has reached the paid-up capital of the Company, the appropriation is no longer required;
4. Appropriate or revers special surplus reserve from the remaining earning according to laws and regulations;

For any remaining balance, combine it with the accumulated undistributed earnings; the Board shall reserve a portion of such earnings and prepare the proposal of distribution according to the Company's operating status at its discretion and propose to the shareholders' meeting to distribute shareholder's dividend and bonuses according to the dividend policies of the Company set out in Article 33-1.

Article 31-1: Dividend policies:

Considering the environment in which it operates and its growth, in response to the future capital demand and long-term financial planning, and to satisfy the cash demand of shareholders, the cash dividend shall account for no less than 20% of the shareholder's dividend stated in the previous paragraph.

Article 31-2: During the term of office of all Directors, the Director purchase the responsibility insurance based on their scope of business execution to minimize and spread the risk of losses of all Directors, the Company, and shareholders. The responsibility insurance for all Directors shall be reported at the upcoming Board meeting upon purchases or renewal.

#### Chapter 7 Appendix

Article 32: According to the requirements under Article 267 of the Company Act, the Company shall reserve 20% to 15% of shares within the total shares initially issued upon the issuance of new shares for employees to subscribe. Shares subscribed by the Company's employees may not be transferred within a certain period according to relevant requirements and restrictions stated in the Company Act.

Article 33: The Articles of Association of the Company shall be established by the Board; other regulations and rules shall be approved by the General Manager based on its authority and propose to the Board for passing.

Article 34: Unaddressed matters in the Articles shall be subject to requirements of the Company and relevant laws and regulations.

Article 35: The Articles were established on 22 March 1978

The 1<sup>st</sup> amendment was made on 6 April 1978.

The 2<sup>nd</sup> amendment was made on 21 May 1984

The 3<sup>rd</sup> amendment was made on 16 July 1985

The 4<sup>th</sup> amendment was made on 13 October 1989

The 5<sup>th</sup> amendment was made on 16 March 1991

The 6<sup>th</sup> amendment was made on 30 March 1992

The 7<sup>th</sup> amendment was made on 11 October 1992

The 8<sup>th</sup> amendment was made on 20 October 1994

The 9<sup>th</sup> amendment was made on 11 August 1995

The 10<sup>th</sup> amendment was made on 24 November 1995

The 11<sup>th</sup> amendment was made on 29 June 1996

The 12<sup>th</sup> amendment was made on 25 November 1996

The 13<sup>th</sup> amendment was made on 21 June 1997

The 14<sup>th</sup> amendment was made on 30 October 1997

The 15<sup>th</sup> amendment was made on 9 May 1998

The 16<sup>th</sup> amendment was made on 8 April 1999  
The 17<sup>th</sup> amendment was made on 26 April 2000  
The 18<sup>th</sup> amendment was made on 26 April 2001  
The 19<sup>th</sup> amendment was made on 21 May 2002  
The 20<sup>th</sup> amendment was made on 6 June 2003  
The 21<sup>st</sup> amendment was made on 15 June 2004  
The 22<sup>nd</sup> amendment was made on 10 June 2005  
The 23<sup>rd</sup> amendment was made on 15 June 2006  
The 24<sup>th</sup> amendment was made on 15 June 2007; however, the amended provisions of Article 33 shall become applicable on the implementation date (1 January 2008) announced by the competent authority.  
The 25<sup>th</sup> amendment was made on 19 June 2008  
The 26<sup>th</sup> amendment was made on 19 June 2009  
The 27<sup>th</sup> amendment was made on 17 June 2010  
The 28<sup>th</sup> amendment was made on 16 June 2011  
The 29<sup>th</sup> amendment was made on 25 May 2012  
The 30<sup>th</sup> amendment was made on 14 June 2006  
The 31<sup>st</sup> amendment was made on 8 June 2007  
The 32<sup>nd</sup> amendment was made on 29 May 2008  
The 33<sup>rd</sup> amendment was made on 13 June 2009  
The 34<sup>th</sup> amendment was made on 21 May 2020

C Sun MFG. Ltd.

Chairman Morrison Liang

## **Appendix 2**

### **C Sun MFG. Ltd.**

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

Article 1: Except for otherwise required by laws and regulations, the procedures of the Company's shareholders' meeting shall be subject to the Rules.

Article 2: The Company shall set out the registration time for shareholders and other matters of attention in the meeting notice.

The registration time for shareholders shall be at least 30 minutes before the commencement of the meeting; the registration venue shall have clear signs, and sufficient appropriate persons shall be assigned for processing.

The attending shareholders (or proxies) shall submit a sign-in card in substitution for signing in.

Article 2-1: The Company shall record audios and videos throughout the shareholders' registration process, meeting process, and voting and counting process starting from the registration of shareholders.

The audio and video data stated in the previous paragraph shall be preserved for at least one year. However, for litigations initiated by shareholders according to Article 189 of the Company Act, such data shall be preserved until the end of litigations.

Article 3: The attendance at the shareholders' meeting shall be calculated based on shares. The calculation shall be made by the number of shares regarding the sign-in card submitted by attending shareholders plus the number of shares of those exercising their voting rights in writing or through electronic methods. The chairperson shall call the meeting to order when shareholders representing the majority of the total issued shares had attended the meeting. Where the quorum is not reached after the time of the meeting, the chairperson may announce an extension. When the quorum is not reached after two extensions (20

minutes for the first extension and 10 minutes for the second extension), and there are shareholders representing one-third of total issued shares attended, tentative resolutions may be made when receiving consent regarding the majority of the attending shareholders' voting rights according to requirements under Article 175 of the Company Act. During the process of making the tentative resolutions set out in the previous paragraph, when the number of shares represented by the attending shareholders has reached the quorum, the chairperson may formally call the meeting to order and submit the tentative resolutions made to the shareholders' meeting for voting.

Article 4: The agenda of the shareholders' meetings shall be established by the Board, and the agenda shall be dispatched to attending shareholders or proxies of shareholders; the meeting process shall be carried out according to the agenda.

Article 5: Shareholders shall set out their attendance certificate number and name on the speech slip for shareholders' speech, and the chairperson may determine the sequence of speech.

Attending shareholders who submitted speech slips without speaking shall be deemed as non-spoken. For inconsistency between the content of speech and the descriptions in speech slips, the content of speech shall prevail.

Article 6: A speech by an attending shareholder shall not exceed three minutes. However, the speech may be extended once for up to three minutes with the permission of the chairperson.

Article 7: A shareholder may not speak over two times regarding the same proposal.

Article 8: For an overtime speech or a speech with content beyond the scope of the proposal, the chairperson may forbid the shareholder's speech.

Article 9: When discussing proposals, the chairperson may announce the end of discussions in due course and announce the end of discussions when necessary.

Article 10: When the end or suspension of discussions is announced for a proposal, the chairperson shall propose for a vote.

Article 11: Shareholders are entitled to one vote for the possession of each share; however, this shall not apply to restricted shares or shares with no voting right as set out in paragraph 2, Article 179 of the Company Act.

When convening the Company's shareholders' meeting, shareholders may exercise their voting rights in writing or through electronic methods. When exercising voting rights in writing or through electronic methods, the exercising method shall be set out in the notice of convening the shareholders' meeting. Shareholders exercising their voting rights in writing or through electronic methods are deemed as attending the shareholders' meeting in person. However, such shareholders shall be deemed as abstaining from voting for extempore motions and amendments made to the original proposals at the shareholders' meeting.

Shareholders exercising their voting rights in writing or through electronic methods set

out in the previous paragraph, their declaration of intention shall be delivered to the Company two days prior to the shareholders' meeting; when there are repetitive declarations of intention, the first declaration delivered shall prevail. However, this shall not apply to the declaration of intention stating the cancellation of the former declaration of intention.

After exercising their voting rights in writing or through electronic methods, when the shareholders intend to attend the shareholder meeting in person, they shall cancel the declaration of intention for the exercise of their voting rights mentioned in the previous paragraph by using the same method for exercising their voting rights two days prior to the shareholders' meeting. For those canceled after the expiry, the voting rights exercised in writing or through electronic methods shall prevail. For those who exercised their voting rights in writing or through electronic methods and appointed proxies to attend the shareholders' meeting by presenting proxy forms, the voting rights exercised by the attending proxies shall prevail.

Except for otherwise required by the Company Act and the Company's Articles of Association, the votes for proposals shall be passed when receiving consent regarding the majority of the shareholders' voting rights. Upon voting, shareholders shall cast their votes for proposals on a case-by-case basis after the chairperson or the personnel appointed by the chairperson has announced the total number of voting rights of the attending shareholders on a case-by-case basis; the results of shareholders' consent, opposition, or abstention shall be uploaded to MOPS on the day after the shareholders' meeting.

For proposals of amendment or proposals of substitution for the same proposal, the chairperson shall determine the sequence of votes for the proposals of amendment, proposals of substitution, and the initial proposal. When any of the proposal is passed, other proposals are deemed as rejected, and the vote is no longer required. Scrutineers

and vote-counters for the proposals shall be appointed by the chairperson; however, scrutineers shall act in the nature of shareholders.

The vote-counting for votes or elections at the shareholders' meeting shall be performed at a public place within the venue of the shareholders' meeting, and the voting results (including the weights of the statistics) shall be announced after the completion of vote-counting, and records shall be made accordingly.

Article 12: During the course of the meeting, the chairperson may announce the break time in due course.

Article 13: When an air-raid alert occurred during the course of the meeting, the meeting shall be immediately suspended for evacuation. The meeting shall continue one hour after the release of the alert.

Article 14: Unaddressed matters in the Rules shall be subject to requirements under the Company Act, relevant laws and regulations, and the Company's Articles of Association.

Article 15: The Rules are implemented after being passed by the shareholders' meeting; the same shall apply upon any amendments.

Article 16: The Regulations were established on 11 February 1999

The 1<sup>st</sup> amendment was made on 26 April 2001

The 2<sup>nd</sup> amendment was made on 21 May 2002

The 3<sup>rd</sup> amendment was made on 19 June 2009

The 4<sup>th</sup> amendment was made on 18 June 2013

The 5<sup>th</sup> amendment was made on 8 June 2017



### Appendix 3

#### Effects of the Right Issue on the Company's Operating Performance, Earnings Per Share, and Shareholder's Return on Investment

Item			2020 (Estimated)
Paid-up capital at the beginning of the period			1,492,055,480
Share distribution and dividend distribution for the year	Cash dividend per share (NT\$) (Note 1)		2.5
	Number of shares distributed per share for the capital increase from earnings (share) (Note 1)		0.02
	Cash distributed from the capital reserve per share (NT\$)		0
Changes in business performance	Operating gains		Note applicable (Note 2)
	Year-on-year increase (decrease) ratio of operating gains		
	Net profit after tax		
	Year-on-year increase (decrease) ratio of net profit after tax		
	Earnings per share		
	Year-on-year increase (decrease) ratio of earnings per share		
	Average annual investment return (average annual inverse PE ratio)		
Tentative earnings per share and PE ratio	When adopting the full distribution of cash dividend for the capital increase from earnings	Tentative earnings per share	Note applicable (Note 2)
		Tentative average annual investment return	
	When no capital increase from capital reserve is not organized	Tentative earnings per share	
		Tentative average annual investment return	
	When no capital increase from capital reserve is not organized and adopting the full distribution of cash dividend for the capital increase from earnings	Tentative earnings per share	
		Tentative average annual investment return	

Note 1: To be determined at the 2021 annual shareholders' meeting.

Note 2: According to the requirements under the "Regulations Governing the Publication of Financial Forecasts of Public Companies," the Company is not required to disclose the information on its financial forecasts for 2021.

## Appendix 4

### **C Sun MFG. Ltd.** **Statutory Shareholding and Number of Shares Held by Directors**

1. According to the requirements under Article 26 of the Securities Exchange Act:

The minimum number of shares held by all Directors of the Company in aggregate shall be 8,952,333 shares.

2. As of the book closure day (27 March 2021) for the shareholders' meeting, the actual number of shares held by all Directors is as follows:

Title	Name	Number of shares held
Chairman	Morrison Liang	3,885,139 4,000,000 (Note)
Director	Liang, Mao-Chung	2,362,567 6,000,000 (Note)
Director	Shen, Xian-He	0
Director	Chen, Zheng-Xing	15,000
Independent Director	Lin, Ming-Jie	31,706
Independent Director	Chu, Ji-Yuan	0
Independent Director	Lin, Shu-Xian	0
Actual number of shares held by all Directors		16,294,412
Number of shares held by all Directors reached the statutory number of shares		

(Note) Number of trust shares with discretion reserved