



# **JOURDENESS GROUP LIMITED**

## **2021 Annual Shareholders' Meeting Meeting Agenda (Translation)**

**June 22, 2021**

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## **I. Meeting procedures**

# 2021 Annual General Meeting Procedures

1. Announcement of the commencement of the Meeting
2. Chairman's Remarks
3. Reporting Matters
4. Recognition Matters
5. Extempore motions
6. Adjournment

## **II. Meeting Agenda**

### **Agenda of the 2021 Annual General Meeting**

Date and Time: June 22, 2021 at 9 a.m. (Tuesday)

Location: No. 816, Sec. 1, Zhongqing Rd., North Dist., Taichung City (International Meeting room, 8F., BIO- Jourdeness International Group Co. Ltd.)

1. Announcement of the Commencement of the Meeting (reporting attendance)
2. Chairman's Remarks
3. Reporting Matters
  - (I) 2020 Business report
  - (II) 2020 Financial Statements as examined by the Audit Committee.
  - (III) Report on the distribution of employees' compensation and directors' remuneration for 2020
  - (IV) Report on the 2020 earnings distribution as a cash dividend
  - (V) Report on issuing the first unsecured convertible corporate bonds in the Republic of China
4. Recognition Matters
  - (I) 2020 Business Report and Financial Statements
  - (II) 2020 Earnings Distribution Plan
5. Extempore motions
6. Adjournment



## Recognition Matters

Proposal I: (Proposed by the Board of Directors)

Agenda: 2020 Business Report and Financial Statements are submitted for recognition.

Explanation: 1. The Company's 2020 Business Report and Consolidated Financial Statements were approved by a resolution of the Board of Directors' meeting. The Financial Statements were audited by independent auditors Cheng-Chun Chiu and Tzu-Jung Kuo of Deloitte. The said Financial Statements and Business Report has been submitted for the Audit Committee's Examination, and the Audit Report has been issued.

2. Please refer to Attachment I (Page 6 ~ Page 9 of this handbook) and Attachment IV (Page 12 ~ Page 22 of this handbook) for the 2020 Business Report, Independent Auditor's Report, and Consolidated Financial Statements.

3. Please kindly recognize.

Resolution:

Proposal II: (Proposed by the Board of Directors)

Agenda: 2020 Earnings Distribution Plan is submitted for recognition.

Explanation: The 2020 Earnings Distribution Plan was approved by the resolution of the Board of Directors' Meeting and examined by the Audit Committee. Please find Attachment V for reference (Page 23 of this handbook).

Resolution:

Extempore motions

Adjournment



## **JOURDENESS GROUP LIMITED**

### **2020 Business Report**

#### **I. Business Strategy**

The Group consistently upholds the principles of "Integrity, Trust, and Sustainability" and markets itself by its products, services, techniques, and the word of mouth from its customers. It aims at building a "100-year-old brand and 100-year-old enterprise".

The Group's main businesses are R&D, manufacturing, and sales of beauty and bodycare products and treatment programs. Its products include beauty and bodycare products such as toners, sunscreens, lotions, oils, face masks, cleansers, serums and creams, and relevant beauty and bodycare SPA treatment programs. In recent years, the Group is committed to construct a membership economy in order to build an "all-dimensional beauty ecological system". In addition to the major beauty and body care SPA business, and self-R&D and self-manufacturing of beauty products, in 2019 the Group has deployed the "Double Beauty" strategy by strategically allying with aesthetic medicine clinics in Taiwan and Mainland China. With Double Beauty Services (Life Beauty and aesthetic medicine), the Group is able to link the beauty service chain with dietary supplements. Following the improvement of skin care service, its R&D and manufacturing team will next introduce its patented products to the market. Through the strengthening of service quality and expansion of the industrial chain, supplemented with increasing revenue from the double-beauty strategy deployment, we hope to fuel the Group's growth in revenue.

Starting from scratch, from small to big, Jourdeness has reached its 33<sup>rd</sup> year of operation. As the operations in direct stores, alliance with aesthetic medicine clinics, franchise management, e-commerce, and physical channels turn mature, Jourdeness will further target professional contract manufacturing, regional distribution, department store counters, and the South-eastern Asian market.

#### **II. Implementation overview**

The Group's main businesses are R&D, manufacturing, and sales of beauty and body care products and treatment programs, and the Group operates in Taiwan, Mainland China, and Malaysia with over 600 direct and franchise stores and 270,000 members. The Group is committed to provide the highest quality service, and it possesses a series of complete and prudent education and training programs. Through the stringer implementation of service procedures, the Group has received the golden award for the Talent Quality Management System from the Ministry of Labor for 6 consecutive years. In terms of products, the Group's R&D centers in Taiwan and Mainland China both focus on the development of patented ingredients, introduce aesthetic medical, skin nourishing, and high-performance products that were awarded in the European Exhibition of Innovation. As the pandemic triggered changes in customer behavior, our R&D team has quickly shifted towards products of disease prevention and home care



that lead the growth of product sales. In addition to collaboration with aesthetic medicine clinics and physical franchise channels in Taiwan and Mainland China, the Group has also expanded its reaches to Double-Beauty-led customers, membership management, franchise expansion, business alliance, and introduction of a new brand – Jenduoste. Through the precise marketing that utilizes member data management, it created a subscription-like sales model and allied with the entire industry chain to increase the product turnover rate and expand the operation scale.

### III. Business plan implementation results

Unit: NT\$ in thousand

Item	2020	2019	Changes amount
<b>Operating Revenue</b>	2,731,429	3,252,265	(520,836)
<b>Operating costs</b>	(658,883)	(760,502)	101,619
<b>Gross profit</b>	2,072,546	2,491,763	(419,217)
<b>Operating expenses</b>	(1,675,631)	(1,799,723)	124,092
<b>Income from operations</b>	396,915	692,040	(295,125)
<b>Non-operating income (expenses)</b>	(19,796)	(41,156)	21,360
<b>Income (loss) before income tax</b>	377,119	650,884	(273,765)
<b>Income tax expense</b>	119,394	(180,418)	299,812
<b>Net profit (net loss) for the current period</b>	257,725	470,466	(212,741)
<b>Net profit (loss) attributable to:</b>			
<b>Owners of the parent company</b>	257,725	470,466	(212,741)
<b>Joint control of predecessor rights</b>		-	
	257,725	470,466	(212,741)

### IV. Execution of the budget derivative of operating revenue and expenditures

In the 2020, there was no public financial forecast, so it is not applicable.

### V. Profitability analysis

Due to the impact of the COVID-19 pandemic in 2020, and the lockdown in China in the beginning of the year, the Group's overall revenue drastically decreased. With the



slowdown of the pandemic in the second half of 2020, its operation has recovered quarter by quarter, and its revenue and profit have picked up pace. The bestsellers, such as BA-5 Intensive series and Platinum Intensive Series, remain popular among members leading to growth in product sales and net profit. Moreover, since the fourth quarter of 2020, the Group has launched a cross-industry alliance with several aesthetic medicine clinics in Taiwan to provide their members with options in advanced skincare. Combining the Double Beauty service with dietary supplement products, the Group is able to offer full-dimensional care to its customers. Although the overall net profit in 2020 is obviously lower than 2019, such a decrease is still under the control of management. In the future, the Group's subsidiaries will continuously emphasize on improving performance of retail stores, and together with the Double Beauty strategy, provide complete inside-out care, and fuel up the Group's revenue growth.

The Group continues to develop new products and programs, and pays close attention to the development trend of the beauty industry, looking into the best sales plan for planning facial and body care programs and products while steadily moving towards the provision of sophisticated and high quality services. To reward our shareholders for their long-term support, we aspire to increase sales and effectively lower costs and expenses to gain higher profits.

## **VI. Research and development status**

The Group's technology sources are mainly self-R&D and academic cooperation. The R&D center is responsible for new material development, formulation development, process technology research and patent research, etc. The core value of the Group's products lies in the professional formula research and development. We provide exclusive skincare products to our members that are carefully tailored for different skin types. The R&D center of the Group pays close attention to the overall development trend of the facial and body care industry, therefore we continue to develop advanced and innovative products and programs. In 2017, we applied for trademark registration of the anti-pollution component, Exotic PHT, in the Republic of China, while in 2018, through our independent research and development we produced the all-purpose anti-aging whitening ingredient, Caritas JD, and applied for trademarks in the People's Republic of China, Republic of China, and Malaysia. Furthermore, we applied multiple patents for Caritas JD, establishing a solid foundation for our R&D. In 2018, we used the BGKT gene knock-in technology to develop the all-purpose anti-aging whitening ingredient, Carita JD, and applied the ingredient in its new product "Platinum Intensive Whitening Dark Spot Eraser" and "Platinum Intensive Whitening Cream" that received a silver award at the International Trade Fair Ideas – Inventions in Nuremberg, Germany, a "gold award" and a "special award" at the Geneva International Exhibition of Inventions in Switzerland, and a "bronze award from the National Biomedical Product Quality" in Taiwan.

The R&D center is not limited to self-developed technology, but also looks into deeper academic scientific research. In 2016, it developed the patented high-performance plant-based extract together with Japan Technoble Co., Ltd., and the Pharmaceutical Research Institute of Japan Kindai University. In 2018, it signed a memorandum of understanding with Providence University in the hope of implementing innovative R&D



proress at the application level through academia-industry collaboration, and creating related products and services that meet customer needs. In 2019, it signed a Global Research membership agreement with the International Industry and industry Alliance of National Chung Hsing University. In 2020, it joined the “Novel Cosmetics Alliance” of Hungkuang University as part of the Small Alliance Project sponsored by the Ministry of Science and Technology. Through the multi-faceted cooperation between academia and the Group, we will jointly develop new technologies in the beauty industry, expand with a wider international presence, and lead the development of the beauty industry.

New product development in 2020 and 2021 are as follows:

Year	New products
2020	Platinum Intensive Whitening Mask, Sakura Snow Series- Tranexamic Acid Whitening Toner, Sakura Snow Tranexamic Acid Whitening Serum, Sakura Snow Tranexamic Acid Whitening Lotion, Sakura Snow Tranexamic Acid Whitening Mask, Crystal Radiance Brightening Emulsion, Eucalyptus Globulus Oil, Geranium Oil, Palmarosa Oil.
2021	Oil series (Voler Essential Oil, Abies Essential Oil), Dragon’s Blood series (Serum, Hydrating lotion, mask), Argan Scalp Care Spray, Collagen series (Bee’s firming bodylotion, lyophilized powder), Extra Hydrating Cream, Magical Bubble Mousse, Magic Jumping Oil series (Breathing, Voler Essential), JDST Dragon’s Blood series (Toner, Serum, Repairing Lotion, Repairing Cream, Repairing Mask), JDST Mandelic Acid Essence, Argan Firming Massage Oil, Extra UV Sunscreen series (Body Sunscreen, Hydrating Sunscreen), Tea Tree Oil Control hydrating lotion. Cranberry Probiotics, Tablets(OPC+DHA), Collagen Drink.

Chairman

Manager:

Accounting Officer:



**JOURDENESS GROUP LIMITED**  
**Audit committee's audit report**

The Board of Directors has prepared this Company's 2020 business report, consolidated financial statements and the earnings distribution plan, among which the consolidated financial statements have been audited by external auditors Cheng-Chun Chiu and Tzu-Jung Kuo of Deloitte, who have submitted an unqualified audit report. The above business report, consolidated financial statements and the earnings distribution plan have been examined by the Audit Committee and no irregularities were found. We hereby report as above in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please kindly approve.

To:

Jourdeness Group Limited 2021 Annual General Meeting

**JOURDENESS GROUP LIMITED**

Audit Committee Convener:

March 29, 2021

## **JOURDENESS GROUP LIMITED**

### **Report on the status of the first unsecured convertible corporate bonds in the Republic of China**

1. The first domestic unsecured convertible corporate bond was initially offered and listed on the TPEX in the Republic of China on December 28, 2018.
2. The amount of the first domestic unsecured convertible corporate bond in the Republic of China was NT\$750 million.
3. At issuance, the conversion price for convertible corporate bond was NT\$111, and was adjusted to NT\$106.7 on July 29, 2019 due to the ex-dividends. It was adjusted again to NT\$101.5 on July 26, 2020 due to the ex-dividends.
4. As of April 30, 2021, the number of shares that have been requested by bond holders for conversion to ordinary shares is 0 shares, and the conversion amount is NT\$0.

# **JOURDENESS GROUP LIMITED**

## **Audit Report and 2020 Consolidated Financial Statements**

### **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Jourdeness Group Limited

#### **Opinion**

We have audited the accompanying consolidated financial statements of Jourdeness Group Limited and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 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 International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

#### **Basis for Opinion**

We conducted our audit of the financial statements for the year ended December 31, 2020 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. We conducted our audit of the financial statements for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, Rule No. 1090360805 issued by the Financial Supervisory Commission of the Republic of China on February 25, 2020, and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial

statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters in the audit of the Group's consolidated financial statements for the year ended December 31, 2020 are stated as follows:

#### Impairment Assessment of Other Intangible Assets - Customer Relationship and Goodwill

The accompanying consolidated financial statements for the year ended December 31, 2020 included customer relationship (classified as other intangible assets) of NT\$721,075 thousand and goodwill of NT\$548,152 thousand, for a total amount of NT\$1,269,227 thousand, which represented 18% of total assets in the consolidated financial statements. The intangible assets of customer relationship and goodwill both resulting from the acquisition of assets and existing operations of beauty stores in mainland China, Taiwan and Malaysia for expanding the cosmetology services and the scale of Group's operations. In accordance with IAS 36 "Impairment of Assets", management assesses whether there is any indication that those assets have suffered any impairment loss at the balance sheet date. Determining whether those assets are impaired requires an estimation of the recoverable amount of the cash-generating unit to which those assets have been allocated, and the assumptions suffer from high uncertainty since they are subject to management's judgments and affected by economic trends. Therefore, the impairment assessment of intangible assets was identified as one of the key audit matters.

Refer to Notes 4, 5, 15, 16 and 29 to the consolidated financial statements for the accounting policies, critical accounting judgments and key sources of estimation uncertainty and details of the information about the impairment of intangible assets of customer relationship and goodwill.

The audit procedures performed in response to the above key audit matter included the following:

1. We understood and assessed the reasonableness of the identification for impairment of those assets by management.
2. We evaluated the professional qualification, competency and independence of independent valuers engaged by the management.
3. We understood the process and basis for the estimation of sales growth rate and profit margin with regard to the future operating prospects of the asset's cash-generating units.
4. We consulted our internal experts to assess the reasonableness and appropriateness of assumptions and methods used in the impairment test report provided by the independent valuers.

#### Revenue Recognition of Beauty and Body Spa Course Services

As of December 31, 2020, the carrying amount of the contract liabilities - current was NT\$1,856,501 thousand, which represented 37% of total liabilities in the consolidated financial statements. For the year ended December 31, 2020, the revenue from beauty and body spa course services amounted to NT\$1,136,782 thousand, which represented 42% of net revenue in the consolidated financial statements. The management recognized revenue arising from

beauty and body spa course services based on independent actuarial reports. The assumptions of actuarial analyses were made according to the Group's historical service experience, and the percentage of expected redemption rate of deferred courses was calculated as the number of courses actually rendered to customers relative to the number of courses expected to be rendered to customers, excluding the courses that had incurred refund liability during the effective period. Such underlying assumptions are subject to management's objective judgments and estimates which are highly uncertain. Therefore, the revenue recognition of beauty and body spa course services was identified as one of the key audit matters.

Refer to Notes 4, 5, 20 and 24 to the consolidated financial statements for the accounting policies, critical accounting judgments and key sources of estimation uncertainty, and details of the information about the recognition of revenue from beauty and body spa course services.

The audit procedures performed in response to the above key audit matter included the following:

1. We evaluated the professional qualifications, competency and independence of the independent actuaries engaged by the management.
2. We understood and sample tested the accuracy and completeness of the data used by management in performing actuarial analyses of the expected redemption rate of deferred courses.
3. We compared the methodologies and significant assumptions, including expected redemption rate and expected aggregate redemption rate of deferred courses, with specific historical data of the Group in order to assess the reasonableness of management's judgments.

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and

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

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

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

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

We also provide those charged with governance with statements that we have complied with relevant ethical requirements regarding independence, and to communicate with them all

relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2020 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.

The engagement partners on the audit resulting in this independent auditors' report are Cheng-Chun Chiu and Tzu-Jung Kuo.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 29, 2021

#### Notice to Readers

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

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

**JOURDENESS GROUP LIMITED AND SUBSIDIARIES**
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2020 AND 2019**  
**(In Thousands of New Taiwan Dollars)**

ASSETS	2020		2019	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 1,290,497	18	\$ 837,860	13
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 19)	75	-	3,045	-
Financial assets at amortized cost - current (Notes 4, 8 and 33)	-	-	292,740	5
Trade receivables (Notes 4 and 9)	127,388	2	160,235	3
Trade receivables from related parties (Notes 4, 9 and 32)	37,278	1	12,845	-
Other receivables from related parties (Notes 4 and 32)	56,607	1	26,922	-
Inventories (Notes 4, 10, 29 and 32)	340,299	5	320,245	5
Other current assets (Notes 29 and 32)	35,715	-	28,985	-
Total current assets	<u>1,887,859</u>	<u>27</u>	<u>1,682,877</u>	<u>26</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at amortized cost - non-current (Notes 4, 8 and 33)	230,044	3	253,461	4
Property, plant and equipment (Notes 4, 12, 29 and 33)	2,257,880	32	1,890,916	29
Right-of-use assets (Notes 4 and 13)	1,043,594	15	1,064,135	17
Investment properties (Notes 4, 14 and 32)	186,786	3	121,700	2
Other intangible assets (Notes 4, 5, 16 and 29)	727,182	10	780,908	12
Goodwill (Notes 4, 5, 15 and 29)	548,152	8	522,188	8
Deferred tax assets (Notes 4 and 26)	72,757	1	73,095	1
Other non-current assets (Notes 4, 17, 22 and 29)	75,823	1	80,650	1
Total non-current assets	<u>5,142,218</u>	<u>73</u>	<u>4,787,053</u>	<u>74</u>
<b>TOTAL</b>	<u>\$ 7,030,077</u>	<u>100</u>	<u>\$ 6,469,930</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Notes 4, 18, 32 and 33)	\$ 72,624	1	\$ 76,449	1
Financial liabilities at fair value through profit or loss - current (Notes 4, 7 and 19)	-	-	150	-
Contract liabilities - current (Notes 4, 20, 24 and 29)	1,917,192	27	1,902,040	29
Notes payable	288	-	478	-
Trade payables	35,872	1	28,280	1
Trade payables to related parties (Note 32)	-	-	686	-
Other payables (Note 21)	302,394	4	303,627	5
Other payables to related parties (Note 32)	-	-	1,677	-
Current tax liabilities (Notes 4 and 26)	64,096	1	236,540	4
Lease liabilities - current (Notes 4 and 13)	335,821	5	316,455	5
Current portion of long-term borrowings and bonds payable (Notes 4, 18, 19, 32 and 33)	753,441	11	-	-
Other current liabilities (Note 32)	31,475	-	11,364	-
Total current liabilities	<u>3,513,203</u>	<u>50</u>	<u>2,877,746</u>	<u>45</u>
<b>NON-CURRENT LIABILITIES</b>				
Bonds payable (Notes 4 and 19)	-	-	729,409	11
Long-term borrowings (Notes 4, 18, 32 and 33)	340,965	5	-	-
Deferred tax liabilities (Notes 4 and 26)	310,863	5	115,057	2
Lease liabilities - non-current (Notes 4 and 13)	761,628	11	689,962	11
Net defined benefit liabilities - non-current (Notes 4 and 22)	3,138	-	-	-
Guarantee deposits	27,804	-	36,449	-
Total non-current liabilities	<u>1,444,398</u>	<u>21</u>	<u>1,570,877</u>	<u>24</u>
Total liabilities	<u>4,957,601</u>	<u>71</u>	<u>4,448,623</u>	<u>69</u>
<b>EQUITY (Notes 4, 23 and 28)</b>				
Share capital				
Ordinary shares	609,147	9	609,147	9
Capital surplus	654,855	9	654,431	10
Retained earnings				
Legal reserve	212,450	3	165,403	2
Special reserve	114,897	2	48,568	1
Unappropriated earnings	664,369	9	770,412	12
Total retained earnings	991,716	14	984,383	15
Other equity				
Exchange differences on translating foreign operations	(96,579)	(2)	(114,897)	(2)
Unearned employee benefits	(86,663)	(1)	(111,757)	(1)
Total other equity	(183,242)	(3)	(226,654)	(3)
Total equity	<u>2,072,476</u>	<u>29</u>	<u>2,021,307</u>	<u>31</u>
<b>TOTAL</b>	<u>\$ 7,030,077</u>	<u>100</u>	<u>\$ 6,469,930</u>	<u>100</u>

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

## JOURDENESS GROUP LIMITED AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 5, 20, 24, 29 and 32)	\$ 2,731,429	100	\$ 3,252,265	100
OPERATING COSTS (Notes 4, 10, 25 and 32)	<u>658,883</u>	<u>24</u>	<u>760,502</u>	<u>24</u>
GROSS PROFIT	<u>2,072,546</u>	<u>76</u>	<u>2,491,763</u>	<u>76</u>
OPERATING EXPENSES (Notes 4, 22, 25 and 28)				
Selling and marketing expenses	1,289,281	47	1,426,206	44
General and administrative expenses	357,714	13	345,415	10
Research and development expenses	<u>28,636</u>	<u>1</u>	<u>28,102</u>	<u>1</u>
Total operating expenses	<u>1,675,631</u>	<u>61</u>	<u>1,799,723</u>	<u>55</u>
PROFIT FROM OPERATIONS	<u>396,915</u>	<u>15</u>	<u>692,040</u>	<u>21</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 13, 25 and 32)				
Interest income	8,388	-	17,175	1
Other income	32,736	1	14,255	-
Other gains and losses	(8,180)	-	(6,859)	-
Finance costs	<u>(52,740)</u>	<u>(2)</u>	<u>(65,727)</u>	<u>(2)</u>
Total non-operating income and expenses	<u>(19,796)</u>	<u>(1)</u>	<u>(41,156)</u>	<u>(1)</u>
PROFIT BEFORE INCOME TAX	377,119	14	650,884	20
INCOME TAX EXPENSE (Notes 4 and 26)	<u>119,394</u>	<u>4</u>	<u>180,418</u>	<u>6</u>
NET PROFIT FOR THE YEAR	<u>257,725</u>	<u>10</u>	<u>470,466</u>	<u>14</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 22 and 26)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(8,416)	-	3,109	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>1,683</u>	<u>-</u>	<u>(621)</u>	<u>-</u>
	<u>(6,733)</u>	<u>-</u>	<u>2,488</u>	<u>-</u>

(Continued)

## JOURDENESS GROUP LIMITED AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	\$ 18,318	-	\$ (66,329)	(2)
Other comprehensive income (loss) for the year, net of income tax	11,585	-	(63,841)	(2)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>\$ 269,310</u>	<u>10</u>	<u>\$ 406,625</u>	<u>12</u>
<b>EARNINGS PER SHARE (Note 27)</b>				
Basic	<u>\$ 4.41</u>		<u>\$ 8.05</u>	
Diluted	<u>\$ 3.98</u>		<u>\$ 7.15</u>	

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

**JOURDENESS GROUP LIMITED AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019  
(In Thousands of New Taiwan Dollars)**

	Share Capital (Note 23)	Capital Surplus (Notes 4 and 23)	Retained Earnings (Notes 4 and 23)			Other Equity (Notes 4, 23 and 28)		Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unearned Employee Benefits	
BALANCE AT JANUARY 1, 2019	\$ 609,997	\$ 660,696	\$ 112,651	\$ 19,415	\$ 653,862	\$ (48,568)	\$ (144,973)	\$ 1,863,080
Appropriation of 2018 earnings								
Legal reserve	-	-	52,752	-	(52,752)	-	-	-
Special reserve	-	-	-	29,153	(29,153)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(274,499)	-	-	(274,499)
Net profit for the year ended December 31, 2019	-	-	-	-	470,466	-	-	470,466
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	2,488	(66,329)	-	(63,841)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	472,954	(66,329)	-	406,625
Issuance of restricted employee shares	-	-	-	-	-	-	26,101	26,101
Cancellation of restricted employee shares	(850)	(6,265)	-	-	-	-	7,115	-
BALANCE AT DECEMBER 31, 2019	609,147	654,431	165,403	48,568	770,412	(114,897)	(111,757)	2,021,307
Appropriation of 2019 earnings								
Legal reserve	-	-	47,047	-	(47,047)	-	-	-
Special reserve	-	-	-	66,329	(66,329)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(243,659)	-	-	(243,659)
Other changes in capital surplus	-	424	-	-	-	-	-	424
Net profit for the year ended December 31, 2020	-	-	-	-	257,725	-	-	257,725
Other comprehensive loss for the year ended December 31, 2020, net of income tax	-	-	-	-	(6,733)	18,318	-	11,585
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	250,992	18,318	-	269,310
Issuance of restricted employee shares	-	-	-	-	-	-	25,094	25,094
BALANCE AT DECEMBER 31, 2020	\$ 609,147	\$ 654,855	\$ 212,450	\$ 114,897	\$ 664,369	\$ (96,579)	\$ (86,663)	\$ 2,072,476

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

## JOURDENESS GROUP LIMITED AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 377,119	\$ 650,884
Adjustments for:		
Depreciation expenses	563,480	583,125
Amortization expenses	108,536	109,547
Expected credit loss recognized on trade receivables	-	16
Net gain on fair value changes of financial assets and liabilities at fair value through profit or loss	(234)	(1,148)
Finance costs	52,740	65,727
Interest income	(8,388)	(17,175)
Compensation costs of employee share options	25,094	26,101
Loss on disposal of property, plant and equipment	135	521
Property, plant and equipment transferred to expenses	88	3,860
Loss on disposal of intangible assets	1,406	14
(Gain) loss on lease modification	(3,044)	695
Recognition of write-downs (reversal) of inventories	820	(1,602)
Loss on disposal of inventories	4,435	6,015
Changes in operating assets and liabilities		
Notes receivable	-	106
Trade receivables	8,414	2,201
Other receivables	(29,685)	(24,208)
Inventories	(12,982)	(52,220)
Other current assets	13,854	31,460
Notes payable	(190)	194
Trade payables	6,906	248
Other payables	(22,308)	14,524
Contract liabilities	(68,999)	(527,425)
Other current liabilities	20,111	2,621
Net defined benefit assets/liabilities	(1,076)	(1,101)
Cash generated from operations	1,036,232	872,980
Interest received	10,090	15,994
Interest paid	(43,972)	(48,648)
Income tax paid	(99,617)	(58,431)
Net cash generated from operating activities	<u>902,733</u>	<u>781,895</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at amortized cost	(18)	(100,269)
Proceeds from sale of financial assets at amortized cost	321,088	86,100
Purchase of financial assets at fair value through profit or loss	-	(116,162)
Proceeds from sale of financial assets at fair value through profit or loss	3,068	113,025
Net cash outflows on business combinations	(3,950)	(26,363)
Payments for property, plant and equipment	(521,354)	(240,033)
Proceeds from disposal of property, plant and equipment	90	3,634

(Continued)

## JOURDENESS GROUP LIMITED AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
Increase in refundable deposits	\$ (8,425)	\$ (6,437)
Decrease in refundable deposits	6,477	-
Payments for intangible assets	(3,310)	(1,686)
Decrease in other non-current assets	1,190	2,596
Decrease (increase) in prepayments for equipment	<u>3,502</u>	<u>(577)</u>
Net cash used in investing activities	<u>(201,642)</u>	<u>(286,172)</u>
Net cash financing activities		
Proceeds from short-term borrowings	-	219,485
Repayments of short-term borrowings	-	(213,465)
Repayments of issuance cost of convertible bonds	-	(3,600)
Proceeds from long-term borrowings	354,773	-
Repayments of long-term borrowings	-	(400,000)
Proceeds from guarantee deposits received	-	3,317
Refund of guarantee deposits received	(9,219)	-
Repayment of the principal portion of lease liabilities	(350,975)	(373,320)
Dividends paid to owners of the Company	(243,659)	(274,499)
Disgorgement of short-swing profits	<u>424</u>	<u>-</u>
Net cash used in financing activities	<u>(248,656)</u>	<u>(1,042,082)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>202</u>	<u>16,346</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	452,637	(530,013)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>837,860</u>	<u>1,367,873</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,290,497</u>	<u>\$ 837,860</u>

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













The chairman shall call the general meeting to order at the time scheduled for the general meeting. If the number of Shares represented by the attending Shareholders has not yet constituted the quorum (more than an aggregate of one-half (1/2) of all Shares in issue present in person or by proxy and entitled to vote) at the time scheduled for the general meeting, the chairman may postpone the time for the meeting. The postponements shall be limited to two times at most, and the general meeting shall not be postponed for more than one hour in total. If after two postponements the number of Shares represented by the attending Shareholders has constituted more than one-third (1/3) of all Shares in issue present in person or by proxy and entitled to vote, a tentative resolution may be passed in accordance with the Applicable Listing Rules. Before the end of such a meeting, if the number of Shares represented by the attending Shareholders has already constituted more than an aggregate of one-half (1/2) of all Shares in issue, the chairman may put the tentative resolution(s) already passed to the Shareholders' resolution again in accordance with the Applicable Listing Rules.

## **Article 9**      **Proposal Discussion**

For a Shareholders' meeting convened by the Board of Directors, it is advised that the chairman shall host the Shareholder's meeting in person and a majority of the Directors are present at the meeting. In addition, all functional committees shall send at least one representative to preside over the Shareholders' meeting and their attendance shall be recorded in the meeting minutes.

The agenda of general meeting shall be set by the Board of Directors if the meeting is convened by the Board of Directors. Unless otherwise approved in the general meeting, the general meeting shall proceed in accordance with the agenda, and the related proposals (including extraordinary motions and amendment to original proposals) shall be voted by poll on a one-by-one basis.

The preceding paragraph applies to circumstances where the general meeting is convened by any person, other than the Board of Directors, entitled to convene such general meeting.

Unless otherwise resolved at the general meeting or in accordance with Article 17 of the Rules, the chairman cannot announce adjournment of the general meeting before all items listed in the agenda are resolved; after a meeting is adjourned, Shareholders shall not elect a chairman and resume the meeting at the same or another venue. In case that the chairman adjourns the general meeting in violation of the Rules, other members of the Board of Directors shall promptly assist the attending Shareholders to elect, by a majority of votes represented by attending Shareholders present in the general meeting, another person to serve as chairman to continue the general meeting in accordance with due procedures.

The chairman shall provide sufficient time for the explanation and discussion

of all items listed in the agenda and amendments or extraordinary motion submitted by Shareholders. The chairman may announce an end of discussion and submit an item for a vote if the chairman deems that the item is ready for voting and compliant with the Applicable Listing Rules and the Articles. The chairman shall provide sufficient time for casting the votes.

**Article 10**      **Speech of Shareholder**

When a Shareholder attending the general meeting wishes to speak, a speech note should be filled out with summary of the speech, the Shareholder's account number (or the number of attendance card) and the account name of the Shareholder. The sequence of speeches shall be determined by the chairman.

If any attending Shareholder at the general meeting submits a speech note but does not speak, no speech shall be deemed to have been made by such Shareholder. In case contents of the speech of a Shareholder are inconsistent with the contents of the speech note, the content of actual speech shall prevail.

Any Shareholder may not speak more than twice concerning the same item without chairman's consent, and each speech time shall not exceed five minutes. In case the speech of any Shareholder violates this paragraph or is outside the scope of the agenda item, the chairman may stop the speech of such Shareholder.

Unless otherwise permitted by the chairman and the speaking Shareholder, no Shareholder shall interrupt the speech of other Shareholders. The chairman shall stop such interruption.

If a corporate Shareholder has appointed two or more representatives to attend the general meeting, only one representative can speak for each agenda item.

After the speech of any Shareholder, the Chairman may make responses by him or herself or appoint an appropriate person to respond.

**Article 11**      [Deleted and removed to Article 1-1]

**Article 12**      **Calculation of Voting Shares and Recusal**

Voting at a general meeting shall be based on the number of Shares.

The number of Shares represented by Shareholders present at the meeting shall be calculated in accordance with the sign-in book or submitted attendance card, plus the voting Shares exercised in writing or electronically.

When the Company holds a general meeting, it shall adopt electronic means for the Shareholders to exercise voting rights and may allow the Shareholders to exercise voting rights by correspondence. When voting rights are exercised by correspondence or by way of electronic transmission, the method of

















undertaking, property and liabilities in one (1) of such companies as the Surviving Company within the meaning of the Law;

"**MOEA**" means Ministry of Economic Affairs of Taiwan being administering the Company Act of Taiwan and relevant corporate matters in Taiwan;

"**Office**" means the registered office of the Company as required by the Law;

"**Ordinary Resolution**" means a resolution passed by a simple majority of such Shareholders as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of the Company and where a poll is taken regard shall be had in computing a majority to the number of votes to which each Shareholder is entitled;

"**paid up**" means paid up as to the par value and any premium payable in respect of the issue of any Shares and includes credited as paid up;

"**Person**" means any natural person, firm, company, joint venture, partnership, corporation, association or other entity (whether or not having a separate legal personality) or any of them as the context so requires;

"**Preferred Shares**" has the meaning given thereto in Article 10;

"**Procedural Rules of Board Meetings**" means procedural rules of the Board meetings of the Company, as amended or substituted from time to time as prescribed in the Applicable Listing Rules;

"**Procedural Rules of General Meetings**" means procedural rules of the general meetings of the Company, as amended or substituted from time to time as prescribed in the Applicable Listing Rules;

"**Register**" or "**Register of Members**" means the register of Members of the Company required to be kept pursuant to the Law;

"**Republic of China**" or "**Taiwan**" means the Republic of China, its territories, its possessions and all areas subject to its jurisdiction;

"**Retained Earnings**" means the sums including but not limited to the Legal Reserves, Special Reserves, and unappropriated earnings;

"**Rules of Audit Committee**" means rules of Audit Committee of the Company, as amended or substituted from time to time as prescribed in the Applicable Listing Rules;

"**Seal**" means the common seal of the Company (if adopted) including any facsimile thereof;

"**Secretary**" means any Person appointed by the Directors to perform any of the duties of the secretary of the Company;

"**Share**" means a share in the capital of the Company. All references to "Shares" herein shall be deemed to be Shares of any or all Classes as the context may require. For the avoidance of doubt in these Articles the expression "Share" shall include a fraction of a Share;

"**Shareholder**" or "**Member**" means a Person who is registered as the holder of Shares in the Register;

"**Share Premium Account**" means the share premium account established in accordance with these Articles and the Law;

"**Shareholders' Service Agent**" means the agent licensed by Taiwan authorities to provide certain shareholders services in accordance with the Applicable Listing Rules to the Company;

"**signed**" means bearing a signature or representation of a signature affixed by mechanical means or an electronic symbol or process attached to or logically associated with an electronic communication and executed or adopted by a person with the intent to sign the electronic communication;

**"Special Reserves"** means the reserve allocated from Retained Earnings in accordance with the Applicable Listing Rules, or resolutions of shareholders meetings;

**"Special Resolution"** means a special resolution of the Company passed in accordance with the Law, being a resolution passed by a majority of not less than two-thirds (2/3) of such Shareholders as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of the Company of which notice specifying the intention to propose the resolution as a special resolution has been duly given and where a poll is taken regard shall be had in computing a majority to the number of votes to which each Shareholder is entitled;

**"Spin-off"** refers to an act wherein a transferor company transfers all of its independently operated business or any single independently operated business to an existing or a newly incorporated company as consideration for that existing transferee company or newly incorporated transferee company to issue new shares to the transferor company or to shareholders of the transferor company;

**"Supermajority Resolution Type A"** means a resolution passed by Shareholders, as being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting, such Shareholders holding not less than half of the Shares held by all Shareholders attending that meeting, and such meeting attended by Shareholders holding not less than two-thirds (2/3) of all issued Shares of the Company;

**"Supermajority Resolution Type B"** means where the Shareholders attending the general meeting are holding less than two-thirds (2/3) of all issued Shares of the Company entitled to vote thereon as required under the Supermajority Resolution Type A, a resolution passed by Shareholders, as being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting, such Shareholders holding not less than two-thirds (2/3) of the Shares held by all Shareholders attending that meeting, and such meeting attended by Shareholders holding not less than half of all issued Shares of the Company;

**"Supermajority Special Resolution"** means a Special Resolution approved by the Shareholders holding at least two-thirds (2/3) of the Shares in issue at the time of the general meeting;

**"Surviving Company"** means the sole remaining Constituent Company into which one (1) or more other Constituent Companies are merged within the meaning of the Law;

**"Taipei Exchange"** means the Taipei Exchange in Taiwan;

**"Treasury Shares"** means Shares that were previously issued but were purchased, redeemed or otherwise acquired by the Company and not cancelled, in accordance with these Articles, the Law and the Applicable Listing Rules; and

**"TSE"** means the Taiwan Stock Exchange.

2. In these Articles, save where the context requires otherwise:
  - (a) words importing the singular number shall include the plural number and vice versa;
  - (b) words importing the masculine gender only shall include the feminine gender and any Person as the context may require;
  - (c) the word "may" shall be construed as permissive and the word "shall" shall be construed as imperative;
  - (d) reference to a statutory enactment shall include reference to any amendment or re-enactment thereof for the time being in force;
  - (e) reference to any determination by the Directors shall be construed as a determination by the Directors in their absolute discretion and shall be applicable either generally or in any particular case; and
  - (f) reference to "in writing" shall be construed as written or represented by any means reproducible





new Shares, the Company shall, after reserving the portion of Shares for subscription by its employees and for public offering in Taiwan pursuant to Article

0 (if any) and Article 16 respectively, first offer such remaining new Shares by public announcement and a written notice to each then Shareholder for their subscriptions in proportion to the number of Shares held by them respectively. The public announcement and written notice shall state that if any Shareholder fails to subscribe for new Shares, his right shall be forfeited. Where a fractional percentage of the original Shares being held by a Shareholder is insufficient to subscribe for one new Share, the fractional percentages of the original Shares being held by several Shareholders may be combined for joint subscription of one (1) or more integral new Shares or for subscription of new Shares in the name of a single Shareholder. New Shares left unsubscribed by original Shareholders may be open for public offering or for subscription by specific person or persons through negotiation.

15. The Shareholders' pre-emptive right prescribed under Article 14 shall not apply in the event that new Shares are issued due to the following reasons or for the following purpose:
  - (a) in connection with a Merger with another company, or the Spin-off of the Company, or pursuant to any reorganization of the Company;
  - (b) in connection with meeting the Company's obligation under Share subscription warrants and/or options;
  - (c) in connection with meeting the Company's obligation under corporate bonds which are convertible bonds or vested with rights to acquire Shares; or
  - (d) in connection with meeting the Company's obligation under preferred Shares vested with rights to acquire Shares.
16. For so long as the Shares are registered in the Emerging Market, unless otherwise provided in the Applicable Listing Rules, where the Company increases its capital by issuing new Shares in Taiwan, the Company may allocate ten percent (10%) of the total amount of the new Shares to be issued, for offering in Taiwan to the public unless it is not deemed necessary or appropriate by the Commission, according to the Applicable Listing Rules, for the Company to conduct the aforementioned public offering. For so long as the Shares are listed on the Taipei Exchange or TSE, unless otherwise provided in the Applicable Listing Rules, where the Company increases its capital by issuing new Shares in Taiwan, the Company shall allocate ten percent (10%) of the total amount of the new Shares to be issued, for offering in Taiwan to the public unless it is not deemed necessary or appropriate by the Commission, according to the Applicable Listing Rules, for the Company to conduct the aforementioned public offering. Provided however, if a percentage higher than the aforementioned ten percent (10%) is resolved by an Ordinary Resolution to be offered, the percentage determined by such resolution shall prevail. For so long as the Shares are registered in the Emerging Market or listed on the Taipei Exchange or TSE, unless otherwise provided in the Applicable Listing Rules, the Company shall obtain a prior approval of the Commission and/or other competent authorities for any capital increase (ie., issue of new Shares) (whether inside Taiwan or outside Taiwan) in accordance with the Applicable Listing Rules.
17. For so long as the Shares are registered in the Emerging Market or listed on the Taipei Exchange or TSE, subject to the Applicable Listing Rules, the Company may, upon resolution by a majority votes at a meeting of the Board of Directors attended by two-thirds (2/3) or more of the Directors, adopt one (1) or more employee incentive programmes (such as employee stock option plan) pursuant to which options, warrants, or other similar instruments to acquire Shares may be granted to employees of the Company and/or any Subsidiaries of the Company to subscribe for Shares. The options, warrants, or other similar instruments to acquire Shares granted to any employee under any employee stock option plan shall be non-transferable, except to the heirs of the employees. The term "Subsidiaries" above refers to the companies defined under No. 10 and No. 11 of the IFRS (i.e., International Financial Reporting Standards) and No. 28 of the IAS (i.e., International Accounting Standards).
- 17B. For so long as the Shares are registered in the Emerging Market or listed on the Taipei Exchange or TSE, the Company may, with the authority of either a Supermajority Resolution Type A or a Supermajority Resolution Type B, issue restricted shares for employees. In respect of the issuance





















For so long as the Shares are registered in the Emerging Market or listed on the Taipei Exchange or TSE, any Shareholder holding Shares on behalf of one or more Persons (each a "**Beneficial Owner**") may exercise his/her voting rights severally in accordance with the request(s) of such Beneficial Owner. The qualifications, scopes, exercises, operational procedures and other matters in relation to the aforesaid separate exercise of voting rights shall be conducted in accordance with the Applicable Listing Rules.

59. No vote may be exercised by any Shareholder with respect to any of the following Shares:
- (a) the Treasury Shares held by the Company in accordance with the Law, these Articles and the Applicable Listing Rules;
  - (b) the Shares held by any subordinate company of the Company as defined in the Applicable Listing Rules, where the total number of voting shares or total shares equity held by the Company in such a subordinated company represents more than one-half (1/2) of the total number of voting shares or the total shares equity of such a subordinated company; or
  - (c) the Shares held by another company, where the Company and its subordinated company directly or indirectly hold more than one-half (1/2) of the total number of the voting shares or total shares equity of such company.

Any votes cast by or on behalf of such Shareholder in contravention of the foregoing shall not be counted in the total number of issued shares while calculating the quorum for the purpose of Article 51.

60. In the case of joint holders, the joint holders shall select among them a representative for the exercise of their shareholder's rights and the vote of their representative who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders.
61. A Shareholder of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote by his committee, or other Person in the nature of a committee appointed by that court, and any such committee or other Person, guardian or any other Person who is similar to guardian and appointed by any court having jurisdiction, may vote by proxy.
62. A Shareholder may appoint a proxy to attend a general meeting on his behalf by executing an instrument in usual or common form or such other form as the Directors may approve, and such proxy form shall be prepared by the Company stating therein the scope of power authorized to the proxy. A Shareholder may only execute one (1) such proxy form and appoint one (1) proxy for each general meeting, and shall serve such written proxy to the Company no later than five (5) days prior to the meeting date. In case the Company receives two(2) or more written proxies from one(1) Shareholder, the first one arriving at the Company shall prevail unless an explicit statement to revoke the previous written proxy is made in the proxy which comes later.
- 62B. After a proxy is delivered to the Company, if the Shareholder issuing the proxy intends to attend the general meeting in person or exercise the voting rights in writing or by way of electronic transmission, the Shareholder shall issue a written notice to the Company to revoke the proxy at least two (2) days prior to the general meeting. If the revocation is not made during the prescribed period, the votes casted by the person as proxy shall prevail.
63. The instrument appointing a proxy shall be in the form approved by the Board and be expressed to be for a particular meeting only. The form of proxy shall include at least the following information: (a) instructions on how to complete such proxy, (b) the matters to be voted upon pursuant to such proxy, and (c) basic identification information relating to the relevant Shareholder, proxy recipient and proxy solicitation agent (if any). The form of proxy shall be provided to the Shareholders together with the relevant notice by mail or electronic transmission for the relevant general meeting. Notwithstanding any other provisions of these Articles, the distribution of the notice and proxy materials shall be made to all Shareholders and such distribution, regardless of delivering by email or by electronic transmission, shall be made on the same day.







term of his/her office as a director without good cause, such Director may make a claim against the Company for any and all damages sustained by him/her as a result of such discharge.

82. The Board of Directors shall have a Chairman (the “**Chairman**”) elected and appointed by a majority of the Directors present at the Board meeting the quorum of which shall be two-thirds of all of the Directors then in office.
- 82B. For so long as the Shares are registered in the Emerging Market or listed in the Taipei Exchange or TSE, subject to the Applicable Listing Rules, any Director (the Independent Director is excluded) or supervisor (if any), who, during his or her term and in one or more transactions, transfers more than fifty percent (50%) of the total Shares held by such Director or supervisor (as the case may be) at the time of his or her appointment or election as Director or supervisor (as the case may be) being approved at a general meeting (the “**Approval Time**”), shall be discharged or vacated from the office of Director or supervisor (as the case may be).

For so long as the Shares are registered in the Emerging Market or listed in the Taipei Exchange or TSE, subject to the Applicable Listing Rules, if any person transfers, in one or more transactions, more than fifty percent (50%) of the Shares held by him or her at the Approval Time either (i) during the period from the Approval Time to the commencement date of his or her office as Director (the Independent Director is excluded) or supervisor (if any), or (ii) during the period when the Register is closed for transfer of Shares prior to the general meeting at which the appointment or election of such person as a Director (the Independent Director is excluded) or supervisor (if any) will be proposed, his or her appointment or election as Director (the Independent Director is excluded) or supervisor (if any) shall be null and void.

83. The Board may, from time to time, and except as required by the applicable laws and Applicable Listing Rules, adopt, institute, amend, modify or revoke the corporate governance policies or initiatives, which shall be intended to set forth the policies of the Company and the Board on various corporate governance related matters as the Board shall determine by resolution from time to time.
84. A Director shall not be required to hold any Shares in the Company by way of qualification.
- 84B. For so long as the Shares are registered in the Emerging Market or listed in the Taipei Exchange or TSE, subject to the Applicable Listing Rules, where any Director, who is also a Shareholder of the Company, creates or has created a pledge on the Shares held by such Director (The “**Pledged Shares**”) exceeding fifty percent (50%) of total Shares held by such Director at the time of his/her appointment as Director being approved at a general meeting, such Director shall refrain from exercising its voting rights on the Shares representing the difference between the Pledged Shares and fifty percent (50%) of total Shares held by such Director at the time of his/her appointment as Director being approved at a general meeting, and such Shares shall not be counted toward the number of votes represented by the Shareholders present at a general meeting.

#### **DIRECTORS' FEES AND EXPENSES**

85. Unless otherwise stipulated in these Articles or the Applicable Listing Rules, the remuneration (if any) of the Directors is subject to resolution by the Board of Directors in accordance with the standard prevalent in the industry. Each Director shall be entitled to be repaid or prepaid all travelling, hotel and incidental expenses reasonably incurred or expected to be incurred by him in attending meetings of the Board or committees of the Board or general meetings or separate meetings of any class of Shares or of debentures of the Company or otherwise in connection with the discharge of his duties as a Director.
86. Subject to Article 85, any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such extra remuneration as the Board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration provided for by or pursuant to any other Article.

- 86B. The Company shall establish a salaries and remuneration committee, and the professional qualifications of members, formation, appointment, discharge, how such committee functions and exercises its power and other relevant matters shall be subject to the Applicable Listing Rules. The salaries and remunerations in the preceding paragraph include the salaries and remunerations and stock options and other measures providing substantial incentives for Directors and managers.

#### **ALTERNATE**

87. Subject to the Applicable Listing Rules, any Director may appoint another Director to be his or her alternate and to act in such Director's place at any Board meeting. Every such alternate Director shall be entitled to attend and vote at the Board meeting as the alternate of the Director appointing him or her and where he or she is a Director to have a separate vote in addition to his or her own vote.
88. Subject to the Applicable Listing Rules, the appointment of the alternate Director referred in the preceding article shall be in writing under the hand of the appointing Director and shall be in any usual or common form or such other form as the Directors may approve, and must be lodged with the chairman of the meeting of the Directors at which such appointment is to be used, or first used, prior to the commencement of the Board meeting.

#### **POWERS AND DUTIES OF DIRECTORS**

89. At the close of each financial year, the Board of Directors shall prepare the business report, financial statements and the surplus earning distribution and/or loss offsetting proposals for adoption by the annual general meeting, and upon such adoption by the annual general meeting, distribute or make public announcements to each Shareholder copies of adopted financial statements and the resolutions on the surplus earning distribution and/or loss offsetting in accordance with these Articles and the Applicable Listing Rules. For so long as the Shares are registered in the Emerging Stock Market or listed in the Taipei Exchange or the TSE, alternatively, the distribution of the aforesaid adopted financial statements and the resolutions on the surplus earning distribution and/or loss offsetting may be accomplished by way of making public announcements by the Company.
90. Subject to the Law, these Articles, Applicable Listing Rules and to any resolutions passed in a general meeting, the business of the Company shall be managed by the Directors, who may pay all expenses incurred in setting up and registering the Company and may exercise all power of the Company.
91. The Directors may from time to time appoint any Person (exclusive of any Independent Directors), whether or not such Person is a Director to hold such office in the Company as the Directors may think necessary for the administration of the Company, including but not limited to, the office of the chief executive officer, president, one (1) or more vice-presidents or chief financial officer, and for such term and at such remuneration (whether by way of salary or commission or participation in profits or partly in one way and partly in another), and with such powers and duties as the Directors may think fit. Notwithstanding the foregoing, if any Directors hold either of the above positions, the relevant remuneration shall be subject to Article 85. Any Person so appointed by the Directors may be removed by the Directors.
92. The Directors may appoint a Secretary (and if need be an assistant Secretary or assistant Secretaries) who shall hold office for such term, at such remuneration and upon such conditions and with such powers as they think fit. Any Secretary or assistant Secretary so appointed by the Directors may be removed by the Directors.
93. The Directors may delegate any of their powers to committees consisting of such member or members of their body as they think fit; any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on it by the Directors.
94. The Directors may from time to time and at any time by power of attorney (whether under Seal or under hand) or otherwise appoint any company, firm or Person or body of Persons, whether







108. A Director (exclusive of any Independent Directors) who does anything for himself or on behalf of another person that is within the scope of the Company's business shall declare the essential contents of such behaviour to the general meeting of the Shareholders and be approved by either a Supermajority Resolution Type A or a Supermajority Resolution Type B. Failure in obtaining such approval shall cause the Director being so interested be liable to account to the Company for any profit realised by any such behaviour if the general meeting so resolves by an Ordinary Resolution within one (1) year from such behaviour.
109. Notwithstanding the preceding Articles, subject to the Applicable Listing Rules, a Director (exclusive of any Independent Directors) may hold any other office or place of profit under the Company (other than the office of internal auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine and no Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relation thereby established.
110. Subject to these Articles and the Applicable Listing Rules, any Director (exclusive of any Independent Directors) may act by himself or his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director; provided that nothing herein contained shall authorise a Director or his firm to act as internal auditor to the Company.
111. The Directors shall cause all minutes to be made in books or loose-leaf folders provided for the purpose of recording:
  - (a) all appointments of officers made by the Directors;
  - (b) the names of the Directors present at each meeting of the Directors and of any committee of the Directors; and
  - (c) all resolutions and proceedings at all meetings of the Company, and of the Directors and of committees of Directors.
112. Subject to the Applicable Listing Rules, when the chairman of a meeting of the Directors signs the minutes of such meeting the same shall be deemed to have been duly held.
113. Subject to the Applicable Listing Rules, the continuing Directors may act notwithstanding any vacancy in their body but if and for so long as their number is reduced below the number fixed by or pursuant to these Articles as the necessary quorum of Directors, the continuing Directors may act for summoning a general meeting of the Company, but for no other purpose.
114. Subject to the Applicable Listing Rules and any regulations imposed on it by the Directors, a committee appointed by the Directors may elect a chairman of its meetings. If no such chairman is elected, or if at any meeting the chairman is not present within fifteen minutes after the time appointed for holding the meeting, the committee members present may choose one (1) of their number to be chairman of the meeting.
115. A committee appointed by the Directors may meet and adjourn as it thinks proper. Subject to the Applicable Listing Rules and any regulations imposed on it by the Directors, questions arising at any meeting shall be determined by a majority of votes of the committee members present.
116. Subject to the Applicable Listing Rules and any regulations imposed on it by the Directors, all acts done by any meeting of the Directors or of a committee of Directors, or by any Person acting as a Director, shall notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such Director or Person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such Person had been duly appointed and was qualified to be a Director.

117. The following actions require the approval of a majority of the votes of the Directors present at a Board meeting attended by at least two-thirds (2/3) of all Directors:
- (a) entering into, amendment to, or termination of any contract for lease of its business in whole, or for entrusted business, or for regular joint operation with others;
  - (b) the sale or transfer of the whole or any material part of its business or assets;
  - (c) taking over the transfer of another's whole business or assets, which will have a material effect on the business operation of the Company;
  - (d) the election of Chairman of the Board pursuant to these Articles;
  - (e) the allocation of Employees' Remunerations and Directors' Remunerations pursuant to Article 129; and
  - (f) issuance of corporate bonds.

#### **AUDIT COMMITTEE**

118. The Company shall set up an Audit Committee, and the professional qualifications of members, formation, appointment, discharge, how such committee functions and exercises its power and other relevant matters shall be subject to the Applicable Listing Rules. The Audit Committee shall comprise solely of all Independent Directors and the number of committee members shall not be less than three (3). One (1) of the Audit Committee members shall be appointed as the convener to convene meetings of the Audit Committee from time to time and at least one (1) of the Audit Committee members shall have accounting or financial expertise. A valid resolution of the Audit Committee requires approval of one-half (1/2) or more of all its members.
- 119A. Before the Company holds a meeting of the Board of Directors to adopt any resolution of Merger, Acquisition, Spin-off or share swap, the Audit Committee shall seek opinion from an independent expert in order to review the fairness and reasonableness of the plan and transaction of the Merger, Acquisition, Spin-off or share swap, including but not limited to the justification of share swap ratio or a distribution by cash or otherwise, and the review result shall be submitted to the board of Directors and Shareholders in the general meeting (provided, however, that if the Law does not require the Shareholders' approval on the said transactions, the expert opinion and review result do not have to be submitted to the general meeting); and the review result and the expert opinion shall be provided to the Shareholders together with the notice of general meeting. If the Law does not require the Shareholders' approval on the said transactions, the Board of Directors shall report the transactions in the general meeting following the transactions.

For the documents to be given to the Shareholders in the preceding paragraph, if the Company announces the same content as in those documents on a website designated by the Taiwan competent authorities and those documents are prepared at the venue of the general meeting for Shareholders' review, those documents shall be deemed as having been given to Shareholders.

119. Notwithstanding anything provided to the contrary contained in these Articles, the following matters require approval of one-half (1/2) or more of all members of the Audit Committee and final approval of the Board:
- (a) adoption of or amendment to an internal control system;
  - (b) assessment of the effectiveness of the internal control system;
  - (c) adoption of or amendment to the handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, provision or extension of monetary loans to others, or endorsements or guarantees for others;















## **JOURDENESS GROUP LIMITED**

### **Other reference**

1. Information on proposals from shareholders holding one percent or more of the total number of outstanding shares of the Company.
  - I. According to Article 172.1 of the Company Act, the Company accepts the shareholders' proposal for the 2021 annual general meeting from April 19, 2021 to April 29, 2021.
  - II. During the said period, there was no proposal from shareholders holding one percent or more of the total number of outstanding shares of the Company.
  
2. The effect of the stock dividends on the Company's business performance, earnings per share, and return on investment of shareholders: The Company did not have any stock dividend this year and therefore is not applicable.