Stock Code: 1341

Fulin Plastic Industry (Cayman) Holding Co., Ltd.

2019 Annual Report

This annual report is available on:	Market Observation Post System: http://mops.twse.com.tw Company Website: http://www.fulinvn.com/

Printed and Published on April 30, 2019
(Translation)

Notice to readers

This English-version Agenda is a summary translation of the Chinese version and is not An official document of the shareholders' meeting. If there is any discrepancy between The English and Chines eversions,theChinese version shall prevail.

I. Spokesman and Acting Spokesman

Name of Spokesman: Huang Cheng-Hung	Name of Acting Spokesman: Chiu Wen-Hui
Title: General Manager	Title: Financial Accounting Manager
Email Address: u220392@fulinvn.com	Email Address: u4846@fulinvn.com
Tel.: 84-225-3860399	Tel.: 84-225-3860399

II. Addresses of Headquarters, Branches, and Plants

Company

Name: Fulin Plastic Industry (Cayman) Holding Co., Ltd.
Address: The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman KY1-1208, Cayman Islands
Tel.: 886 -7-5352366
Website: http://www.fulinvn.com

Branch

Name: Fulin Plastic Industry (Cayman) Holding Co., Ltd., Taiwan Branch
Address: 19F-1, No. 38 Xinguang Road, Lingya District, Kaohsiung
Tel.: 886 -7-5352366
Website: http://www.fulinvn.com

Headquarters of the Subsidiary

Name: Fulin Plastic Industry Joint Stock Company
Address: Km9 Pham Van Dong Hai Thanh Ward Duong Kinh District Hai Phong Viet Nam
Tel.: 84- 225- 3860399
Website: http://www.fulinvn.com

Branch of the Subsidiary

Name: Fulin Plastic Industry Joint Stock Company Dong Nai Branch
Address: 109 AMATA Industrial Park, Long Binh Ward Bien Hoa City Dong Nai Province Viet Nam
Tel.: 84-251- 3936688
Website: http://www.fulinvn.com

III. Names, Titles, Phone Numbers, and Email Addresses of the Litigation and Non-litigation Agent in Republic of China

Name: Hu Nai-ren
Title: Assistant Manager of the Taiwan Branch
Tel.: 886-7-5352366
Email Address: hsu@fulintw.com.tw

IV. List of Members of the Board of Directors

Title	Name	Nationality or Place of Registration	Experience
Chairman	Travel International Corp.	Samoa	None
Chairman Representative	Wang Yuan-Lin	Republic of China	Graduated from Annan Junior High School Chairman, Cty TNHH Xay Dung va Phat Trien Dai Dang
Director	Chen Chao-Lung	Republic of China	Kaohsiung Medical University, School of Medicine President, Vice President, and Head of the surgical department of Kaohsiung Chang Gung Memorial Hospital Head of the surgical department of Keelung Chang Gung Memorial Hospital Head of the surgical department of Linkou Chang Gung Memorial Hospital
Chairman and General Manager	Huang Cheng-Hung	Republic of China	Masters of Engineering from the Department of Chemical Engineering of National Cheng Kung University Section Manager of Nan Ya Plastics Vice General Manager of Fulin Plastic Industry Joint Stock Company Branch
Director and Vice General Manager	Tsai Wen-Yuan	Republic of China	Feng Chia University, Department of Business Administration Office personnel of the Management Center of Chang Gung Medical Foundation Business Manager of Hong En Group
Independent Director	Wang Chin-Shan	Republic of China	Department of Accounting of Soochow University EMBA, National Taiwan University Vice Chairman of Deloitte Taiwan
Independent Director	Huang Chun-Chin	Republic of China	Doctorate of Engineering from the Department of

			Chemical Engineering of National Cheng Kung University Engineering Lecturer, Wufeng University Associate Professor and Department Head, Department of Mold and Die Engineering, National Kaohsiung University of Science and Technology Director of the Center of Innovative Incubator, National Kaohsiung University of Science and Technology CEO, Center for Industry-Academia Research Acting Dean, College of Engineering, National Kaohsiung University of Science and Technology Research and Development Chief, National Kaohsiung University of Science and Technology
Independent Director	Li Chang-Ming	Republic of China	College of Law, National Chengchi University Lawyer, Chen Chiung-Tsan Law Firm Partner Lawyer, Zongli Law Firm

V. Stock Transfer Agency

Name: Agency Department of Chinatrust Commercial Bank
Address: 5F, No. 83, Chongqing South Road, Zhongzheng District, Taipei
Website: http://www.ctbcbank.com
Tel.: 886-2-66365566

VI. Certified Public Accountants for the Recent Year

Name of CPAs: Wu Chiu-Yen, Kung Chun-Chi
Name of Accounting Firm: Deloitte Taiwan
Address: 3F, 88 Chenggong 2nd Road, Cianjhen District, Kaohsiung
Website: www.deloitte.com.tw
Tel.: (07)530-1888

VII: Name of Overseas Trading Site for Listed Securities and Inquiry Information: None

VIII. Company Website

http://www.fulinvn.com/

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I. Letter to Shareholders

To Shareholders,

The consolidated operating revenue was NT$ 2,902,091 thousand in 2018, an increase of 5.06% over 2017. The net profit before tax was NT$ 205,713 thousand, a decrease of 37.85% compared to 2017. The operating performance of 2018 is hereby stated below:

(I) Operating Results of 2018

(1) Implementation Results of the Business Operation Plan

Unit: NT$1,000

Item	2018	2017	Change (Increase or Decrease)	
			Amount	%
Operating Revenue	2,902,091	2,762,409	139,682	5.06%
Operating Costs	2,401,269	2,164,393	236,876	10.94%
Gross Operating Profits	500,822	598,016	(97,194)	-16.25%
Operating Expenses	282,813	249,918	32,895	13.16%
Net Operating Profit	218,009	348,098	(130,089)	-37.37%
Net Profit Before Tax	205,713	331,005	(125,292)	-37.85%
Net Profit of the Current Year	150,847	255,368	(104,521)	-40.93%
Net Profits Belonging to the Owner of the Company	150,847	170,929	(20,082)	-11.75%
Comprehensive Profit and Loss	160,524	221,888	(61,364)	-27.66%

(2) Budget Execution of 2018

The Company was not required to release a financial forecast in 2018.

(3) Financial Revenues and Expenditures

Item	2018	2017
Cash Flow in Operating Activities	150,601	345,001
Cash Flow in Investment Activities	(456,761)	(295,568)

Cash Flow in Capital Raising Activities	513,051	(256,595)
Effect of Exchange Rate Fluctuation Upon Cash	(10,221)	4,705
Net Increase (Decrease) in Cash	196,670	(202,457)
Balance of Cash as of Beginning of the Year	100,787	303,244

The cash flow in operating activities was lower than that of last year mainly because the net profit before tax of the current year was decreased as compared with last year due to the price rise of global plastic materials and the consequential growth of operating costs. The cash flow in investment activities was higher than that of last year mainly because the amount spent to purchase real estate, plants, and equipment (for construction of the PU plant) was increased in the current year. The cash flow in capital raising activities was higher than that of last year mainly because a large amount of cash capital flowed in after IPO of the Company.

(4) Profitability

Item	2018	2017
Asset Return (%)	8.86	18.74
Equity Return (%)	18.34	37.86
Proportion of Operating Profit to Paid-in Capital (%)	44.13	93.32
Proportion of Net Profit Before Tax to Paid-in Capital (%)	41.64	88.74
Net Profit Rate (%)	5.2	9.24
Earnings per Share (NT$)	3.68	6.88

(5) Research and Development

Engaged in PVC processing for more than 20 years, the Company carries out processing in accordance with the product drawings provided by customers and selects PVC materials during design for customers. Therefore, the research and development of the Company has been focused on the improvement of machinery equipment and processes and creation of new product manufacturing processes, to improve production efficiency and reduce costs. Furthermore, the Company carried out technical cooperation with customers and suppliers, actively cultivates technical personnel, and regularly provides education and training in plants to improve overall personnel qualification and enhance competitiveness in innovation and research and development. The Company improves existing equipment and tests formulations to develop and create diversified products. In addition, the Company keeps up with market trends by promoting new markets and applications, using optimized processing technologies, improving material research and production, and developing environment-friendly PU technologies (TPU and aqueous PU).

II. Highlights of the 2019 Business Operation Plan

(I) Policy:

(1) Tape Products:

1. 1. Cooperate with Haiphong Factory to additionally set up a production line and put it into production to supply customers in the north so as to decrease freight and shorten the delivery term. At the same time cooperate with Samsung Electronics Bac Ninh to develop advanced materials for transparent adhesive tapes and use local materials.
2. Develop products with high added value, such as double-sided lighting and computer printing. Win orders from Thailand and the local market, and at the same time improve the quality of reusable advanced backing adhesive products to replace imported goods.
3. Ensure orders are continuously received from major customers in Bangladesh, Turkey, and Ecuador.

(2) Latex and Rubber Products:

1. Promote business policies and motivate salesmen. Establish offices in Ho Chi Minh and Pingyang to collect market information and provide services for local customers.
2. Cooperate with technicians in the Korean factory to develop new products and produce elaborate samples and promote them to domestic and oversea customers.
3. Request foreign major agents, e.g. THAISANTEE, SKJ, and Gold East, to propose an annual promotion plan to ensure annual performance growth.
4. Cooperate with well-known brands, e.g. Michael Kors (MK), in

development based on existing cooperation.

(3) Soft Leather Products:

1. Promote high-priced brand products. Continuously increase orders for COACH high-priced products through Solto and at the same time develop new KATE SPADE products through Solto with the aim to receive the first order in March.
2. Additionally produce COACH products with PU substrate and PU coating to increase machine utilization rate.

(II) Expected Sales Volume and Justification:

The Company establishes the expected annual sales target based on the operating performance of 2018, overall conditions of the synthetic leather market, industry supply and demand, expected orders from customers, and expectations expressed by major agents in interviews about the future circumstances and the Company's capacity planning.

(III) Production and Sales Policies:

1. Continuously and steadily further secure our foothold in the Southeast Asian market based on the tariff and geographical advantages of ASEAN economies.
2. Continue to pay attention to the business opportunities brought about by the China-United States trade war. Evaluate the benefits of visits by United States customers, and help with the development and promotion of customers, cooperation with whom is highly feasible.
3. Improve visibility of Fulin products, participate in various regional and international exhibitions such as the International Exhibition on Shoes and the Leather Industry in Ho Chi Minh City, and cooperate with the production of various exquisite booklets to expand popularity to potential customers around the world.

III. Future Development Strategies of the company

The economic growth rate of Vietnam's GDP in 2018 was 7.08%, reaching a record high over the last 10 years. Vietnam has officially forecast that the economic growth rate of Vietnam will reach at least 6.9%. The political and economic environment in Vietnam in recent years are stable. Due to the trade war between China and the USA and the consequent raise of export tariffs of similar products from China, Fulin, as the top factory in Vietnam's leather product market in terms of market share, has become the first choice to transfer orders. Based on this opportunity, Fulin continues to strive for more orders to hopefully promote its high-quality products. In addition, the domestic market of Vietnam has not yet been saturated. The markets of furniture and automobile products are still gaining momentum. Fulin is committed to increasing the market share of products with a high gross margin in the domestic market. Above all, Fulin will continuously pay attention to the effect factors in all aspects and stick to steady and flexible operating strategies to expand customer sources, focus on prospective products, provide outstanding services, and ensure competitive advantages in long-term development.

Chairman: Wang Yuan-Lin   Manager: Huang Cheng-Hung   Chief Accountant: Chiu Wen-Hui

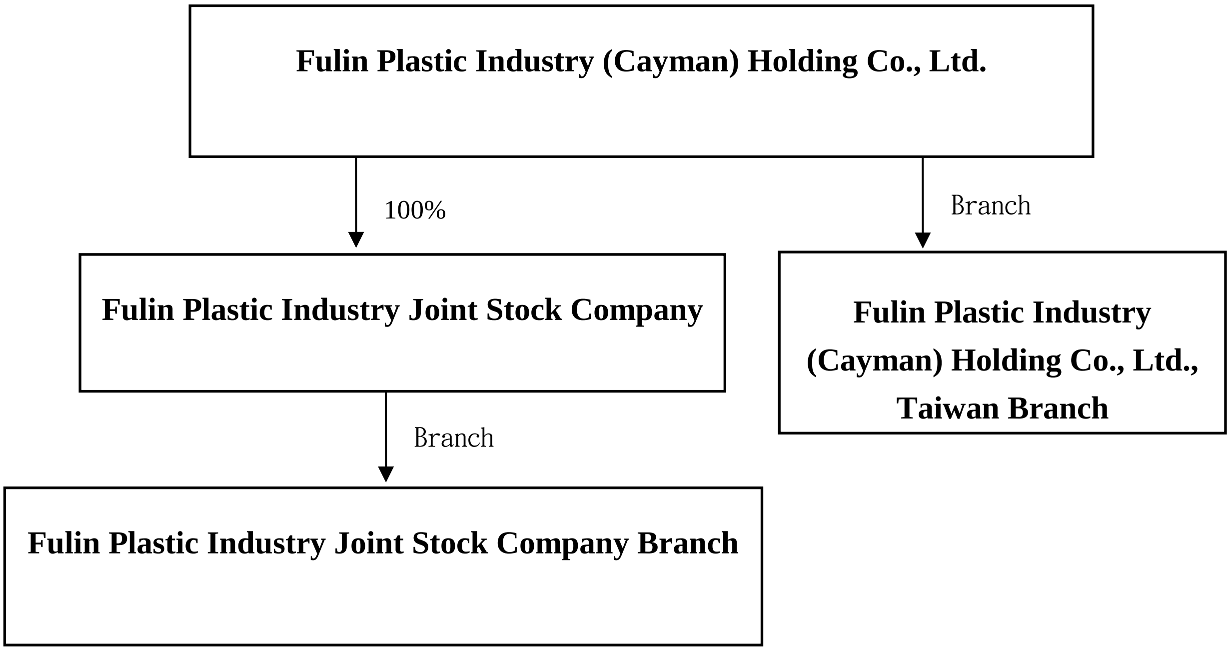
II. Company Profile

I. Date of Incorporation and Group Profile

Fulin Plastic Industry Joint Stock Company,(hereinafter referred to as the "Vietnam Subsidiary") was incorporated under the investment license issued on July 12, 1997 AD (same below) by the Ministry of Planning and Investment of Vietnam as a 100% Taiwan-funded enterprise and is engaged in the production and sales of various PVC artificial leather materials. Vietnam Subsidiary is located in Haiphong city in north Vietnam which is 100 km away from the capital, Hanoi. Through plant construction, employee enrollment, and equipment installation, the first set of equipment passed the test run in January 1999 and was successfully put into mass production. With support and trust from customers, the Vietnam Subsidiary further invested in the AMATA Industrial Park in Dong Nai in December 2003 and established Fulin Plastic Industry Joint Stock Company Branch to expand its product series and satisfy the market and customer demands. The tapes, rubber leathers, and latex leathers produced by the Vietnam Subsidiary are multi-functional and can be used by tertiary processors for furniture, leather handbags and suitcases, shoes, and raincoats. Considering that a good market reputation has been accumulated over the years, and that tertiary processors of PVC have successively entered Vietnam as Vietnam is experiencing a stable society and an increasingly growing economy and the government is actively entering into trade agreements with many countries, the market demand is expected to gradually increase in the future.

Fulin Plastic Industry (Cayman) Holding Co., Ltd., (hereinafter referred as the "Company", or the "Group" collectively with all subsidiaries) was incorporated in the Cayman Islands on November 30, 2016 as the parent holding company and also the applicant for IPO in Taiwan. On February 14, 2017, the Company registered and set up the Taiwan Branch in Kaohsiung as the operation site in Taiwan. On March 31, 2017, the Company acquired 100% of the stock rights in Fulin Plastic Industry Joint Stock Company Branch through issuance of new shares and stock exchange. Then the group structure was completed.

II. Group Structure



III. Company History

July 1997	The investment license was obtained on July 12. The Vietnam Subsidiary was set up in Haiphong.
January 1999	The first set of equipment in the Vietnam Subsidiary successfully passed the test run.
March 2000	The second set of equipment in the Vietnam subsidiary was put into production.
January 2002	The Vietnam Subsidiary obtained the ISO-9001 certificate.
December 2003	The Vietnam Subsidiary established a branch in the AMATA Industrial Park in Dong Nai to produce super transparent adhesive tapes, grainy printing tapes, and multiple versions of printing tapes in addition to the original PVC artificial leather.
March 2005	The Dong Nai Branch of the Vietnam Subsidiary additionally installed coating equipment which was capable of producing PVC, PU, and other premium soft leather products.
November 2008	The Dong Nai Branch of the Vietnam Subsidiary obtained the ISO-9001 certificate.
April 2013	New products for leather handbags were developed in collaboration with COACH.
January 2014	Leather products for automobiles were developed in collaboration with HONDA, YAMAHA, and TOYOTA.
July 2016	The Vietnam Subsidiary obtained the ISO 14001 certificate.

November 2016	Fulin Plastic Industry (Cayman) Holding Co., Ltd. was established as the applicant for IPO in Taiwan.
February 2017	The Company registered and set up the Taiwan Branch in Kaohsiung as the operation site in Taiwan.
March 2017	In total 35,300,000 shares were issued to exchange for 100% of the stock right in the Vietnam Subsidiary to complete reconstruction. The share capital of the Company was NT$373,000 thousand after the stock exchange.
July 2017	A production line for super transparent tapes was added in the Vietnam Subsidiary.
July 2017	The Dong Nai Branch of the Vietnam Subsidiary started to construct an environmentally-friendly PU plant to produce solvent-free synthetic PU leather, aqueous PU leather, and synthetic TPU leather which was expected to be put into mass production by the end of 2018.
March 2018	Cash investment was increased by NT$30,000 thousand after which the share capital of the Company was NT$403,000 thousand.
September 2018	Cash investment was increased by NT$36,000 thousand after which the share capital of the Company was NT$439,000 thousand.
December 2018	Cash investment was increased by NT$55,000 thousand after which the share capital of the Company was NT$494,000 thousand. The shares were listed on the Taiwan Stock Exchange.

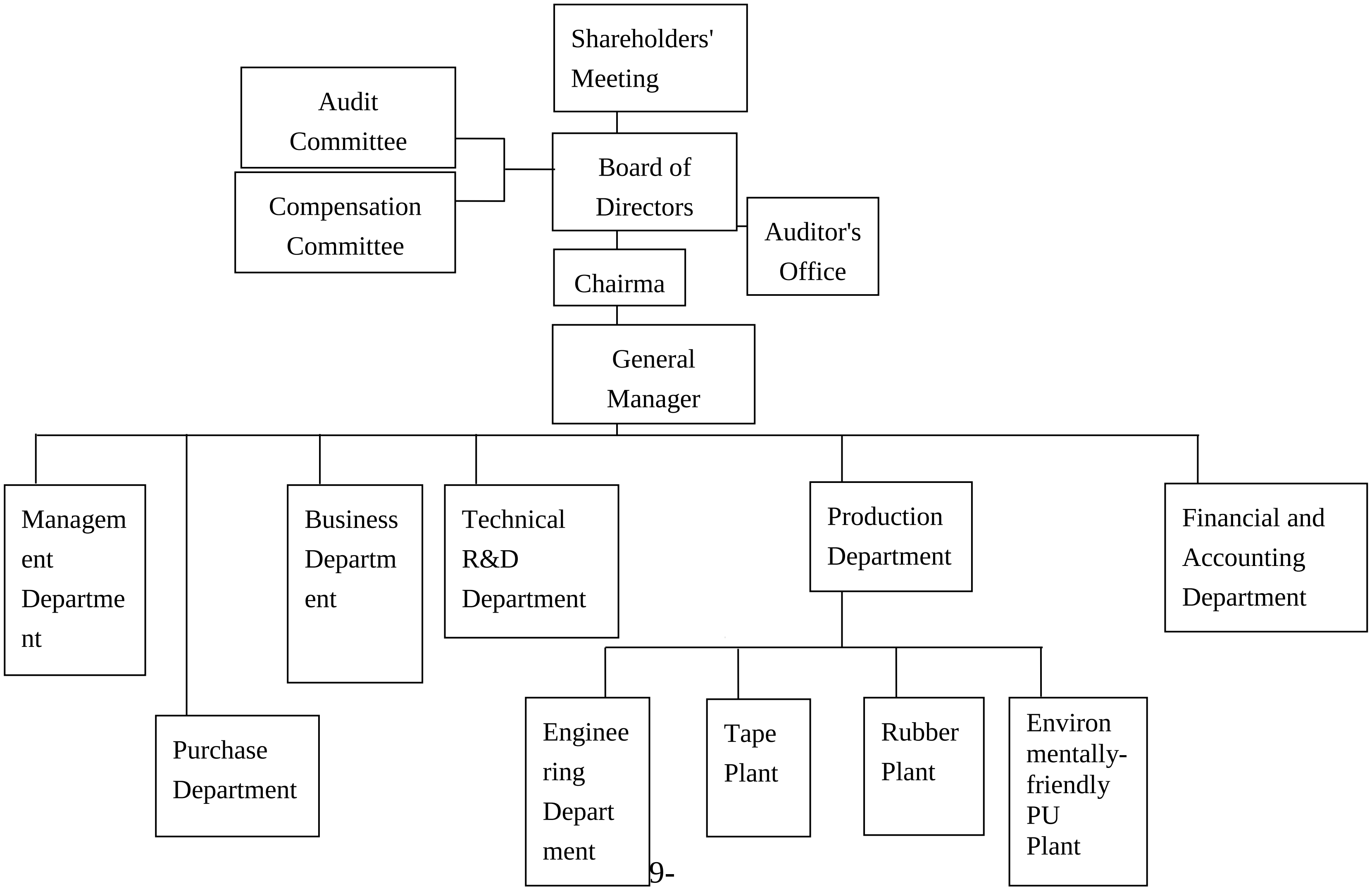
IV. Risks

Refer to VII the Discussion and Analysis of Financial Standing and Performance and Risks.

III. Corporate Governance Report

I. Organizational System

(I) Organizational Structure



(II) Major Departments and Their Functions:

Department	Major Functions
Board of Directors	· Plan the businesses and policies of the Group, and establish the operation target. · Appoint the major managers of the Company to promote the operation and businesses.
Audit Committee	· Revise the internal control system and assess its effectiveness. · Decide on the matters involving directors' interests. · Review or approve relevant material matters. · Review financial reports.
Compensation Committee	· Establish the performance assessment and remuneration policies and standards for directors and managers of the Company. · Regularly assess the remuneration of directors and managers of the Company.
Auditor's Office	· Propose and implement the annual audit plan. · Propose and implement the self-assessment plans of each unit. · Audit the management over plant operation. · Implement other matters required by laws and regulations. · Evaluate the integrity, reasonableness, and effectiveness of the internal control system and various management systems.
General Manager	· Implement decisions of the Board of Directors. · In charge of the operation and management of the Company. · Lead the Company to achieve operation targets.
Management Department	· Provide administrative support. · Manage various businesses. · Carry out human resources planning, enrollment, education and training planning, salary accounting, attendance check, etc. · Maintain and manage public safety and sanitary safety.

Department	Major Functions
	· Plan and manage the information system; manage and control information safety; operate and maintain computer software and hardware, etc. · Plan, promote, and revise the internal control system and relevant management methods of the Company.
Purchase Department	· Maintain and manage supplier data. · Plan and implement procurement of raw materials, major parts, consumables, and fixed assets. · In charge of the price negotiation, procurement, and outsourcing of special projects or contracted projects.
Business Department	· Plan and implement product sales. · Develop markets, collect market information, and manage customers. · Process orders and manage shipment arrangement. · Plan and implement product image maintenance, promotion, and exhibition. · Manage and maintain product sales and customer services. · Manage and control customer credit investigations and the credit line.
Technical R&D Department	· Design and improve processes and equipment. · Provide professional technical services, including equipment maintenance, repair, testing, and product warranty. · Improve existing products and innovate new products. · Plan, design, and develop new products. · Develop and apply new materials. · Provide feedback on product testing, verification, and improvement.
Production Department	· Carry out trial production and mass production of tapes, rubber leather (including soft leathers), and environment-friendly PU products. · Inspect and manage the quality of raw materials and products. · Plan and manage the storage, use, and production of raw materials.

Department	Major Functions
	· Plan and manage the storage and storage location of semi-finished and finished products. · Plan and implement quality policies. · Repair and maintain plants and equipment.
Financial and Accounting Department	· Establish the overall financial plan of the Company, apply and allocate funds and manage risks. · Perform tasks associated with accounting. · Perform tasks associated with taxes. · Plan and summarize the annual target. · Plan and implement investment-related tasks. · Plan projects associated with shareholder equity. · Plan and propose financial and accounting systems and relevant procedures of the Company.

II. Information of Directors, Supervisors, General Manager, and Departments Heads

(I) Directors and Supervisors

1. Information of Directors

April 19, 2019

Title	Name	Gender	Nationality or Place of Registration	Date of First Election	Date of Election (Inauguration)(Note)	Tenure	Shareholding on Election		Current Shareholding		Shareholding by Spouse and Minor Children		Shareholding Under Others' Title		Main Experience (Education)	Current Positions in the Company and Other Companies	The Spouse or Relative Within Two Tiers of Other Managers, Directors, or Supervisors		
							Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relationship
Chairman	Travel International Corp.	—	Samoa	June 16, 2018	June 16, 2018	3 Years	14,695,995	36.47%	15,627,509	31.63%	—	—	—	—	—	—	—	—	—
	Representative: Wang Yuan-Lin	Male	Republic of China .				—	—	425,000	0.86%	—	—	24,332,509	49.26%	Graduated from Annan Junior High School Chairman, Cty TNHH Xay Dung va Phat Trien Dai Dang	Chairman, Fulin Plastic Industry Joint Stock Company Chairman, Wang Yuan-Lin Culture Art Foundation Director, Zhuyuanmei Entertainment Corporation	—	—	—
Director	Chen Chao-Lung	Male	Republic of China Year	November 13, 2017	November 13, 2017	3 Years	—	—	—	—	—	—	—	—	Kaohsiung Medical University, School of Medicine President, Vice President, and Head of the surgical department of Kaohsiung Chang Gung Memorial Hospital Head of the surgical department of Keelung Chang Gung	Honorary President, Kaohsiung Chang Gung Memorial Hospital Surgical Professor, Chang Gung University Chairman, Chen Chao-Lung Scholarship Foundation Chairman, Chen Chao-Lung Liver Transplantation	—	—	—

Title	Name	Gender	Nationality or Place of Registration	Date of First Election	Date of Election (Inauguration)(Note)	Tenure	Shareholding on Election		Current Shareholding		Shareholding by Spouse and Minor Children		Shareholding Under Others' Title		Main Experience (Education)	Current Positions in the Company and Other Companies	The Spouse or Relative Within Two Tiers of Other Managers, Directors, or Supervisors		
							Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relationship
															Memorial Hospital Head of the surgical department of Linkou Chang Gung Memorial Hospital	Foundation Director, Wang Yuan-Lin Culture Art Foundation Chairman, CHO Pharma, Inc. Independent Director, King's Town Bank			
Director	Huang Cheng-Hung	Male	Republic of China Year	November 13, 2017	November 13, 2017	3 Years	—	—	291,000	0.59%	—	—	—	—	Masters of Engineering from the Department of Chemical Engineering of National Cheng Kung University Section Manager of Nan Ya Plastics Vice General Manager of Fulin Plastic Industry Joint Stock Company	General Manager of the Company Director and General Manager of Fulin Plastic Industry Joint Stock Company	—	—	—
Director	Tsai Wen-Yuan	Male	Republic of China	November 13, 2017	November 13, 2017	3 Years	—	—	209,000	0.42%	—	—	—	—	Feng Chia University, Department of Business Administration Office personnel of the Management Center of	Vice General Manager of the Company Director and Vice General Manager of Fulin Plastic Industry Joint Stock Company	—	—	—

Title	Name	Gender	Nationality or Place of Registration	Date of First Election	Date of Election (Inauguration)(Note)	Tenure	Shareholding on Election: Number of Shares	Shareholding on Election: Shareholding Ratio	Current Shareholding: Number of Shares	Current Shareholding: Shareholding Ratio	Shareholding by Spouse and Minor Children: Number of Shares	Shareholding by Spouse and Minor Children: Shareholding Ratio	Shareholding Under Others' Title: Number of Shares	Shareholding Under Others' Title: Shareholding Ratio	Main Experience (Education)	Current Positions in the Company and Other Companies	The Spouse or Relative Within Two Tiers of Other Managers, Directors, or Supervisors: Title	Name	Relationship
															Chang Gung Medical Foundation Business Manager of Hong En Group				
Independent Director	Wang Chin-Shan	Male	Republic of China	November 13, 2017	November 13, 2017	3 Years	–	–	–	–	–	–	–	–	Department of Accounting of Soochow University EMBA, National Taiwan University Vice Chairman of Deloitte Taiwan	Representative of Institutional Director, Chilisin Electronic Corp. Representative of Institutional Director, Yageo Corporation Supervisor, DIVA Laboratories Ltd. Independent Director, Taiwan Navigation Co., Ltd. Independent Director, Taiwan Cement Ltd. Independent Director, DACIN Construction Co., Ltd.	—	—	—

Title	Name	Gender	Nationality or Place of Registration	Date of First Election	Date of Election (Inauguration)(Note)	Tenure	Shareholding on Election		Current Shareholding		Shareholding by Spouse and Minor Children		Shareholding Under Others' Title		Main Experience (Education)	Current Positions in the Company and Other Companies	The Spouse or Relative Within Two Tiers of Other Managers, Directors, or Supervisors		
							Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relationship
Independent Director	Huang Chun-Chin	Male	Republic of China	November 13, 2017	November 13, 2017	3 Years	–	–	–	–	–	–	–	–	Doctorate of Engineering from the Department of Chemical Engineering of National Cheng Kung University Engineering Lecturer, Wufeng University Associate Professor and Department Head, Department of Mold and Die Engineering, National Kaohsiung University of Science and Technology Director of the Center of Innovative Incubator, National Kaohsiung University of Science and Technology CEO, Center for Industry-Academia Research Acting Dean, College of Engineering,	Professor, Department of Mold and Die Engineering, National Kaohsiung University of Science and Technology Independent Director, Fulin Plastic Industry Joint Stock Company	—	—	—

Title	Name	Gender	Nationality or Place of Registration	Date of First Election	Date of Election (Inauguration)(Note)	Tenure	Shareholding on Election		Current Shareholding		Shareholding by Spouse and Minor Children		Shareholding Under Others' Title		Main Experience (Education)	Current Positions in the Company and Other Companies	The Spouse or Relative Within Two Tiers of Other Managers, Directors, or Supervisors		
							Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relationship
															National Kaohsiung University of Science and Technology Research and Development Chief, National Kaohsiung University of Science and Technology				
Independent Director	Li Chang-Ming	Male	Republic of China .	November 13, 2017	November 13, 2017	3 Years	—	—	—	—	—	—	—	—	College of Law, National Chengchi University Lawyer, Chen Chiung-Tsan Law Firm Partner Lawyer, Zongli Law Firm	Partner Lawyer, Zongli Law Firm	—	—	—

(Note) Except Travel International Corp., whose term is from June 16, 2018 to November 12, 2020, the terms of other directors are from November 13, 2017 to November 12, 2020.

2. Major Institutional Shareholders

April 19, 2019

Name of Institutional Shareholder	Major Institutional Shareholders
Travel International Corp.	Wang Yuan-Lin (100%)

3. Top Ten Shareholders of Major Institutional Shareholders

April 19, 2019

Name of Institutional Shareholder	Major Institutional Shareholders
Travel International Corp.	Wang Yuan-Lin (100%)
RAPTURE INDUSTRY LIMITED	Wang Yuan-Lin (100%)
FULL YOUNG GROUP INC.	Chen Shu-Yun (100%)

4. Directors and Supervisors With Professional Knowledge and Independence

Requirement / Name	Have More Than Five Years of Work Experience and the Following Professional Qualifications			Under Independence Status (Note)										Number Serving as an Independent Director of Public Companies
	An instructor or higher up in a department of commerce, law, finance, accounting, or other academic department related to Company business in a public or private junior college, college, or university.	A judge, public prosecutor, attorney, CPA, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a professional capacity that is necessary for Company business.	Work experience in the area of commerce, law, finance, or accounting, or an area otherwise necessary for Company business.	1	2	3	4	5	6	7	8	9	10	
Travel International Corp. (Representative: Wang Yuan-Lin)			✓						✓	✓	✓	✓		0
Chen Chao-Lung			✓	✓		✓		✓	✓	✓	✓	✓	✓	1
Huang Cheng-Hung			✓			✓		✓	✓	✓	✓	✓	✓	0

Tsai Wen-Yuan			✓			✓		✓	✓	✓	✓	✓	✓	0
Wang Chin-Shan		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3
Huang Chun-Chin	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Li Chang-Ming		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0

Note: Mark a "✓"under the code in the case of compliance with the following conditions during the two years prior to election and during the tenure.

（1）Not an employee of the Company or its affiliates.

（2）Not a director or supervisor of the Company or its affiliates (unless the person is an independent director of the Company or its parent company, or any of its subsidiaries under the law or laws of the local country).

（3）Not an individual shareholder who holds shares, together with those held by the person's spouse or minor children, or held under others' names, in an aggregate amount of 1% or more of the total outstanding shares of the Company or ranks among the top ten shareholders who are natural persons in terms of the share volume held.

（4）Not the spouse, or relative within the second degree of kinship, or linear relative within the third degree of kinship of any person stated in the foregoing three subparagraphs.

（5）Not a director, supervisor, or employee of an institutional shareholder directly holding more than 5% of all circulating shares of the Company or a director, supervisor, or employee of an institutional shareholder on the top 5 shareholding list.

（6）Not a director, supervisor, manager, or a shareholder holding more than 5% of shares of a specific company or institution with financial or business activities with the Company.

（7）Not a professional, or owner, partner, supervisor, or executive officer and the spouse thereof of a sole proprietorship, partnership, company, or institution that provides commercial, legal, financial, accounting, or consulting services for the Company or its associated enterprise. This does not include members of the Compensation Committee who exercise power in accordance with Article 7 of the Regulations Governing the Appointment and Exercise of Powers by the Compensation Committee of a company whose stock is listed on the stock exchange or traded over the counter.

（8）Not the spouse or a relative within the second degree of kinship to any other director of the Company.

（9）None of the conditions indicated under Article 30 of the Company Act.

（10）Not a government agency, legal person, or its representative set forth in Article 27 of the Company Act.

(II) General Manager, Vice General Manager, Assistant Managers, and Heads of Departments and Branches

Unit: Share April 19, 2019

Title	Nationality	Name	Gender	Date of Inauguration	Shareholding		Shareholding by Spouse and Minor Children		Shareholding Under Others' Title		Main Experience/Education	Positions at Other Companies Held at Present	Managers Who are a Spouse or a Relative Within the Second Degree of Kinship		
					Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relationship
General Manager	Republic of China	Huang Cheng-Hung	Male	September 13, 1999	291,000	0.59%	—	—	—	—	Masters of Engineering from the Department of Chemical Engineering of National Cheng Kung University Section Manager of Nan Ya Plastics Vice General Manager of Fulin Plastic Industry Joint Stock Company	Director and General Manager of Fulin Plastic Industry Joint Stock Company	—	—	—
Vice General Manager	Republic of China	Tsai Wen-Yuan	Male	September 10, 2001	209,000	0.42%	—	—	—	—	Feng Chia University, Department of Business Administration Office personnel of the Management Center of Chang Gung Medical Foundation Business Manager of Hong En Group	Director and Vice General Manager of Fulin Plastic Industry Joint Stock Company	—	—	—
Manager of the Business Department	Republic of China	Kuan Chien-Chung	Male	April 30, 2017	10,000	0.02%	—	—	—	—	Chung Yuan University Chemical Engineering Business Director of Nan Ya Plastics	—	—	—	—
Technical R&D Department Assistant Manager	Republic of China	Chen Shun-Chi	Male	September 1, 2008	76,000	0.15%	—	—	—	—	Department of Chemical Engineering of National Kaohsiung University of Applied Sciences Vice Plant Manager of Nan Ya Plastics	—	—	—	—
Assistant Manager of the Production Department	Republic of China	Chen Hung-Yu	Male	April 10, 2018	—	—	—	—	—	—	Senior Engineer of Kao Chi San Fang Chemical Industry CO., LTD. Production Manager of San Fang Vietnam	—	—	—	—
Assistant Manager of the Production Department	Republic of China	Lu Li-Chen	Male	July 10, 2018	—	—	—	—	—	—	Department of Chemical Engineering of National Cheng Kung University Vice Manager of the Business Department, Hong Tai Electric Industrial Co., Ltd. General Manager, Beijing Guanghai Culture Utensils Limited	—	—	—	—

Title	Nationality	Name	Gender	Date of Inauguration	Shareholding		Shareholding by Spouse and Minor Children		Shareholding Under Others' Title		Main Experience/Education	Positions at Other Companies Held at Present	Managers Who are a Spouse or a Relative Within the Second Degree of Kinship		
					Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relationship
											Company Business Director of the Electronic Materials Group, Nan Ya Plastics				
Taiwan Branch Assistant Manager	Republic of China	Hu Nai-ren	Male	November 30, 2017	556,054	1.13%	—	—	—	—	Chung Jung Senior High School Vice Financial Manager, Right Way Industrial Co., Ltd. Financial Manager, Shun Hui Industrial Co., Ltd. Management Manager of Fulin Plastic Industry Joint Stock Company	—	—	—	—
Manager of the Financial and Accounting Department	Republic of China	Chiu Wen-Hui	Male	December 19, 2017	15,000	0.03%	—	—	—	—	Masters of Finance, National Cheng Kung University Accounting Manager, Caesar Accounting Head, Caesar Vietnam	—	—	—	—
Manager of the Auditor's Office	Republic of China	Lin Yu-Kan	Male	February 13, 2017	—	—	—	—	—	—	Masters of Accounting, Fu Jen Catholic University Audit Department of Ernst & Young Manager of the Underwriting Department of SinoPan Securities Senior Manager of the Investment Bank Department of Yuanta Securities	—	—	—	—
Vice Manager of the Auditor's Office	Republic of China	Lin Yu-Chun	Female	March 16, 2019	—	—	—	—	—	—	Department of Accounting, Shih Chien University Vice Audit Manager, Deloitte Taiwan	—	—	—	—

(Note) Audit Manager Lin Yu-Kan resigned on January 31, 2019.

(III) Compensation for Directors, Supervisors, General Manager, and Assistant Manager in Recent Years

1. Compensation for Directors (including independent directors)

Unit: NT$1,000; share; %

Title	Name	Compensation for Directors								Sum of A, B, C, and D/Net Profit After Tax		Compensation for Part-time Employees												Sum of A, B, C, D, E, F, and G/Net Profit After Tax		Any Compensation Received From Re-invested Businesses Other Than Subsidiaries
		Remuneration (A) (Note1)		Pension and Superannuation (B)		Compensations for Directors (C) (Note2)		Operational Expenditures (D) (Note 3)				Salary, Bonus, and Special Disbursement (E) (Note 4)		Pension and Superannuation (F) (Note 6)		Compensation for Employees (G) (Note 5)				Employee Share Subscription Warrants (H)		Restrictive New Shares Obtained (I)				
		Company	All companies within the Financial Report.	Company	All companies within the Financial Report.	Company	All companies within the Financial Report.	Company	All companies within the Financial Report.	Company	All companies within the Financial Report.	Company	All companies within the Financial Report.	Company	All companies within the Financial Report.	Company		All companies within the Financial Report.		Company	All companies within the Financial Report.	Company	All companies within the Financial Report.	Company	All companies within the Financial Report.	
																Cash Dividends	Stock Dividends	Cash Dividends	Stock Dividends							
Chairman	Travel International Corp. Representative: Wang Yuan-Lin	6,190	7,761	–	–	–	–	654	654	4.54%	5.58%	9,065	11,265	–	–	678	–	678	–	–	–	–	–	11%	13.5%	None
Director	Chen Chao-Lung																									
Director	Huang Cheng-Hung																									
Director	Tsai Wen-Yuan																									
Independent Director	Wang Chin-Shan																									
Independent Director	Huang Chun-Chin																									
Independent Director	Li Chang-Ming																									

Besides what is disclosed in the table above, remuneration paid to directors in recent years for providing services to all companies covered in the Financial Report (such as working as a consultant who is not an employee): None.

Range of Compensation

Range of Compensation Paid to Directors of the Company	Name of Director			
	Sum of the First Four Types of Compensation(A+B+C+D)		Sum of the First Seven Types of Compensation (A+B+C+D+E+F+G)	
	Company	All Companies Within the Financial Report (I)	Company	All Companies Within the Financial Report (J)
Below NT$2,000,000	Chen Chao-Lung, Huang Cheng-Hung, Tsai Wen-Yuan Wang Chin-Shan, Huang Chun-Chin, Li Chang-Ming	Chen Chao-Lung, Huang Cheng-Hung, Tsai Wen-Yuan Wang Chin-Shan, Huang Chun-Chin, Li Chang-Ming	Wang Chin-Shan, Huang Chun-Chin, Li Chang-Ming	Wang Chin-Shan, Huang Chun-Chin, Li Chang-Ming
NT$2,000,000(included) - NT$5,000,000	Wang Yuan-Lin	0	Wang Yuan-Lin, Tsai Wen-Yuan	Wang Yuan-Lin
NT$5,000,000(included) - NT$10,000,000	0	Wang Yuan-Lin	Huang Cheng-Hung	Huang Cheng-Hung, Tsai Wen-Yuan
NT$10,000,000(included) - NT$15,000,000	0	0	0	0
NT$15,000,000(included) - NT$30,000,000	0	0	0	0
NT$30,000,000(included) -	0	0	0	0

NT$50,000,000				
NT$50,000,000(included) - NT$100,000,000	0	0	0	0
Over NT$100,000,000	0	0	0	0
Total	7	7	7	7

Note: 1. Compensation paid to directors in recent years (including salaries, additional pay, pension and superannuation, severance pay, various bonuses, and rewards, among others).
2. Compensation approved to be assigned to directors by the Board of Directors in the most recent year. Compensation from distribution of earnings shall be paid to individual directors.
3. Related expenses for business performance incurred by directors in recent years (including transportation expenses, special expenditures, various allowances, accommodation expenses, and car fares and other expenses for provision of physical objects).
4. Salaries, additional pay, pension and superannuation, severance pay, various bonuses, rewards, transportation expenses, special expenditures, various allowances, accommodation expenses, and car fares and other expenses for provision of physical objects (including part-time general managers, vice general managers, other managers, and employees) in the most recent year.
5. Employee compensation obtained by directors (including part-time general managers, vice general managers, other managers, and employees) having claimed employee remuneration (employee compensation distributed as approved by the Board of Directors in the most recent year, the amount planned to be distributed this year calculated based on the actual amount distributed in the last year)
6. Amount withdrawn as expenses for pension and superannuation.

2. Supervisor Compensation: Not applicable as the Company has no supervisors.

3. Compensation for the General Manager and Assistant Manager in the Most Recent Year

Unit: NT$1,000; share; %

Title	Name	Salary(A)		Pension and Superannuation (B) (note)		Bonus and Special Expenditure (C)		Employee Compensation (D)				Sum of A, B, C, and D/Net Profit After Tax		Number of Employee Stock Option Certificates Obtained		Restrictive New Shares Obtained		Any Compensation Received From Re-invested Businesses Other Than Subsidiaries
		Company	All companies within the Financial Report.	Company	All companies within the Financial Report.	Company	All companies within the Financial Report.	Company		All companies within the Financial Report.		Company	All companies within the Financial Report.	Company	All companies within the Financial Report.	Company	All companies within the Financial Report.	
								Cash Dividends	Stock Dividends	Cash Dividends	Stock Dividends							
General Manager	Huang Cheng-Hung	6,282	8,482	0	0	2,783	2,783	678	0	678	0	6.46%	7.92%	0	0	0	0	None
Vice General Manager	Tsai Wen-Yuan																	

Note: Amount withdrawn as expenses for pension and superannuation.

Range of Compensation		
Range of Compensation Paid to Managers of the Company	Name	
	Company	All Companies Within the Financial Report (E)
Below NT$2,000,000	0	0
NT$2,000,000(inclusive) - NT$5,000,000	Tsai Wen-Yuan	0
NT$5,000,000(inclusive) - NT$10,000,000	Huang Cheng-Hung	Huang Cheng-Hung, Tsai Wen-Yuan
NT$10,000,000(inclusive) - NT$15,000,000	0	0
NT$15,000,000(inclusive) - NT$30,000,000	0	0
NT$30,000,000(inclusive) - NT$50,000,000	0	0
NT$50,000,000(inclusive) - NT$100,000,000	0	0
Over NT$100,000,000	0	0
Total	2	2

4. Names of Managers in Charge of Apportioning of Employee Compensation and the Apportionment in Recent Years

Unit: NT$1,000

	Title	Name	Stock Value	Current Value	Total	Ratio of the Total Amount to the Net Profit After Tax (%)
Manager	General Manager	Huang Cheng-Hung	0	1,502	1,502	0.9957%
	Vice General Manager	Tsai Wen-Yuan				
	Manager of the Business Department	Kuan Chien-Chung				
	Technical R&D Department Assistant Manager	Chen Shun-Chi				
	Assistant Manager of the Production Department	Chen Hung-Yu				
	Assistant Manager of the Production Department	Lu Li-Chen				
	Taiwan Branch Assistant Manager	Hu Nai-ren				
	Manager of the Financial and Accounting Department	Chiu Wen-Hui				

(IV) Compare and describe separately the analysis of ratios of total compensation paid to directors, supervisors, general managers, and vice general managers of the Company in the past two years by the Company and all companies in the Consolidated Statements to the net profit after tax indicated in the entity or individual financial reports, describe the correlation between the compensation policy, standard and combination, compensation defining procedures, and the operation performance and future risks:

(1) Analyze the ratios of total compensation paid to directors, supervisors, general managers, and vice general managers of the Company by the Company and all companies in the Consolidated Statements in the last two years to the net profit after tax indicated in the entity or individual financial reports:

Title	2017				2018			
	Total Compensation		Total Compensation/Net Profit after Tax (%)		Total Compensation		Total Compensation/Net Profit after Tax (%)	
	Company	Consolidated Statements	Company	Consolidated Statements	Company	Consolidated Statements	Company	Consolidated Statements
Director	12,472	17,372	4.88	6.80	16,587	19,704	10.99	13.06
Supervisor	—	—	—	—	—	—	—	—
General Manager and Vice General Manager	7,032	9,706	2.75	3.80	9,743	11,943	6.46	7.92

The ratio of the total compensation to the net profit after tax as shown in the Consolidated Financial Statements of 2018 is higher than that of 2017. The reason is as below: The first Board of Directors only included the sole director (i.e. Chairman). The Chairman compensation was paid for the first time in March 2017.The second Board of Directors includes seven directors selected on November 13, 2017. The salary, compensation, and attendance fee of the directors were paid in accordance with the *Method to Pay Directors' Salary and Compensation* passed by the Compensation Committee and the Board of Directors in December 2017. In 2017, nine-month compensation for the sole director in the first Board of Directors and one-month compensation for the seven directors in the second Board of Directors was paid, while in 2018, twelve-month compensation for the seven directors in the second Board of Directors was paid. Therefore, the average director compensation paid in 2018 was higher than that in 2017.

(2) Correlation between the compensation policy, standard and combination, compensation defining procedures, and the operation performance and future risks:

1. The Company has set up a Compensation Committee which is composed of all independent directors. The Committee is responsible for establishing and regularly reviewing the policy, system, standard, and structure of performance assessment and compensation of directors and managers, as well as regularly assessing and defining compensation for directors and managers. The compensation for directors is reviewed and issued depending on their participation in and contributions to the Company's operation. The compensation for the general manager and vice general manager is reviewed and issued depending on their positions and contributions to the Company and by reference to the common level in the industry and personnel regulations.
2. The year-end bonus of the managers depends on their performance.

III. Status of Corporate Governance:

(1) Operation of the Board of Directors

The Board of Directors convened eight meetings in 2018. Attendance of the directors is as follows:

Title	Name	Actual Attendance	Attendance by Proxy	Actual Attendance Rate (%)	Remarks
Chairman (note)	Wang Yuan-Lin	6	0	100	
	Representative of TRAVEL INTERNATIONAL CORP.: Wang Yuan-Lin	2	0	100	
Director	Chen Chao-Lung	4	3	50	
	Huang Cheng-Hung	8	0	100	
	Tsai Wen-Yuan	8	0	100	
Independent Director	Wang Chin-Shan	8	0	100	
	Huang Chun-Chin	7	1	87.5	
	Li Chang-Ming	8	0	100	

Note: Wang Yuan-Lin originally acted as a director and the Chairman as a natural person and resigned on June 16, 2018 after the Shareholders' Meeting. Instead, TRAVEL INTERNATIONAL CORP. was selected to be the Chairman and director who appointed Wang Yuan-Lin as its representative.

Other items that should be recorded:

I. The date, duration, content of proposals, opinions from all independent directors, and the responses of the Company to these opinions shall be recorded, if the Board of Directors satisfies any of the following conditions:

(I) Condition listed in Paragraph 3 of Article 14 of the Securities Exchange Act: Refer to the description of Audit Committee operation.

(II) Matters other than those stated above resolved by the Board of Directors to which the independent directors object or hold qualified opinions and recorded or stated in writing: None

II. For the enforcement of recusal upon conflicts of interest among directors, the name of the director, content of the proposal, reason for the recusal, and participation in the voting process:

(I) The Company decided on May 29, 2018, through the Board of Directors, on whether to reject the share transfer by Travel International Corp. ,the Company's shareholder, in

Title	Name	Actual Attendance	Attendance by Proxy	Actual Attendance Rate (%)	Remarks

accordance with Article 9.3 of the Articles of Incorporation of the Company. Chairman Wang Yuan-Lin recused himself as his personal interests were involved. The remaining directors present selected independent director Wang Chin-Shan to be the acting Chairman. No director refused to acknowledge the transfer in the inquiry by the acting Chairman. All directors present unanimously agreed to the execution of relevant documents and handling of registration modification by the Chairman.

(II) In the Board Meeting on September 6, 2018 about the employees' subscription to the new shares issued due to increase of cash investment, directors Huang Cheng-Hung and Tsai Wen-Yuan (managers at the same time) recused themselves as their personal interests were involved. The proposal was unanimously agreed to by the remaining directors as it was.

(III) In the Board Meeting on November 8, 2018 about the employees' subscription to the new shares issued due to increase of cash investment, directors Huang Cheng-Hung and Tsai Wen-Yuan (managers at the same time) recused themselves as their personal interests were involved. The proposal was unanimously agreed to by the remaining present directors as it was.

(IV) In the Board Meeting on, December 27, 2018 about the year-end bonus of the Chairman, Chairman Wang Yuan-Lin recused himself as his personal interests were involved. The remaining directors present selected independent director Wang Chin-Shan to be the acting Chairman. The proposal was unanimously agreed to by the remaining present directors as it was.

(V) In the Board Meeting on December 27, 2018 about the year-end bonus of managers, directors Huang Cheng-Hung and Tsai Wen-Yuan (managers at the same time) recused themselves as their personal interests were involved. The proposal was unanimously agreed to by the remaining present directors as it was.

III. Targets for strengthening the function of the Board of Directors in the current year and the most recent year (e.g. the setup of the Audit Committee and enhancement of information transparency) and execution evaluation:

The Company has established the *Rules and Procedures for Board of Directors Meetings* in accordance with the *Regulations Governing Procedure for Board of Directors Meetings of Public Companies* to be complied with, and entered the attendance of directors at the Board Meetings on the Market Observation Post System and disclosed major decisions of the Board of Directors on the Company's website. Furthermore, the Company has set up a Compensation Committee to stipulate and periodically review the annual and long-term performance targets and compensation policies, systems, standards, and structures for

Title	Name	Actual Attendance	Attendance by Proxy	Actual Attendance Rate (%)	Remarks
directors and managers of the Company, define the contents and amounts of individual compensation, and assist the Board of Directors with compensation management. 2. The Company established an Audit Committee in 2017. Refer to the operation of the Audit Committee for details of implementation.					

(II) Operation of the Audit Committee or the Participation of Supervisors in the Operation of the Board of Directors

1. Operation of the Audit Committee:

The Audit Committee convened seven meetings in 2018. Attendance by independent directors is listed below:

Title	Name	Actual Attendance	Attendance by Proxy	Actual Attendance Rate (%)	Remarks
Independent Director	Wang Chin-Shan	7	0	100	
	Huang Chun-Chin	6	1	85.71	
	Li Chang-Ming	7	0	100	

Other details to be documented:

I. The date, duration, content of proposals, decisions of the Audit Committee, and the responses of the Company to these decisions shall be recorded, if the Board of Directors satisfies any of the following conditions.

(I) Condition listed in Paragraph 5 of Article 14 of the Securities Exchange Act:

Date of Board Meeting	Session	Proposal	Decision of the Audit Committee	Response of the Company to the Opinions of the Audit Committee
March 1, 2018	1st Session 3rd Meeting	New issuance of 3,000,000 shares to increase the cash investment.	Accepted	Passed as it is.
May 29, 2018	1st Session 4th Meeting	Consolidated Financial Statements of 2016 and proposed Consolidated Financial Statements of 2016 and 2015.	Accepted	Passed as it is.
		Consolidated Financial Statements of 2017 and proposed Consolidated Financial Statements of 2017.	Accepted	Passed as it is.
		Consolidated Financial Statements of the 1st quarter of 2018.	Accepted	Passed as it is.
		Statement of the internal control system of the Company.	Accepted	Passed as it is.
		Increase of cash investment to issue ordinary shares as the source of public underwriting before IPO.	Accepted	Passed as it is.
August 14, 2018	1st Session	Increase of cash investment to issue new shares.	Accepted	Passed as it is.

Title	Name	Actual Attendance	Attendance by Proxy	Actual Attendance Rate (%)	Remarks

	5th Meeting	Consolidated Financial Statements of the 1st quarter of 2018.	Accepted	Passed as it is.
September 6, 2018	1st Session 6th Meeting	Participation in the increase of cash investment of Fulin Plastic Industry Joint Stock Company.	Accepted	Passed as it is.
		Amendment of the Company's procedures for the acquisition or disposal of assets.	Accepted	Passed as it is.
		Amendment of the Company's procedures for loan provision.	Accepted	Passed as it is.
		Amendment of the Company's procedures for endorsement.	Accepted	Passed as it is.
October 2, 2018	1st Session 7th Meeting	Statement of the internal control system of the Company.	Accepted	Passed as it is.
		Approval of increase of cash investment to issue ordinary shares as the source of public underwriting before IPO and adjustment of shares to be issued.	Accepted	Passed as it is.
Date of Board Meeting	Session	Proposal	Decision of the Audit Committee	Response of the Company to the Opinions of the Audit Committee
November 8, 2018	1st Session 8th Meeting	Consolidated Financial Reports of the 3rd quarter of 2018.	Accepted	Passed as it is.
		Increase of cash investment to Fulin Plastic Industry Joint Stock Company	Accepted	Passed as it is.
December 27, 2018	1st Session 9th Meeting	Proposed endorsement for Fulin Plastic Industry Joint Stock Company	Accepted	Passed as it is.
		Approval of continuous delegation of the law firm and its compensation.		

(II) Except for the items above, other decided items that were not passed by the Audit Committee, but were passed by more than 2/3 of directors: None.

II. For the enforcement of recusal upon conflicts of interest among independent directors, the name of the independent director, content of the proposal, reason for the recusal, and participation in the voting process: None.

III. Communication between supervisors and the internal head auditor and the CPA (including the major items, methods, and results of the communications on the financial and business status of the Company):

(I) The internal head auditor regularly reported to the Audit Committee regarding the execution of the audit and immediately, upon any special situation, reported to the Audit Committee relevant information. The internal head auditor and the Audit Committee

Title	Name	Actual Attendance	Attendance by Proxy	Actual Attendance Rate (%)	Remarks

maintained good communication.

(II) The Audit Committee of the Company regularly audited the Company's financial reports, and requested the CPAs of the Company to attend its meetings as necessary. The CPAs and the Audit Committee maintained smooth communication.

(III) Summary of Communication Between the Audit Committee and CPAs:

Date	Main Points	Opinions of the Audit Committee and Subsequent Implementation
October 2, 2018	Implementation of internal control and audit on the report issued by CPAs	None
November 8, 2018	1. Interpretation by CPAs of the audit results of the Consolidated Financial Report of the 3rd quarter of 2018. 2. Planning by CPAs of the 2018 Audit Report of the Group.	None
March 16, 2019	1. Reporting and interpretation by CPAs of the main audited items and audit results of the Consolidated Financial Report of 2018. 2. Implementation of internal control and audit on the report issued by CPAs.	None

(IV) Summary of Communication Between the Audit Committee and Internal Auditors:

Date	Main Points	Opinions of the Audit Committee and Subsequent Implementation
March 1, 2018	Reporting of the audit results of the parent company and subsidiaries.	None
May 29, 2018	1. Reporting of the audit results of the parent company and subsidiaries. 2. Reporting of the Internal Control System Statement.	None
August 14, 2018	Reporting of the audit results of the parent company and subsidiaries.	None
Date	Main Points	Opinions of the Audit Committee and Subsequent Implementation
October 2, 2018	1. Reporting of the audit results of the parent company and subsidiaries. 2. Reporting of the Internal Control System Statement.	None
November	Reporting of the audit results of	None

Title	Name	Actual Attendance	Attendance by Proxy	Actual Attendance Rate (%)	Remarks

8, 2018	the parent company and subsidiaries.	
December 27, 2018	1. Audit plans of the parent company and subsidiaries in 2019. 2. Reporting of the audit results of the parent company and subsidiaries.	None
March 16, 2019	1. Reporting of the audit results of the parent company and subsidiaries. 2. Reporting of the Internal Control System Statement of the Group of 2018.	None

2. Participation of the supervisors in the operation of the Board of Directors: The Company has set up an Audit Committee, thus it has no supervisors

(III) Status of corporate governance and deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons:

Evaluation Items	Operating Status			Deviations From the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary Description	
I. Does the Company establish and disclose its corporate governance principles in accordance with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?	✓		The Company has established and disclosed on the Market Observation Post System and the Company's website its corporate governance principles in accordance with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies.	None
II. Shareholding Structure and Shareholders' Rights (I). Does the company establish internal operating procedures for handling suggestions, questions, disputes, or litigation of shareholders and abide by these procedures?		✓	(I) The Company has authorized a service agency to handle matters related to shares. In addition, the Company regularly holds Shareholders Meetings to answer questions from shareholders face to face. Beyond such meeting, the Spokesman and the Acting Spokesman handle the suggestions or disputes of shareholders. The Company has not yet stipulated relevant internal operating procedures and will stipulate such procedures in the future as necessary.	None
(II) Does the Company have a list of major shareholders that have actual control	✓		(II) The Company has appointed special personnel for share-related matters and can obtain a list of major	None

Evaluation Items	Operating Status			Deviations From the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary Description	
over the Company and a list of ultimate controllers of the major shareholders?			shareholders that have actual control over the Company and a list of ultimate owners of those major shareholders at any time.	
(III) Has the Company established and implemented risk management and firewall systems for the corporation with affiliated enterprises?	✓		(III) The Company operates in accordance with the internal control system and relevant operating methods, and has established risk management and firewall systems for the corporation with affiliated enterprises.	None
(IV) Has the company established internal rules to prevent insiders from trading securities with undisclosed information?	✓		(IV) The Company has established the Management Guidelines for Prevention Against Insider Trading in the internal control system to prevent insider trading.	None
III. Composition and Responsibilities of the Board of Directors				

Evaluation Items	Operating Status			Deviations From the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary Description	
(I) Has the Board of Directors developed and implemented a diversified policy for the composition of its members?	✓		(I) The Company's Corporate Governance Best-Practice Principles has illustrated the diversified policy for the composition of the members of the Board of Directors. The Company has considered the Company operation, operation status, and development demands in selecting members of the Board of Directors to make sure they have a diversified combination of education background. The members are professionals and managers covering financial accounting and law fields and having many years of practical experience related to the industry of the Company.	None
(II) Has the Company voluntarily established other functional committees in addition to the Compensation Committee and Audit Committee required by law?		✓	(II) Corporate governance is currently operated by the departments according to their respective functions. The Company has not yet set up functional committees and will set up such committees depending on the requirements of operation in the future.	To be set up depending on the requirements of operation in the future.
(III) Has the Company established standards and method for evaluating the performance of the Board of Directors and implemented a	✓		(III) The Company has established standards and method for evaluating the performance of the Board of Directors and implemented a performance evaluation annually.	None

Evaluation Items	Operating Status			Deviations From the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary Description	
performance evaluation annually? (IV) Does the Company regularly evaluate the independence of the CPAs?	✓		The Company regularly evaluates the independence of CPAs every year and obtains the CPA independence statement. The results will be submitted to the Audit Committee and the Board of Directors on March 16, 2019. Refer to Page 43-44 for the CPA independence evaluation table.	None
IV. For TWSE/GTSM listed companies, is there an exclusive (part-time) unit or person for corporate governance to take charge of related matters (including without limitation providing directors and supervisors with materials required to carry out tasks, taking care of Board of Directors' Meetings and Shareholders' Meetings as required by law, registering the Company and changing registered information, preparing minutes of Board of Directors' Meetings and Shareholders' Meetings)?	✓		There is an exclusive person for corporate governance to take charge of related matters, including providing directors (including independent directors) with materials required for them to carry out their tasks, taking care of Board of Directors' Meetings and Shareholders' Meetings as required by law, registering the Company and changing registered information, preparing minutes of Board of Directors' Meetings and Shareholders' Meetings.	None
V. Does the Company establish a communication channel and build a designated section on	✓		The Company has designated a Spokesman and an Acting Spokesman and registered an email address to handle matters related to external relations and	None

Evaluation Items	Operating Status			Deviations From the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary Description	
its website for stakeholders (including without limitation shareholders, employees, customers, and suppliers, etc.) and properly respond to corporate social responsibility issues that stakeholders are concerned about?			stakeholders. Additionally, the Company has built a designated section on its website for stakeholders as a communication channel to respond to corporate social responsibility issues that stakeholders are concerned about.	
VI. Does the Company designate a professional service agency to deal with affairs relating to Shareholders Meetings?	✓		The Company has designated a professional shareholder service agency to deal with affairs relating to Shareholders Meetings	None
VII. Disclosure of Information (I) Has the Company established a corporate website to disclose information regarding the Company's financial, business, and corporate governance status?	✓		(I) The Company has established a corporate website to disclose information regarding the Company's financial, business, and corporate governance status.	None
(II) Does the Company have other information disclosure channels (e.g. maintaining an English website, appointing a special person to handle information collection and disclosure, creating a spokesperson system, webcasting investor conferences on the Company	✓		The Company has set up an English website, appointed a special person to handle information collection and disclosure, and implemented a spokesperson system.	None

Evaluation Items	Operating Status			Deviations From the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary Description	
website)?				
VIII. Is there any other important information available to facilitate a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, continuing education of directors and supervisors, implementation of risk management policies and risk evaluation standards, implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	✓		(I) Employee Interests and Welfare: The Company has established a staff welfare committee to promote welfare measures and activities; implemented a pension system, encouraged employees to participate in various education and trainings; and provided labor-related insurance. The factories are equipped with a healthcare room and qualified healthcare personnel to care for the physical and psychological health of employees and emphasize employee interests. (II) Investor Relations: The Company has maintained smooth communication and information exchange with the investors, and respects and maintains the due interests of the investors. (III) Supplier Relations: The Company has maintained a smooth communication channel and good interaction with suppliers. (IV) Interests of Stakeholders: The stakeholders can communicate with and provide suggestions to the Company to maintain their due interests. (V) Advanced Studies of	None

Evaluation Items	Operating Status			Deviations From the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary Description	
			Directors: The directors of the Company participate in advanced studies as required. (VI) Implementation of Risk Management Policies and Risk Measurement Standards: The Company focuses on agriculture, promotes various policies in accordance with relevant decrees, and establishes standard operating procedures to mitigate and avoid possible risks. (VII) Implementation of Customer Policies: The Company actively handles customer complaints and properly identifies the issues and responsible persons to ensure the quality of customer services. (VIII) Liability Insurance Purchased by the Company for the Directors: The Company has purchased liability insurance for directors.	
IX. Explain improvements made according to corporate governance evaluation results released in the most recent year by the corporate governance center of the Taiwan Stock Exchange and provide priorities to be reinforced and measures among those pending improvement. Not applicable as the Company is not a listed target of evaluation. The Company has independently evaluated corporate governance and completed the Corporate Governance Evaluation Indicators published by the corporate governance center of the Taiwan Stock Exchange in recent years. The results are substantially compliant with the corporate governance standards. The Company will actively improve deficiencies to fully implement and promote corporate governance.				

Fulin Plastic Industry (Cayman) Holding Co., Ltd.

Evaluation of Effects on CPA Independence

Date of Evaluation: March 16, 2019
Name of Accounting Firm: Deloitte Taiwan
CPAs: Wu Chiu-Yen, Kung Chun-Chi

No.	Items	Indicator	Content	Implementation Status	Results	
					Compliant (V)	Non-compliant (V)
I	Professionality	Audit Quality	1. The CPAs can audit the matters crucial to finance and accounting. 2. The CPAs can identify and disclose abnormal or missing items during audit and propose specific improvement suggestions.	1. The CPAs have audited the internal control of the Group and gone to Vietnam to perform a final audit. 2. The CPAs have identified missing items in the internal control and proposed improvement suggestions during the audit.	✓	
		Ability of Communication	1. The CPAs can provide suggestions for internal control system improvement and maintain good routine communication and interaction with the directors and the Audit	1. The CPAs communicate and interact well with relevant units of the Company through meetings, emails, and phone calls.	✓	

No.	Items	Indicator	Content	Implementation Status	Results	
					Compliant (V)	Non-compliant (V)
			Committee. 2. The CPAs can maintain good communication and interaction with relevant units of the Company during audit.			
II	Independence	Independence of the CPAs and Members of the Audit Group	1. There is no direct or significant indirect financial interest relationship between the CPAs and members of the audit group and the Company as well as their family members and the Company. 2. The CPAs were replaced in the last seven years, were not punished, or their independence is not damaged.	1. The CPAs and their families do not violate independence. 2. The CPAs were replaced in the last seven years, were not punished, or their independence is not damaged.	✓	
III	Eligibility	Audit Performance	1. The CPAs have finished the final audit as agreed and issued the Financial Statements and Audit Report.	1. The CPAs have finished the final audit and issued the Audit or Review Report.	✓	

No.	Items	Indicator	Content	Implementation Status	Results	
					Compliant (V)	**Non-compliant (V)**
		Other Matters Performed Under Assistance From the CPAs	1. The CPAs can assist the Company in handling questions related to financial and accounting businesses. 2. The CPAs can provide the latest financial and accounting report of the Company or information related to decrees and effect analysis in a timely manner.	1. The CPAs can effectively assist the Company in handling questions related to financial and accounting businesses. 2. The CPAs can provide the latest financial and accounting report of the Company or information related to decrees and effect analysis in a timely manner.	✓	

Evaluation Results: ■ Compliant / □ Non-compliant CPA Independence

Advanced Studies of Directors in 2018

Title	Name	Date	Sponsor	Name of Course	Hours
Representative of Institutional Director	Wang Yuan-Lin	May 29, 2018	Securities & Futures Institute	Corporate governance and securities regulations.	3
		September 4, 2018	Taiwan Institute of Directors	Challenges to corporate governance brought by reconstruction of corporate value competitiveness and transformation.	3
Director	Chen Chao-Lung	May 29, 2018	Securities & Futures Institute	Corporate governance and securities regulations.	3
		December 6, 2018	Taiwan Corporate Governance Association	Ethical management, corporate governance, corporate social responsibilities, and real cases.	3
		December 6, 2018	Taiwan Corporate Governance Association	How to perform the "Duty of Care" of directors.	3
Director	Huang Cheng-Hung	May 29, 2018	Securities & Futures Institute	Corporate governance and securities regulations.	3
Director	Tsai Wen-Yuan	May 29, 2018	Securities & Futures Institute	Corporate governance and securities regulations.	3
Independent Director	Wang Chin-Shan	May 29, 2018	Securities & Futures Institute	Corporate governance and securities regulations.	3
		November 12, 2018	Taiwan Corporate Governance Association	Corporate social responsibilities and sustainable operation.	3
Independent Director	Li Chang-Ming	May 29, 2018	Securities & Futures Institute	Corporate governance and securities regulations.	3
Independent Director	Huang Chun-Chin	May 29, 2018	Securities & Futures Institute	Corporate governance and securities regulations.	3

(IV) Composition, Responsibilities, and Operation of the Compensation Committee:

1. Membership of the Compensation Committee

Status (Note 1)	Requirement / Name	Have More Than Five Years of Work Experience and the Following Professional Qualifications			Compliance With the Independence Requirement (Note 2)								Number of Other Public Offering Companies With Part-time Membership of Their Compensation Committee	Remarks (Note 3)
		An instructor or higher up in a department of commerce, law, finance, accounting, or other academic department related to Company business in a public or private junior college, college, or university.	A judge, public prosecutor, attorney, CPA, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a professional capacity that is necessary for Company business.	Work experience required for business, legal affairs, financial affairs, accounting, or corporate operation.	1	2	3	4	5	6	7	8		
Independent Director	Wang Chin-Shan		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3	None
Independent Director	Huang Chun-Chin	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	0	None
Independent Director	Li Chang-Ming		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	None

Note 1: Enter "director", "independent director", or "other" in the "status".

Note 2: When any of the following conditions is met for each member during the two years prior to and during their tenure, please check "✓" in the box underneath each conditional code.

(1) Not an employee of the Company or its associated enterprise.

(2) Not a director or supervisor of the Company or its associated enterprise. The same does not apply, however, if the independent director is set up by the Company, its parent company, or any subsidiary according to the Act or the local laws and regulations.

(3) Not a natural person shareholder that holds by himself/herself or by his/her spouse or minor child in someone else's name more than 1% of all circulating shares of the Company or is on the top 10 shareholding list.

(4) Not the spouse, a relative within the second degree of kinship, or a direct blood relative within the third degree of kinship of the people indicated in the foregoing three subparagraphs.

(5) Not a director, supervisor, or employee of an institutional shareholder directly holding more than 5% of all circulating shares of the Company or a director, supervisor, or employee of an institutional shareholder on the top 5 shareholding list.

(6) Not a director, supervisor, manager, or a shareholder holding more than 5% of shares of a specific company or institution with financial or business activities with the Company.

(7) Not a professional providing services or consultations on business, legal affairs, financial affairs, and accounting at the Company or its associated enterprise or the owner, partner, director, supervisor, manager, and his/her spouse of a sole proprietorship or collaborative company or institution.

(8) Any of the conditions indicated under Article 30 of the Company Act

Note 3: If the status of a member is director, please explain if he/she meets the requirements under Article 6 Paragraph 5 of the Regulations Governing the Appointment and Exercise of Powers by the Compensation Committee of a

Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter.

2. Operation of the Compensation Committee

(1) The Company's Compensation Committee has three members in total.

(2) Current members will serve from December 2, 2017 to November 12, 2020.The Compensation Committee convened four meetings (A) in the most recent year and as of the date the Annual Report was published and printed. Qualification and attendance of members are as follows:

Title	Name	Actual Attendance	Attendance by Proxy	Actual Attendance Rate (%)	Remarks
Convener	Wang Chin-Shan	4	0	100%	
Member	Huang Chun-Chin	3	1	75%	
Member	Li Chang-Ming	4	0	100%	
Other items that should be recorded: I. If the Board of Directors does not accept or modifies suggestions provided by the Compensation Committee, the date of the Board of Directors Meeting, the session number, contents of the proposal, decisions made by the Board of Directors, and response of the Company to the opinions of the Compensation Committee (if the compensation approved by the Board of Directors is superior to that advised by the Compensation Committee, there should be descriptions of the differences and reasons): None. II. For decisions made by the Compensation Committee, as long as there are members who object or have qualified opinions that are recorded or stated in writing, the date of the Compensation Committee meeting, the session number, contents of the proposal, and opinions from all members and from opposing members: None.					

(V) Fulfillment of Social Responsibilities:

Evaluation Items	Operating Status			Departure From the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary Description	
I. Implementation and Promotion of Corporate Governance				
(1) Does the Company establish a corporate social responsibility policy or system and review its implementation effect?	✓		The Company passed and established the Ethical Corporate Management Principles in the Board Meeting on December 28, 2017 and will fully perform its social responsibilities and implement the specifications related to the Code.	No material deviation.
(II) Does the Company regularly provide educational training on corporate social responsibility?	✓		The Company continues to communicate the operation philosophy and due social responsibilities to employees in various internal meetings.	No material deviation.
(III) Does the Company have a special (or part-time) unit for CSR practices? Is the unit operated by senior management authorized by the Chairman and does it report its progress to the Board of Directors?		✓	The Company has not yet set up a unit to promote the CSR practices, but management and the units has attached importance to the maintenance of CSR.	To be implemented in the future depending on the actual operation.
(IV) Has the Company established a reasonable compensation policy, and integrated the employee performance assessment system with its CSR policy, and established an effective reward and disciplinary system?		✓	The Company has established compensation standards, but has not yet integrated the employee performance assessment system with its CSR policy which will be implemented in the future depending on the actual operation.	To be implemented in the future depending on the actual operation.
II. Development of a Sustainable				

Evaluation Items	Operating Status			Departure From the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary Description	
Environment				
(I) Is the Company committed to improving the efficiency of resource utilization and does the Company use recycled materials which have a low impact on the environment?	✓		The Company recycles the remaining PVC materials, which minimizes not only the cost but also impact on the environment. In addition, the Company constructs new PU plants, which complies with the trend of growing international environmental awareness and is conducive to the development of a sustainable environment.	No material deviation.
(II) Has the Company developed an appropriate environmental management system, given the industry characteristics?	✓		The Company has obtained the ISO9001 and ISO14001 certificates and developed an appropriate environmental management system based on the industry characteristics.	No material deviation.
(III) Does the Company monitor the impact of climate change on business operation, conduct greenhouse gas inspection, and formulate strategies for energy conservation and carbon and greenhouse gas reduction?	✓		The Company continuously communicates energy reservation and carbon reduction to the employees, and improves processes and regularly maintains machinery equipment, radiating equipment, and air conditioners to conserve energy and reduce carbon and greenhouse gases.	No material deviation.
III. Protection of Public Interest				
(I) Does the Company establish management policies and procedures in accordance with the relevant laws and regulations and the International Bill of Human Rights?	✓		The Company respects basic human rights of laborers, establishes working rules in accordance with labor-related regulations to expressly specify labor conditions and provides insurance and welfare to fully protect the legal interests of employees.	No material deviation.

Evaluation Items	Operating Status			Departure From the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary Description	
(II) Does the Company establish a system and channel for and properly handle employee complaints?	✓		The Company provides a reasonable and smooth complaint channel to enable employees to submit opinions at any time directly via oral reports or indirectly via emails and obtain fair and reasonable results.	No material deviation.
(III) Does the Company provide employees with a safe and healthy work environment as well as periodic safety and health education?	✓		The Company provides employees with a safe and healthy work environment as well as periodic safety and health education and training. The Company also carries out employee health examinations annually to understand the physical and psychological health of employees under the work environment.	No material deviation.
(IV) Does the Company have a system to communicate with employees on a regular basis, and reasonably inform employees of any operation change that may generate a significant impact?	✓		The Company provides a smooth channel for complaints. The department heads regularly or irregularly communicate with employees and reasonably informs employees of any operation change that may generate a significant impact.	No material deviation.
(V) Has the Company established an effective training program that helps employees develop skills over the course of their career?	✓		The Company provides employees with regular and irregular education and training and establishes training programs to effectively improve their professional skills and deepen their career development ability.	No material deviation.
(VI) Has the Company established any consumer interest protection policy and complaint procedure in		✓	The Company provides smooth complaint and communication channels and can promptly handle complaints regarding R&D,	To be established depending on operation in the future

Evaluation Items	Operating Status			Departure From the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary Description	
respect to R&D, purchase, production, operation, and service?			purchase, production, operation, and service, but the Company has not yet established any consumer interest protection policy and complaint procedure which will be established in the future depending on operation.	
(VII) Does the Company comply with laws and international standards concerning the marketing and labeling of products and services?	✓		The Company markets and labels products and services in accordance with relevant laws and international standards.	No material deviation.
(VIII) Does the Company evaluate the records of suppliers' impact on the environment and society before doing business with them?	✓		The Company properly evaluates if suppliers have a good operation record before transaction and maintains long-term cooperation based on mutual trust and benefits to achieve sustainable operation.	No material deviation.
(IX) Does each contract between the Company and major suppliers include a clause that requires immediate termination or rescission of the contract once the suppliers breach the corporate social responsibility policy and cause significant impact on the environment and society?		✓	Current contracts between the Company and major suppliers do not include the clause stated in the left column. The contracts will be adjusted properly in the future depending on operation.	To be adjusted in the future depending on the actual operation.
IV Reinforced Information Disclosure				
(I) Does the Company disclose relevant and reliable information regarding its corporate	✓		The Company has set up a website to disclose information regarding corporate social responsibility	No material deviation.

<table>
<tr><th rowspan="2">Evaluation Items</th><th colspan="3">Operating Status</th><th rowspan="2">Departure From the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary Description</th></tr>
<tr><td>social responsibility on its website and the Market Observation Post System?</td><td></td><td></td><td>and discloses financial and significant information on the Market Observation Post System. The Company also reveals the systems and measures adopted for its corporate social responsibility and its performance of such responsibility.</td><td></td></tr>
<tr><td colspan="5">V. If the Company has established its own CSR principles according to the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies, describe the differences between the implementation and the principles: The Company established the Corporate Social Responsibility Best Practice Principles in the Board Meeting on December 28, 2017 and has been committed to the promotion and implementation of its corporate social responsibility which do not significantly deviate from the Principles.</td></tr>
<tr><td colspan="5">VI Other important information to help understand the implementation of corporate social responsibility:
The Company not only attaches high importance to compliance with legal regulations, but also strictly requires itself to perform due social responsibility interest to the public to deepen the sound corporate culture of the Company and also enhance corporate image to achieve sustainable development.</td></tr>
<tr><td colspan="5">VII. In the event that corporate social responsibility report has passed any validation criteria of related verification institutions, it shall be stated so:
The Company has not yet prepared the Corporate Social Responsibility Report.</td></tr>
</table>

(VI) Performance of and Measures Implemented for Good-faith Operation:

Evaluation Items	Operating Status			Deviations From the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary Description	
I. Establishment of Policies and Programs for Ethical Management				
(I) Has the Company declared the policies and procedures for ethical management in its rules and external documents, as well as the commitment of its Board of Directors and management to implementing the management policies?	✓		The Company established the Ethical Corporate Management Principles and the Procedures for Ethical Management and Guidelines for Conduct in the Board Meeting on December 28, 2017 to require employees to conduct commercial activities following the principles of fairness, honesty, good faith, and transparency and expressly state the policy and procedures for ethical management.	No material deviation.
(II) Has the Company established programs to prevent unethical conduct with relevant procedures, guidelines of conduct, punishment for violations, and rules of appeal clearly stated, and implemented these programs?	✓		The Company has established specific guidelines for preventing illegitimate benefits and unethical conduct in the specifications, and promotes such guidelines regularly or irregularly in education and training to ensure understanding and compliance of the personnel at every level.	No material deviation.
(III) Has the Company established appropriate precautionary measures for operating activities with high risk of unethical conduct provided in Paragraph 2,	✓		The Company has established specific conduct guidelines to prevent provision and acceptance of bribery, provision of illegal political contributions, improper charitable donations or	No material deviation.

Evaluation Items	Operating Status			Deviations From the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary Description	
Article 7 of the *Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies* and within its scope of business?			sponsorship, provision or acceptance of illegitimate benefits, infringement on intellectual property rights, health damage from products and safety matters, and promotes such guidelines regularly or irregularly in education and training to ensure understanding and compliance of the personnel at every level.	
II. Implementation of Ethical Management				
(I) Does the Company evaluate the ethical records of the parties it does business with and stipulate ethical conduct clauses in business contracts?	✓		The Company always reviews the ethical records and other qualifications of counter parties in accordance with the internal control system and inspects if the party has ever generated any unethical conduct through a third-party notary organization or any other channel before carrying out transactions. In addition, the contracts between the Company and the counter parties expressly state the rights and obligations of the parties and specifically include content or clauses prohibiting unethical conduct.	No material deviation.
(II) Has the Company established a dedicated (part-time) unit under the	✓		Currently, the promotion of ethical management is independently required by the	No material deviation.

Evaluation Items	Operating Status			Deviations From the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary Description	
Board of Directors to promote ethical management, and reported the implementation to the Board of Directors periodically?			departments in accordance with the Company's specifications. The dedicated (part-time) unit has not yet been established and will be established in the future if required by operation.	
(III) Has the Company established policies to prevent conflict of interests, provided appropriate channels for filing related complaints, and implemented the policies accordingly?	✓		In order to build a corporate culture of ethical operation and implement the policies to prevent conflict of interests, the Company has established the *Ethical Corporate Management Principles*, the *Procedures for Ethical Management and Guidelines for Conduct* and other specifications. ,<12852In addition, the Company provides appropriate channels to file related complaints to actually prevent unethical conduct.	No material deviation.
(IV) Has the Company established effective accounting and internal control systems to facilitate ethical management, and had those systems audited by either internal auditors or CPAs on a regular basis?	✓		In order to achieve ethical management, the Company has established effective accounting and internal control systems and authorizes internal auditors to audit those systems regularly. The Company also authorizes CPAs to review the internal control system and financial statements.	No material deviation.
(V) Does the Company regularly provide	✓		The Company carries out internal promotion of ethical	No material deviation.

Evaluation Items	Operating Status			Deviations From the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary Description	
internal and external educational training on ethical management?			management annually and arranges communication of importance of ethical management by the Chairman to directors and employees.	
III. Operation of the Reporting System of the Company				
(I) Has the Company established detailed reporting and rewarding systems, provided convenient reporting channels, and designated a dedicated person to investigate reported personnel?		✓	The Company has not yet established detailed reporting and rewarding systems, but employees can smoothly communicate with the managers at every level. These systems will be established as appropriate depending on actual demands in the future.	To be established as appropriate depending on actual demands in the future.
(II) Has the Company established standard investigating procedures or a confidentiality system for handling reported malpractice?		✓	The Company has not yet established standard investigating procedures or a confidentiality system for handling reported malpractice which will be established as appropriate depending on actual demands in the future.	To be established as appropriate depending on actual demands in the future.
(III) Does the Company implement measures to protect reporters from any inappropriate disposal due to reporting?	✓		The Company implements measures to keep confidential the reporters and their identity to protect reporters from any inappropriate disposal and threat due to reporting.	No material deviation.
IV. Reinforced Information Disclosure				
(I) Has the Company disclosed information regarding the ethical management	✓		The Company has disclosed the ethical management principles on the Market	No material deviation.

<table>
<tr><th rowspan="2">Evaluation Items</th><th colspan="3">Operating Status</th><th rowspan="2">Deviations From the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary Description</th></tr>
<tr><td>principles and implementation effect on its website and the Market Observation Post System?</td><td></td><td></td><td>Observation Post System. The Company has designated an acting spokesman for litigation and non-litigation respectively in Taiwan.</td><td></td></tr>
<tr><td colspan="5">V. If the Company has established its own ethical management principles according to the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies, describe the differences between the implementation and the principles: The Company established the Ethical Corporate Management Principles and the Procedures for Ethical Management and Guidelines for Conduct in the Board Meeting on December 28, 2017 to require the employees to conduct commercial activities following the principles of fairness, honesty, good faith, and transparency and expressly state the policy and procedures for ethical management.</td></tr>
<tr><td colspan="5">VI. Other important information that helps understand the implementation of ethical management of the Company: (e.g. discussion and correction of the Ethical Corporate Management Rules established by the Company):
The Company has arranged courses on security regulations and corporate governance for directors and major managers, and irregularly communicates the policy and concept of ethical management to employees at every level in internal meetings.</td></tr>
</table>

(VII) The Company should disclose the method of searching for the corporate governance principles and related regulations, if any, established thereby:

The Company has established and disclosed on the Market Observation Post System corporate governance principles and related regulations:

For corporate governance principles and related regulations, visit "Corporate Governance" on the Company's website (www.fulinvn.com.tw).

(VIII) Other important information that is sufficient to boost knowledge of corporate governance should be disclosed as well: None.

(IX) Matters that should be disclosed regarding the implementation of the internal control system:

1. Internal Control Statement: See Page 266 for details.
2. When a CPA is authorized to review the internal control system, the review report prepared by the CPA should be disclosed: See Page 267 for details.

(X) Any legal sanction against the Company and internal personnel, any disciplinary action taken by the Company against the internal personnel for violation of the internal control system, and main shortcomings and improvements in the latest year and as of the day the Annual Report was published and printed: None.

(XI) Important decisions reached in Shareholders' Meetings and Board Meetings in the latest year and as of the day the Annual Report was published and printed:

1. Important Decisions Reached in the Shareholders' Meetings in 2018 and Their Implementation

(1) 2017 Business Report.

(2) Review results of the 2017 Final Statements by the Audit Committee.

(3) Acceptance of the Consolidated Financial Statements of 2016 and Proposed Consolidated Financial Statements of 2016 and 2015.

(4) Acceptance of the Consolidated Financial Statements and Proposed Consolidated Financial Statements of 2017.

(5) Revision of the *Ethical Corporate Management Principles*, the *Procedures for Ethical Management and Guidelines for Conduct* and the *Code of Conduct*

Implementation: The revisions have been disclosed on the Market Observation Post System and implemented accordingly.

(6) Acceptance of the Surplus Appropriation Statement of 2017.

(7) By-selection of a director.

Director Selected: TRAVEL INTERNATIONAL CORP.

Implementation: Registration change was finished on June 16, 2018 by the local competent authority in the Cayman Islands.

3. Major Decisions of the Board of Directors

Date	Decisions
March 1, 2018	(1) Approval of the stock transfer of the shareholder: Sinorise Corporation. (2) Increase of cash investment to issue 3,000 thousand new shares.
May 29, 2018	(1) Acceptance of the Consolidated Financial Statements of 2016 and Proposed Consolidated Financial Statements of 2016 and 2015. (2) Acceptance of the Consolidated Financial Statements and Proposed Consolidated Financial Statements of 2017. (3) Approval of the allocation of compensation to directors and employees of 2017. (4) Approval of the surplus appropriation of 2017. (5) Acceptance of the Consolidated Financial Statements of the 1st quarter of 2018. (6) Approval of the independence and eligibility of the CPAs. (7) Acceptance of the internal control system statement. (8) Approval of the financial forecasts of the 2nd and 3rd quarters of 2019. (9) Increase of cash investment to issue ordinary shares as the source of public underwriting before IPO. (10) Approval of conclusion of the over-allotment agreement and the agreement for voluntary centralized management of certain shareholders with CTBC Securities, and coordination with certain shareholders to handle centralized management of shares. (11) Acceptance of the plan to improve the ability of independent preparation of financial reports. (12) Approval of issuance of non-physical stocks. (13) Approval of the delegation of a service agency to handle share-related matters. (14) Approval of the authorized signatory for the documents related to IPO. (15) Approval of the stock transfer of the shareholder: Travel International Corp. (16) Approval of the by-selection of a director. (17) Approval of convening of the Shareholders' Meetings of 2018.
June 16,	Approval of the selection of the Chairman.

Date	Decisions
2018	
August 14, 2018	Approval of increase of cash investment.
September 6, 2018	(1) Approval of the participation in the increase of cash investment of Fulin Plastic Industry Joint Stock Company Branch. (2) Approval of the schedule for increase of cash investment. (3) Approval of the *Increase of Cash Investment and Employee Stock Ownership Plan* (4) Approval of the *Increase of Cash Investment and Employee Stock Ownership Plan of September 2018 and Considerations* (5) Approval of the stocks offered to be subscribed to by the managers in the Employee Stock Ownership Plan. (6) Approval of the revisions to the *Procedure for the Acquisition or Disposition of Assets* (7) Approval of the revisions to the *Procedure for Loan Provision* (8) Approval of the revisions to the *Procedures for Endorsement and Guarantee*
October 2, 2018	(1) Acceptance of the internal control system statement. (2) Approval of increase of cash investment to issue ordinary shares as the source of public underwriting before IPO and adjustment of shares to be issued.
November 8, 2018	(1) Approval of the increase of cash investment to Fulin Plastic Industry Joint Stock Company Branch. (2) Approval of revisions to the *Increase of Cash Investment and Employee Stock Ownership Plan before IPO and Considerations* (3) Approval of the stocks offered to be subscribed to by the managers prior to IPO in the Employee Stock Ownership Plan.
December 27, 2018	(1) Approval of the Annual Operation Plan and Budget of 2019. (2) Approval of the Annual Audit Plan of 2019. (3) Approval of continuous delegation of CPAs and their compensation. (4) Approval of the endorsement of Fulin Plastic Industry Joint Stock Company Branch. (5) Approval of the *Procedures for Applying for Suspension and Restoration of Transactions* (6) Approval of the year-end bonus of the Chairman of 2018. (7) Approval of the year-end bonus of the managers of 2018. (8) Approval of revisions to the *Method to Evaluate the Performance of the Board of Directors*
March 16, 2019	(1) Approval of the Annual Business Report and Consolidated Financial Statements of 2018. (2) Approval of the allocation of compensation to employees and directors of 2018. (3) Approval of the surplus appropriation of 2018. (4) Approval of cash allocation as capital reserve. (5) Approval of revisions to the Articles of Incorporation. (6) Approval of revisions to the *Rules and Procedures for Shareholders Meetings* (7) Approval of the revisions to the *Procedures for the Acquisition or*

Date	Decisions
	Disposition of Assets (8) Approval of the revisions to the *Procedures for Loan Provision* (9) Approval of the revisions to the *Procedures for Endorsement and Guarantee* (10) Approval of revisions to the *Corporate Governance Best-Practice Principles* (11) Approval of the *Standard Operating Procedures for Handling Requirements of Directors* (12) Approval of the appointment of the Head Auditor. (13) Acceptance of the Internal Control System Statement of 2018. (14) Approval of the independence and eligibility evaluation of the CPAs. (15) Approval of relieving the current directors from non-competition. (16) Approval of the compensation allocation of individual managers of 2018. (17) Approval of convening the Regular Shareholders' Meeting of 2019 and matters related to the acceptance of the proposals submitted by shareholders.

(XII) Main contents of different opinions of directors or supervisors, recorded or stated in writing, on important decisions made by the Board of Directors in the latest year and as of the day the Annual Report was published and printed: None.

(XIII) Summary of resignations and dismissals of the Company's Chairman, general manager, accounting head, financial head, internal audit head, and R&D heads in the latest year and as of the day the Annual Report was published and printed:

April 30, 2019

Title	Name	Date of Inauguration	Date of Dismissal	Reason for Resignation or Dismissal
Audit Manager	Lin Yu-Gan	February 13, 2017	January 31, 2019	Personal career planning.

IV. Accountant’s Fees

Name of Accounting Firm	Name of CPA	Audit Period	Remarks
Deloitte Taiwan	Wu Chiu-Yen	January 1, 2018 to December 31, 2018	
	Kung Chun-Chi		

Range \ Item		Audit Fee	Non-audit Fee	Total
1	Below NT$2,000 thousand			
2	Between NT$2,000 thousand		✓	

Range \ Item		Audit Fee	Non-audit Fee	Total
	(inclusive) and NT$4,000 thousand			
3	Between NT$4,000 thousand (inclusive) and NT$6,000 thousand	✓		
4	Between NT$6,000 thousand (inclusive) and NT$8,000 thousand			
5	Between NT$8,000 thousand (inclusive) and NT$10,000 thousand			✓
6	More than NT$10,000 thousand (inclusive)			

Unit: NT$1,000

Name of Accounting Firm	Name of CPA	Audit Fee	Non-audit Fee					CPA Audit Period	**Remarks**
			System Design	Commercial Registration	Human Resources	Other (Note 2)	Subtotal		
Deloitte Taiwan	Wu Chiu-Yen Kung Chun-Chi	5,350	-	-	-	2,550	2,550	January 1, 2018 - December 31, 2018	Other expenditures include the expenditures for IPO planning (NT$1,500 thousand), special audit of the internal control (NT$1,000 thousand), annual report review, etc.
	Lai Yung-Fa Chang Wei-Chieh	-	-	847	-	-	847		Fee for Company registration and document certification， etc.

Note 1: If any CPA or the accounting firm is replaced by the Company in the current year, the inspection periods shall be listed separately. In addition, the reason for the replacement shall be indicated in the remarks column and information on audit and non-audit fees shall be disclosed accordingly.

Note 2: The non-audit fee shall be listed separately by service item. When "Other" of non-audit fees reaches 25% of the total non-audit fees, contents of the service shall be listed in the remarks column.

(I) When the accounting firm is changed and the audit public expenditure in the year of replacement is reduced compared to that in the preceding year, the audit public expenditures before and after the replacement and the reasons shall be disclosed: None.

(II) When the audit public expenditure is reduced by more than 15% from the preceding year, the reduced value and its ratio and cause shall be disclosed: None.

V. Information of Replacement of CPA: None

VI. Chairman, general manager, and managers in charge of financial or accounting affairs working for a CPA firm or its affiliates in the last year: None.

VII. Equity transfer and changes in equity pledge of directors, supervisors, managers, and shareholders holding more than 10% of shares in the latest year and as of the day the Annual Report was published and printed:

(I) Changes in the Equity of Directors, Supervisors, Managers, and Major Shareholders:

Title	Name	2018		2019 As of April 19	
		Shareholding Increase (Decrease)	Shares Pledged Increase (Decrease)	Shareholding Increase (Decrease)	Shares Pledged Increase (Decrease)
Chairman	Wang Yuan-Lin (Note)	80,000	0	345,000	0
Chairman and Shareholders Holding More Than 10% of Shares	Travel International Corp.	0 (250,000)	0	0	0
Director	Chen Chao-Lung	0	0	0	0
Director	Huang Cheng-Hung	176,000	0	0	0
Director	Tsai Wen-Yuan	126,000	0	0	0
Independent Director	Wang Chin-Shan	0	0	0	0
Independent Director	Huang Chun-Chin	0	0	0	0
Independent Director	Li Chang-Ming	0	0	0	0
Assistant Manager	Kuan Chien-Chung	6,000	0		
Assistant	Chen Shun-	46,000			

Title	Name	2018		2019 As of April 19	
		Shareholding Increase (Decrease)	Shares Pledged Increase (Decrease)	Shareholding Increase (Decrease)	Shares Pledged Increase (Decrease)
Manager	Chi				
Assistant Manager	Chen Hung-Yu	0			
Assistant Manager	Lu Li-Chen	0			
Assistant Manager	Hu Nai-ren	87,000	0	0	0
Financial Accounting Manager	Chiu Wen-Hui	9,000	0	0	0
Shareholders Holding More Than 10% of Shares	Rapture Industry Limited	0	0	0	0
Shareholders Holding More Than 10% of Shares	Full Young Group Inc.	0	0	0	0

Note: Wang Yuan-Lin originally acted as a director and the Chairman as a natural person and resigned on June 16, 2018 after the Shareholders' Meeting. Instead, Travel International Corp. was selected to be the Chairman and director who appointed Wang Yuan-Lin as its representative.

(II) Counterparty of Equity Transfer Who is a Related Party:

Name	Reason for Transfer	Date	Counterparty	Relationship Between the Counterparty and the Company, Directors, Supervisors and Shareholders Holding More Than 10% of Shares	Number of Shares	Transaction Price (per Share)
Travel International Corp.	Equity Planning	May 29, 2018	Rapture Industry Limited	In the Charge of the Same Person	8,060,000	USD0.1

(III) Information of the counterparty for the equity pledge which is a related party: None.

(VIII) Information of the Relationships Among Top 10 Shareholders Who are Related, Spouses, or Relatives Within the Second Degree of Kinship

April 19, 2019; unit: share

NAME		OWN SHAREHOLDING		SHAREHOLDING BY SPOUSE AND MINOR CHILDREN		SHAREHOLDING IN SOMEONE ELSE'S NAME		NAME OF THE SHAREHOLDERS AMONG TOP 10 SHAREHOLDERS WHO ARE RELATED, SPOUSES, OR RELATIVES WITHIN THE SECOND DEGREE OF KINSHIP OF EACH OTHER AND THE RELATIONSHIP		REMARKS
		Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Name	Relationship	
1	Travel International Corp.	15,627,509	31.63%	—	—	—	—	Rapture Industry Limited	In the Charge of the Same Person	
	Representative: Wang Yuan-Lin	425,000	0.86%	—	—	24,335,509	49.26%	—	—	
2	Rapture Industry Limited	8,708,000	17.63%	—	—	—	—	Travel International Corp.	In the Charge of the Same Person	
	Representative: Wang Yuan-Lin	—	—	—	—	24,335,509	49.26%	—	—	
3	Full Young Group Inc.	6,592,867	13.35%	—	—	—	—	—	—	
	Representative: Chen Shu-Yun	—	—	—	—	6,592,867	13.35%	—	—	
4	Sinorise Corporation	2,650,920	5.37%	—	—	—	—	Brilliant Choice Investment Limited Smart Choice International Corp. Superb Sheen Holdings Limited	Final Beneficiary is Within the Second Degree of Kinship	
	Representative: Lin Gan-Lin	—	—	—	—	—	—	—	—	
5	Asia Dynamic Worldwide Corp.	2,060,271	4.17%	—	—	—	—	—	—	
	Huang Chi-Hao	—	—	—	—	—	—	—	—	
6	Leap Melody Worldwide Corp.	2,060,271	4.17%	—	—	—	—	—	—	
	Huang Chi-Ming	—	—	—	—	2,060,271	4.17%	—	—	
7	Brilliant Choice Investment Limited	1,306,200	2.64%	—	—	—	—	Sinorise Corporation Smart Choice International Corp. Superb Sheen Holdings Limited	Final Beneficiary is Within the Second Degree of	

NAME		OWN SHAREHOLDING		SHAREHOLDING BY SPOUSE AND MINOR CHILDREN		SHAREHOLDING IN SOMEONE ELSE'S NAME		NAME OF THE SHAREHOLDERS AMONG TOP 10 SHAREHOLDERS WHO ARE RELATED, SPOUSES, OR RELATIVES WITHIN THE SECOND DEGREE OF KINSHIP OF EACH OTHER AND THE RELATIONSHIP		REMARKS
		Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Name	Relationship	
									Kinship	
	Representative: Lin Yi-Li	—	—	—	—	1,306,200	2.64%	—	—	
8	Smart Choice International Corp.	1,306,200	2.64%	—	—	—	—	Sinorise Corporation Brilliant Choice Investment Limited Superb Sheen Holdings Limited	Final Beneficiary is Within the Second Degree of Kinship	
	Representative: Lin Kai-Ling	—	—	—	—	1,306,200	2.64%	—	—	
9	Superb Sheen Holdings Limited	1,306,200	2.64%	—	—	—	—	Sinorise Corporation Brilliant Choice Investment Limited Smart Choice International Corp.	Final Beneficiary is Within the Second Degree of Kinship	
	Representative: Lin Yung-Chieh	—	—	—	—	1,306,200	2.64%	—	—	
10	Max Power Global Inc.	824,108	1.67%	—	—	—	—	—	—	
	Representative: Huang Chia-Lung	—	—	—	—	—	—	—	—	

IX. Shares Held by the Company, Directors, Supervisors, Managers, and Businesses Controlled Directly or Indirectly by the Company in the Same Reinvestment Business and Consolidated Calculation of Comprehensive Shareholding Ratio

Unit: Share; %　December 31, 2018

Reinvested Business (Note)	Investment by the Company		Investment by Directors, Supervisors, Managers, and Directly or Indirectly Controlled Businesses		Comprehensive Investment	
	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio
Fulin Plastic Industry Joint Stock Company	31,607,528	100.00%	1	0%	31,607,529	100.00%

Note: Investment by the Company under the equity method

IV. Fund-raising

I. Capital and Shares

(I) Source of Capital Stock

1. Type of Share

April 19, 2019

Type of Share	Authorized Capital Stock			Remarks
	Circulating Shares	Shares Yet to be Issued	Total	
Ordinary Shares	49,400,000	50,600,000	100,000,000	Listed Stock

2. Formation of Capital Stock

Unit: NT$; Share

Year/Month	Issuance Price	Authorized Capital Stock		Paid-in Capital Stock		Remarks		
		Number of Shares	Amount	Number of Shares	Amount	Source of Capital Stock	Share Value Written Off by Assets Other Than Cash	Other
November 2016	10	100,000,000	1,000,000,000	1	10	Created Capital Stock	—	—
February 2017	10	100,000,000	1,000,000,000	2,000,000	20,000,000	Created Capital Stock	—	—
March 2017	10	100,000,000	1,000,000,000	37,300,000	373,000,000	Stock Exchange	—	—
March 2018	30	100,000,000	1,000,000,000	40,300,000	403,000,000	Increase of Cash Investment	—	—
September 2018	42	100,000,000	1,000,000,000	43,900,000	439,000,000	Increase of Cash Investment	—	—
December 2018	28.8	100,000,000	1,000,000,000	49,400,000	494,000,000	Increase of Cash Investment	—	—

Note 1: The Company created NT$20,000,000 of new capital stock in November 2016 which was fully paid up in February 2017.

Note 2: The cash investment was increased by NT$55,000,000 and was approved to be effective by TaiZhengShangEr No. 10717036941 Notice issued by the Taiwan Stock Exchange on November 2, 2018.

(II) Shareholder Structure

April 19, 2019 Unit: Share

Shareholder Structure	Government Agency	Financial Institution	Other Legal	Individual	Foreign Institution	Total

Quantity			Person		and Foreigner	
Quantity	0	0	84	9,492	17	9,593
Shareholding	0	0	1,085	6,517,966	42,880,949	49,400,000
Shareholding Ratio	0%	0%	0.00%	13.19%	86.81%	100.00%

Note: Shareholding ratio of mainland-funded enterprises is 0%.

(III) Diversification of Stock Equity (Denomination: NT$10 per Share)

April 19, 2019

Shareholding Classification			Number of Shareholders (Person)	Shareholding (Shares)	Shareholding Ratio
1	to	999	9,270	12,190	0.02%
1,000	to	5,000	239	385,810	0.78%
5,001	to	10,000	24	198,000	0.40%
10,001	to	15,000	7	91,000	0.18%
15,001	to	20,000	2	40,000	0.08%
20,001	to	30,000	9	249,000	0.50%
30,001	to	40,000	3	114,000	0.23%
40,001	to	50,000	1	47,000	0.10%
50,001	to	100,000	10	801,000	1.62%
100,001	to	200,000	5	689,000	1.39%
200,001	to	400,000	9	2,452,000	4.97%
400,001	to	600,000	4	1,878,454	3.80%
600,001	to	800,000	0	0	0.00%
800,001	to	1,000,000	1	824,108	1.67%
Above 1,000,001			9	41,868,438	84.26%
Total			9,593	49,400,000	100.00%

(IV) List of Major Shareholders (in the Top 10 in Terms of Shareholding Ratio)

Name of Major Shareholders \ Share	Shareholding	Shareholding Ratio
TRAVEL INTERNATIONAL CORP.	15,627,509	31.63%
RAPTURE INDUSTRY LIMITED	8,708,000	17.63%
FULL YOUNG GROUP INC.	6,592,867	13.35%
SINORISE CORPORATION	2,650,920	5.37%
Asia Dynamic Worldwide Corp.	2,060,271	4.17%
LEAP MELODY WORLDWIDE CORP.	2,060,271	4.17%
Brilliant Choice Investment Limited	1,306,200	2.64%
Smart Choice International Limited	1,306,200	2.64%
SUPERB SHEEN HOLDINGS LIMITED	1,306,200	2.64%
MAX POWER GLOBAL INC.	824,108	1.67%

(V) Market Price, Net Value, Earnings and Dividends per Share in the Last Two Years and Related Information

Item/Year			2017	2018 (Note 2)	2019 As of March 31 (Note 6)
Market Price per Share	Highest		Note 1	68.00	54.10
	Lowest		Note 1	47.10	45.85
	Average		Note 1	56.80	50.12
Net Value per Share	Before Distribution		14.14	22.62	23.54
	After Distribution		14.14	22.62	—
Earnings per Share	Weighted Average Number of Shares (x 1,000)		37,097	40,936	49,400
	Earnings per Share (NT$)	Before Adjustment	6.88	3.86	0.86
		After Adjustment	6.88	—	—
Dividends per Share	Cash Dividends		—	—	—
	Free Share Distribution	—		—	
		—		—	
	Accumulated Unpaid Dividends		—	—	—
Investment Return Analysis	Price-earnings Ratio (Note 3)		Note 1	15.43	58.28
	Cost-benefit Ratio (Note 4)		Note 1	—	—
	Cash Dividend Yield (Note 5)		Note 1	0.05	—

Note 1: The Company has not yet been listed. Therefore, no market price is available to

calculate the price-earnings ratio, cost-benefit ratio, and cash dividend yield.

Note 2: The cash dividend of 2018 is to be decided by the Shareholders' Meeting.

Note 3: Price-earnings Ratio = Average closing price per share for the year/earning per share.

Note 4: Cost-benefit Ratio = Average closing price per share for the year/cash dividend per share.

Note 5: Cash Dividend Yield = Cash dividend per share/average closing price per share for the year,

Note 6: Financial Statements of the 1st quarter of 2019 having been audited by CPAs

(VI) Dividend Policy of the Company and its Implementation

1. Dividend Policy of the Company

Articles 14.4-14.7 of the Articles of Incorporation of the Company include the following policies regarding dividend payment:

(1) (14.4) During the period when the shares are registered on the emerging stock market or listed in the Republic of China, if the Company generates any profit (defined below) in the current year, 1%-10% thereof shall be paid as employee compensation (hereinafter referred to as "Employee Compensation") for employees of the Company and affiliated companies who satisfy certain conditions decided by the Board of Directors of the Company, unless otherwise specified in the Company Law of the Cayman Islands, and publicly issued company rules of these Articles of Incorporation. No more than 3% of the profit shall be paid as director compensation (hereinafter referred to as the "Director Compensation"). Distribution plans of Employee Compensation and Director Compensation shall be decided in a Board Meeting with more than 2/3 of directors present and approved by more than 1/2 of the present directors. The approved distribution plans shall be reported to the Shareholders' Meeting. But if the Company suffers any accumulated deficit, a certain amount shall be reserved to make up for the deficit before payment of Employee Compensation and Director Compensation at the ratios stated above. The "profit" above refers to the net profit before tax of the Company. To avoid doubt, the net profit before tax refers to the profit before payment of Employee Compensation and Director Compensation.

(2) (14.5) The Board of Directors makes decisions on the dividends policy in consideration of the Company being in the growth stage. When making the decision on dividends or other amounts to be distributed (if any) in each financial year which will be submitted to shareholders for approval, the Board of Directors shall:

A. Consider the surplus, overall development, financial plan, capital demand, industry expectation, and the Company's vision to ensure the rights and interests of shareholders are guaranteed; and

B. In addition to accruals under Article 14.4 of the Articles of Incorporation, additionally withdraw (i) reserve funds for payment of taxes in the year; (ii) funds to cover the deficit; (iii) general reserve at 10% (hereinafter referred to as the "legal reserve); and (iv) special reserve required by the competent authority in securities in accordance with governing regulations for public companies or the reserve under Article 15.1 of the Articles of Incorporation.

(3) (14.6) During the period when the shares are registered on the emerging stock market or listed in the Republic of China, without violation of the Company Law of the Cayman Islands and after withdrawing Employee Compensation and Director Compensation in accordance with Article 14.4 of the Articles of Incorporation as well as the appropriate amount required by the Board of Directors in accordance with Article 14.5 of the Articles of Incorporation, the Board of Directors shall withdraw at least 10% of the surplus (excluding the accumulated surplus of the last year) of the last year in the amount distributable as shareholders' dividends, which shall be distributed upon approval by the Shareholders' Meeting.

(4) (14.7) As decided by the Board of Directors, shareholders' dividends and employee compensation shall be paid to shareholders or employees in cash, or used to pay up shares to be issued, or both. The shareholders' dividends paid in cash shall not be less than 10% of all dividends.

2. Proposed Dividend Distribution in the Shareholders' Meeting:

The Board Meeting on March 16, 2019 passed the surplus appropriation proposal and the proposal of cash dividends allocation from capital reserve. The cash dividends per share to be distributed from surplus is expected to be NT$1 and that from capital reserve is expected to be NT$2.

(VII) Impacts of free share distribution proposed in the Shareholders Meeting on the Company's operational performance and earnings per share:

No free share distribution is proposed in the current year.

(VIII) Compensations of Employees, Directors, and Supervisors (the Company has set up an Audit Committee and therefore not appointed any supervisors)

1. Percentages or Ranges of Compensation of Employees,

Directors, and Supervisors Under the Articles of Incorporation

In accordance with Article 14.4 of the Articles of Incorporation, during the period when the shares are registered on the emerging stock market or listed in the Republic of China, if the Company generates any profit (defined below) in the current year, 1%-10% thereof shall be paid as employee compensation (hereinafter referred to as "Employee Compensation") for the employees of the Company and affiliated companies who satisfy certain conditions decided by the Board of Directors of the Company, unless otherwise specified in the Company Law of the Cayman Islands and publicly issued company rules of these Articles of Incorporation. No more than 3% of the profit shall be paid as director compensation (hereinafter referred to as the "Director Compensation"). Distribution plans of Employee Compensation and Director Compensation shall be decided in a Board Meeting with more than 2/3 of directors present and approved by more than 1/2 of the present directors. The approved distribution plans shall be reported to the Shareholders' Meeting. However, if the Company suffers any accumulated deficit, a certain amount shall be reserved to make up for the deficit before payment of Employee Compensation and Director Compensation at the ratios stated above. The "profit" above refers to the net profit before tax of the Company. To avoid doubt, the net profit before tax refers to the profit before payment of Employee Compensation and Director Compensation.

2. Basis for estimating the amount of compensation of employees, directors, and supervisors, basis for calculating the number of shares to be distributed as Employee Compensation, and the accounting treatment of the discrepancy, if any, between the actually distributed amount and the estimated amount, for the current period:

   The estimated Employee Compensation and Director Compensation in 2018 were respectively USD 67 thousand and 0, which were established at 1% and 0% of the net profit before tax. At the end of the year, if the amount to be issued as decided by the Board of Directors was significantly changed, the change adjusted the original annual expense withdrawn. If the amount changed after the Consolidated Financial Report was issued, the change was treated according to the accounting estimate and entered into account books in the next year.

3. Compensation Proposals Passed by the Board of Directors:

(1) Compensation Distributed to Employees, Directors, or Supervisors in Cash or in Stock:

The Board of Directors was resolved on March 16, 2019 to distribute employee compensation of USD68,754 (converted to NT$2,122,780 at the exchange rate announced on the preceding day) in cash and not to issue director compensation, and to treat the difference from the recognized amount as accounting estimate change and adjust the difference in 2019.

(2) Employee Compensation distributed in stock and their ratio to the net profit after tax indicated in the Entity Financial Statement of the current period and their ratio in overall Employee Compensation: Not applicable.

4. Compensation actually distributed to employees, directors, and supervisors in the last year (including the shares distributed and their amount and price), and their difference from the recognized compensation of employees, directors, and supervisors, and the reasons for and solutions to such differences:

Not applicable as the Company did not distribute any Employee Compensation or Director Compensation in 2017.

(IX) Repurchase of the Company Shares: None.

II. Corporate Bonds: None.

III. Special Stock: None.

IV. Oversea Depository Receipt: None.

V. Employee Stock Option Certificates and Potential Shares of New Employees: None.

VI. Issuance of New Shares Through Merge or Acceptance of Shares of Other Companies:

In accordance with the stock exchange agreement, the Company completed reconstruction on March 31, 2017 and in total 35,300,000 shares were issued to exchange for 100% of the stock rights in Fulin Plastic Industry Joint Stock Company Branch (Vietnam Subsidiary). After reconstruction, the Company became the holding company of the merged companies.

VII. Implementation of the Capital Utilization Plan:

1. The Company increased cash investment by NT$90,000 thousand in March 2018 to supplement working capital and improve financial structure. The Company used all funds raised to supplement working capital on March 12, 2018. Therefore, the plan has been fully implemented.

2. The Company increased cash investment by NT$151,200 thousand in September 2018 to repay bank loans and improve financial structure. The Company used all funds raised to repay bank loans on Monday, September 17, 2018. Therefore, the plan has been fully implemented.

3. The Company increased cash investment by NT$189,844 thousand in November 2018 to repay bank loans, supplement working capital, and improve financial structure. The Company used all funds raised by March 31, 2019 to repay bank loans and supplement working capital on December 21, 2018 after fund raising was finished. Therefore, the plan has been fully implemented.

V. Operation Overview

I. Business Content

(I) Business Content

1. Scope of Business

(1) Main Business Content

The Group is mainly engaged in the production and sale of PVC leather. The current products are mainly divided into latex lather, tapes (including single-use and reusable tapes), soft leather, etc. and sold externally under the Fulin Brand. The Group has never been engaged in contracted manufacturing. The sales markets and channels of the Group are divided into domestic and foreign markets and channels. In the domestic market, the products are mainly sold to local distributors and across Vietnam through the manufacturers, intermediaries, and retailers affiliated to local distributors. In the foreign markets, the products are mainly sold to international traders, and raw materials required by major brands and intermediaries in every country are supplied though international traders. The Group shares sales markets in the USA, Thailand, the Philippines, Malaysia, Cambodia, Myanmar, Turkey, Ecuador, Sri Lanka, Indonesia, and Bangladesh.

2. Current Proportions of the Products

Unit: NT$1,000

Main Products	Consolidated Net Operating Revenue of 2018	Proportion
Latex Leather	1,538,476	53.01
Tape	820,792	28.28
Soft Leather	516,455	17.80
Other	26,368	0.91
Total	2,902,091	100

3. Current Commodities of the Company

Type	Latex Leather	Tape	Soft Leather	Other
Main Products	Latex Leather for Furniture	Transparent Tape	Soft Leather for Furniture	Laminated Fabric
	Latex Leather for Leather Handbags	Grainy Tape for Construction Materials	Soft Leather for Leather Handbags	Non-woven Fabric
	Latex Leather for Balls	Tape for Electrical Systems	For the Cushions of Bicycles	

Type	Latex Leather	Tape	Soft Leather	Other
	Latex Leather for Automobile Cushions	General Tape		

3. New Products Planned to be Developed:

After completely constructed, the environmentally-friendly PU plant started sample preparation, promotion and mass production of aqueous environmentally-friendly PU leather and TPU products in the 1st quarter of 2019 which are applicable to shoe materials, ball leather, handbag materials, outdoor sport articles, automobile seat cushions, furniture, electronic products, and other industries.

(II) Industry Overview

(1) Current Status and Development of the Industry

A. Tape

There are currently five manufacturers in Vietnam. As the downstream processors failed to increase as expected, the competition has grown fierce. The main products demanded are raincoats, tapes, packaging materials, and furniture decorative materials. The local demand in Vietnam cannot satisfy the manufacturers, Therefore, the Company focuses on expansion of foreign sales markets and operation of high-quality products in addition to wining customers in the local market.

B. Latex Leather, Soft Leather

There are currently three manufacturers in Vietnam. The Company occupies more than 85% of the market. The main demands are materials for furniture, vehicles, leather handbags, balls, shoes, and ready-made clothes. At present, various famous brands (Japanese vehicles, COACH bags from the USA, branded shoes from many countries) are entering Vietnam. In addition, due to the China-US trade war, many processors using PVC latex leather are entering Vietnam, and the importers are transferring purchase projects originally offered to China to Vietnam, causing the market demand to increase. To strive for more business opportunities, the Company must strengthen cooperation with distributors, develop diversified products, and expand markets through network marketing to accelerate sales arrangement in foreign markets.

(2) Correlation Among the Upstream, Mid-stream, and Downstream of the Industry

A. PVC Tape

Upstream Raw Materials	Mid-stream PVC Tape Processing	Downstream Processing
Polyvinyl Chloride (PVC) Plasticizer Stabilizing Agent Filler Modifier Pigments Toner Screen Cloth	Production by Tape Machine Printing Adhesion Release Paper	Blowing Products Raincoat Shower Curtain Tablecloth Stationery Construction Materials Tape Packages

B. Soft Leather

Upstream Raw Materials | Mid-stream Soft Leather Processing | Downstream Processing

Polyvinyl Chloride (PVC)
Plasticizer
Stabilizing Agent
Foaming Agent
Pigment, Color Paste

PU Resin
Acrylic Resin
Butanone MEK
DMF

T/R Plain and Interwoven Fabric
Knitted Fabric
Non-woven Fabric
Plain Brushed Fabric

PVC Powder
Solvent
Pigments
Backer
Release Paper

Shoe Industry
Handbag Industry
Sofas
Belts
Gloves
Ready-made Clothes

C. Latex Leather

Upstream Raw Materials | Mid-stream Latex Leather Processing | Downstream Processing

Polyvinyl Chloride (PVC)
Plasticizer
Stabilizing Agent
Foaming Agent
Pigment, Toner

PU Resin
Acrylic Resin
Butanone MEK
Methylbenzene TOL

PVC Powder
SKIN Finishing Agent
BACKING

Shoe Industry
Handbag Industry
Sofas
Belts
Automobiles
Balls

T/R Plain and Interwoven Fabric
Knitted Fabric
Non-woven Fabric
Plain Brushed Fabric

(3) Product Development Trends and Competition

A. Product Development Trends

(A) Tape

a. Integration of development resources and collaboration with major brands to actively develop products with high additional value and strengthen competitive advantages.

b. Development towards environmentally-friendly and multi-functional products, e.g. volume labels, construction materials, etc.

c. Promotion of quality management and inspection to continuously improve product quality, productivity, and efficiency.

(B) Latex Leather, Soft Leather

a. Integration of development resources to actively develop products with high additional value and strengthen competitive advantages.

b. Development towards environmentally-friendly and multi-functional products, e.g. automobile leathers, leatherette furniture, etc.

c. Promotion of quality management and inspection to continuously improve product quality, productivity, and efficiency.

(C) Aqueous PU and TPU

a. Integration of development resources and targeting at branded shoes to actively develop products with high additional value and strengthen competitive advantages.

b. Application of Italian ROLLMAC technology to diversified products.

B. Competition

(A) Tape

The entry of foreign investment fails to achieve expectations, resulting in slow market growth. There are five manufacturers in Vietnam and the competition is fierce. The Company wins orders in the domestic market through such advantages as stable quality, short delivery term, and development of diversified new products.

(B) Latex Leather, Soft Leather

The material demands of Japanese automobiles and American handbags are increasing. At the same time, shoe factories continue to expand or increase. The Company occupies more than 85% of the market and is currently taking measures against products imported from mainland China to prevent them from encroaching on the market.

(III) Technical and Research and Development Overview

1. Research and Development Expense in the Latest Year and as of the Day the Annual Report was Published and Printed

Unit: NT$1,000

Item	2018	1st Quarter of 2019
Research and Development Expenses	12,686	2,761

2. Technologies or Products Successfully Developed

The technologies successfully developed by the Company in the last three years are listed below:

Year	Main Research and Development Results
2016	A. Ball leathers suitable for competitions and compliant with WILSON and other physical property requirements. B. Development of vacuum forming grainy tapes to replace hard tapes.
2017	A. New patterns of printing rollers, embossing rollers, and vacuum rollers. B. Applications of new TPU, highly solid PU, and aqueous PU materials.
2018	A. Development of mirror and highly solid PU products to improve skin blisters and hand feeling. B. Technologies for adjusting TPU hardness which are applicable to more diversified processes and products.

(IV) Long-term and Short-term Business Development Plans

1. Short-term Plan Overview

(1) Short-term Plan

A. Strengthen integration and improve productivity.

B. Continuously and steadily further secure the foothold in the Southeast Asian market based on the tariff exemption and geographical advantages of the ASEAN economies. Continue to pay attention to the business opportunities brought about by the China-United States trade war. Evaluate the benefits of visits by United States customers, and help with the development and promotion of customers, the cooperation with whom is highly feasible. Improve visibility of Fulin products, participate in various regional and international exhibitions such as the International Exhibition on Shoes and Leather Industry in Ho Chi Minh City from July 12 to 14 and the leather exhibitions in Italy from October 2 to 4, and cooperate with the production of various exquisite booklets to expand popularity to potential customers around the world.

(2) Long-term Plan

A. Improve technical level.

(A) Application of Italian ROLLMAC technology to diversified products.

(B) Transformation to PU based on soft leather application technology and development of aqueous and solvent-free environment-friendly PU.

B. Develop niche products.

(A) Cooperation with tertiary processors in their entry into Vietnam to expand shoe and ball products and use local materials.

(B) Enhancement of the brand effects of COACH and MK to attract orders from more large factories.

2. Long-term Plan Overview

A. Improve technical level.

(A) Application of Italian ROLLMAC technology to diversified products.

(B) Transformation to PU based on soft leather application technology and development of aqueous and solvent-free environment-friendly PU.

B. Develop niche products.

(A) Cooperation with tertiary processors in their entry into Vietnam to expand shoe and ball products and use local materials.

(B) Enhancement of the brand effects of COACH and MK to attract orders from more large factories.

II. Overview of Market and Production/Distribution

(I) Market Analysis

(1) Main Regions for Sales (Provision) of Commodities (Services)

A. The Company mainly focused on the domestic market at the early stage, supplemented by sales in foreign markets. The proportions of domestic sales and foreign sales are gradually becoming identical in recent years.

B. Main sales regions in recent years are listed below:

Region	2017	2018 年
Vietnam	57.16%	53.75%
ASEAN (Note 1)	19.72%	17.60%
Asia (Note 2)	20.44%	25.48%
South America	0.83%	1.13%
America (Note 3)	1.26%	1.28%
Africa	0.15%	0.30%
Other Countries	0.44%	0.46%

Note 1: Other countries in ASEAN excluding Vietnam.
Note 2: Excluding Vietnam and other countries in ASEAN.
Note 3: Excluding countries in South America.

(2) Market Share

The average sales volume of manufacturers in Vietnam from 2016 to 2018 is compared is below:

Product Category	Fulin	Rapture	Sugon	Likuan	Winning
Tape	34%	17%	20%	10%	19%
Latex Leather, Soft Leather	86%	-	8%	6%	-

(3) Future Supply and Demand, Growth, and Competitive Niche

A. Tape

The entry of foreign investments fails to achieve expectations, resulting in slow market growth. However, Samsung (materials for electronic products) from Korea, DENKA (materials for tape) from Japan, and several other companies entered Vietnam which demand products with high quality and stability. The Company has a slight advantage to win orders, conducive to the performance growth of the Company.

B. Latex Leather, Soft Leather

The material demands of Japanese automobiles and American handbags are increasing. At the same time, shoe factories continue to expand or increase. The demand for leathers is expected to grow significantly over the years to come. The Company has established a distributor system and owns a sales network across Vietnam, which is conducive to wining orders.

(4) Favorable Factors and Unfavorable Factors for Development Prospects and Countermeasures

A. Favorable Factors

(A) Long engagement in Vietnam and Southeast Asian market, able to seize opportunities. Public praise of quality.

(B) Professional teams in place to build advanced plant management. Rich experience and maturity in production technologies, research and development ability, and construction of marketing channels.

(C) Supply chain achieving the level of large plants; recognized delivery term; diversified products not only satisfying the demands of different consumers but also realizing high profit and complexity.

(D) High market share and gross margin of niche products.

B. Unfavorable Factors

(A) Continuous expansion of the productivity of artificial leathers in mainland China, improvement of technical level and product quality and exemption from tariffs on export to Vietnam pose a competitive threat to the Company.

(B) Countermeasures:

a. Implement stricter management and control on the products of the same type imported from mainland China; improve quality stability and provide after-sales services actively.

b. Develop products with high additional value; strive for high quality; improve product and service quality; avoid generation of price-cutting market.

2. Major Purposes and Production Processes of Main Products

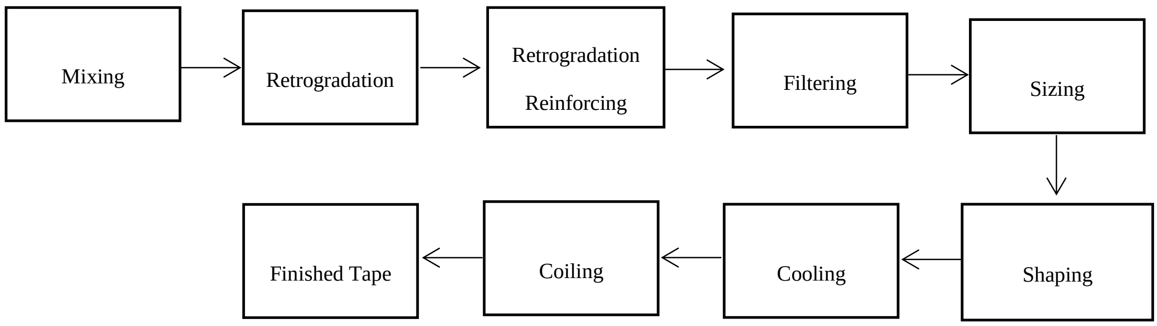
A. Major Purposes of Main Products

Type	Main Products	Purpose
Latex Leather	Latex Leather for Furniture	1. Used for general sofas and imitation cloth sofas. 2. Resistant to bleaching water and alcohol and for advanced sofas.
	Latex Leather for Leather Handbags	1. For general leather handbags. 2. Certified by COACH to be used for production of branded leather handbags.
	Latex Leather for Balls	1. For general balls. 2. Compliant with the physical property requirements of balls of WILSON competitions.
	Latex Leather for Automobile Cushions	1. For seat cushions of general automobiles. 2. Compliant with the physical property requirements of the cushions of branded automobiles, e.g. YOTA.
Tape	Transparent Tape	Thickness range from 0.05mm to 0.80mm; compliant with the requirements of general transparent products, super transparent products, and bags for talcum powder.
	Grainy Tape for Construction Materials	Compliant with customer quality requirements, e.g. printing of imitation wood grains, high-temperature adhesion, no deformation of printed patterns, vacuum forming, used for table surfaces.
	Tape for Electrical Systems	Compliant with electrical specifications and for general electrical works, insulation, and resistance to voltage.

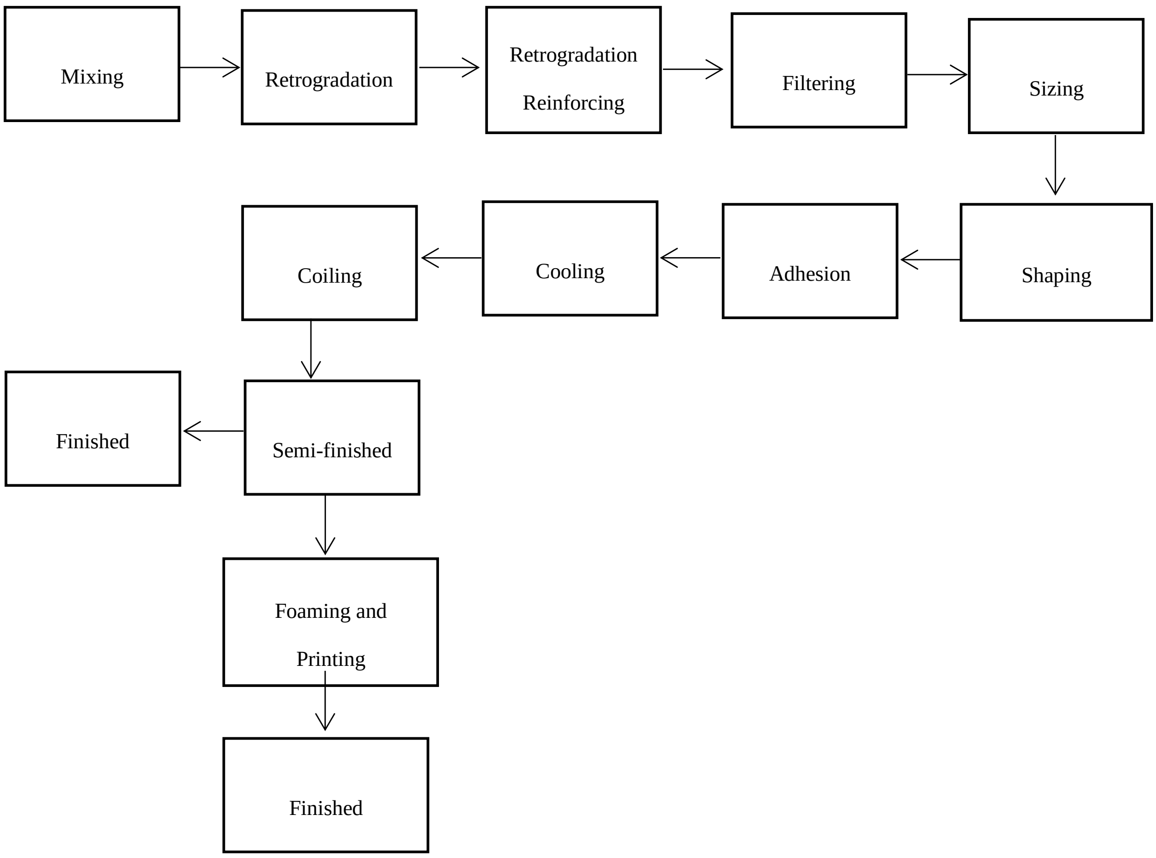
Type	Main Products	Purpose
	General Tapes	For multiple purposes, e.g. raincoats, curtains, stationary, printing products, etc.
Soft Leather	Soft Leather for Furniture	Processing satisfying customer requirements available to furniture and sofa requiring hand feeling of leather.
	Soft Leather for Leather Handbags	1. For general leather handbags. 2. Certified by COACH to be used for production of branded leather handbags.
	For the Cushions of Bicycles	Compliant with green product requirements of Active International, may be sold to Europe and USA by customers.
Other	Other products mainly include laminated fabric, non-woven fabric, etc.	

B. Production Processes of Main Products

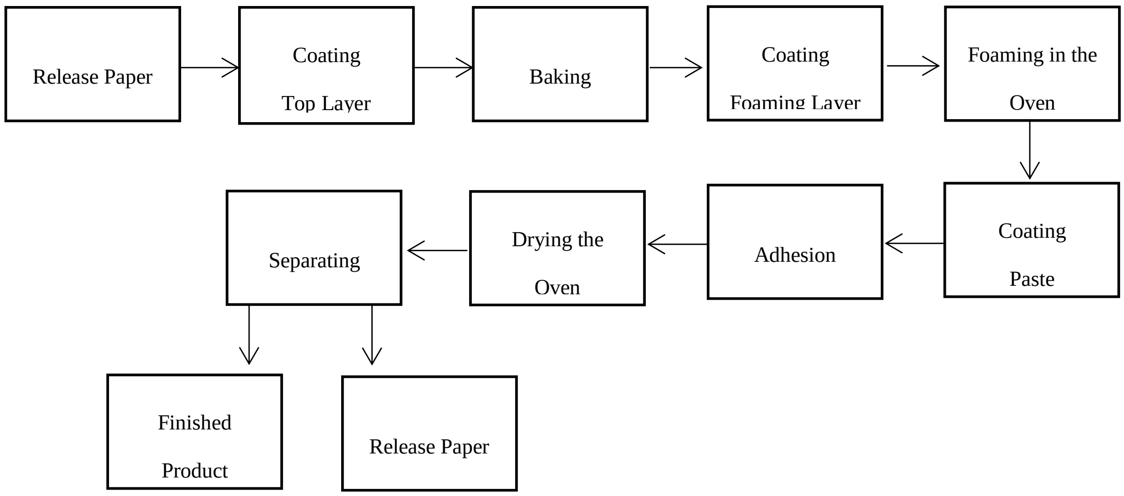
(A) Tape



(B) Rubber and Latex Leather



(C) Soft Leather



(3) Supply of Main Raw Materials

Main Raw Materials	Place of Manufacture	Manufacturer	Supplier	Supply
PVC	Taiwan	Formosa Plastics	Minland Plastics	Good
	Taiwan	Ocean Plastics, China General Plastics	MARUBENI	
Plasticizer	Malaysia	Lian Chen	Lian Chen	Good
	Taiwan	Nan Ya	Minland Plastics	
	Vietnam	LG	LG	
Emulsion Powder	Taiwan	Formosa Plastics	Minland Plastics	Good
	Thailand	Vinythai	Vinythai	
Treating Agent	Taiwan	Home Sun, C.C. Shin, G Sun	Home Sun, C.C. Shin, G Sun	Good
	Vietnam	ILSAM	ILSAM	
Printing Ink	Vietnam	PRESSMII, HMK	PRESSMII, HMK	Good
Pigment	Taiwan	TKC, Jiuh Lih	TKC, Jiuh Lih	Good

(IV) Names of Customers With 10% or More Purchases or Sales in the Past Two Years and the Reason for the Increase or Decrease

1. Suppliers With 10% or More Purchases in the Either of the Past Two Years

Unit: NT$1,000

Item	2017				2018				As of the Last Quarter of 2019			
	Name	Amount	Ratio in Net Purchases Throughout the Year (%)	Relationship to the Issuer	Name	Amount	Ratio in Net Purchases Throughout the Year (%)	Relationship to the Issuer	Name	Amount	Ratio in the Net Purchases of the Current Year as of the End of the 1st Quarter (%)	Relationship to the Issuer
1	Three Friends Trading	239,589	12.89	None	Minland Plastics	361,173	16.32	None	Minland Plastics	95,081	19.08	None
2	Hyundai	212,371	11.43	None	—	—	—	—	—	—	—	—
3	Minland Plastics	192,154	10.34	None	—	—	—	—	—	—	—	—
—	Other	1,213,943	65.34	None	Other	1,851,330	83.68	—	Other	403,272	80.92	—
—	Total	1,858,057	100		Total	2,212,503	100	—	Total	498,353	100	—

Reason for the Increase or Decrease:

In 2017, the Company mainly purchased PVC from Three Friends Trading and DOP from Huyndai. In 2018, the Company mainly purchased from Minland Plastics (the agent of Nan Ya in Taiwan). Therefore, the proportion of Minland Plastics in supply to the Company increases year after year.

2. Customers With 10% or More Sales in the Either of the Past Two Years:

Item	2017				2018				As of the Last Quarter of 2019			
	Name	Amount	Ratio to Net Purchases Throughout the Year (%)	Relationship to the Issuer	Name	Amount	Ratio to Net Sales Through out the Year (%)	Relationship to the Issuer	Name	Amount	Ratio to the Net Sales of the Current Year as of the End of the 1st Quarter (%)	Relationship to the Issuer
1	Customers no Higher Than 10%				SOLTO	298,912	10	None	SOLTO	97,057	15	None
—	Other	2,762,409	100	None	Other	2,603,179	90	None	Other	556,551	85	None
—	Total	2,762,409	100		Total	2,902,091	100		Total	653,608	100	

Reason for the Increase or Decrease:

In 2018 and the 1st quarter of 2019, the sales amount of SOLTO accounted for more than 10% of the total sales amount of the Company, because COACH and MK orders from this customer increased.

(V) Production Volumes and Values in the Past Two Years

Unit: NT$1,000; m; kg

Year / Main Products	2017			2018		
	Throughput	Production Volume	Production Value	Throughput	Production Volume	Production Value
Latex Leather (m)	36,000,000	31,959,556	1,646,522	36,000,000	30,077,644	1,583,256
Tape (kg)	19,200,000	13,392,815	688,038	19,200,000	18,009,620	832,664
Soft Leather (m)	7,200,000	4,259,686	523,045	7,200,000	3,886,975	543,467
Other (Note)	—	—	38,262	—	402,252	24,483
Total	—	—	2,895,867	—	—	2,983,870

Note: Other products mainly include laminated fabric, non-woven fabric, etc.

(VI) Sales Volume and Value in the Past Two Years

Unit: NT$1,000; m; kg

Year / Sales Volume and Value / Main Products	2017				2018			
	Domestic		Foreign		Domestic		Foreign	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Latex Leather	19,155,874	970,692	12,628,811	661,288	17,354,781	896,177	12,135,692	642,299

(m)								
Tape (kg)	7,274,915	351,456	4,972,755	229,229	9,763,077	462,664	7,917,935	358,128
Soft Leather (m)	2,601,476	215,625	1,472,110	282,397	2,185,072	188,209	1,555,477	328,246
Other (Note)	433,256	41,327	177,713	10,395	314,912	16,799	85,485	9,569
Total	—	1,579,100	—	1,183,309	29,617,842	1,563,849	21,694,589	1,338,242

Note: Other products mainly include laminated fabric, non-woven fabric, etc.

III. Information of Employees in the Past Two Years

Unit: Person

Year		2017	2018	1st Quarter of 2019
Quantity Employee	Direct Employee	588	651	623
	Indirect Employee	332	333	327
	Total	920	984	950
Average Age		34.86	36	37
Average Length of Service		7.55	8.12	8.23
Ratio Degree Distribution	PhD	0	0	0
	Masters	6	7	6
	Junior College	140	214	216
	Below Senior High School	774	763	728

IV. Information on Environmental Protection Expenditures

(I) In the last two years and the current year as of the day the prospectus was published and printed, total losses (including indemnities) and penalties due to environmental pollution, countermeasures (including improvement measures), and possible expenditures (including total estimate of possible losses, penalties, and indemnities due to failure to take countermeasures; and incapability of reasonable estimation, if applicable): None.

(II) Investment by the Company in, purposes, and possible benefits of main equipment for prevention and control of environmental pollution:

December 31, 2018 Unit: VND

Equipment Name	Quantity	Date of Acquisition	Investment Cost	Balance Before Reduction	Purposes and Expected Possible Benefits
Electrostatic Recycling System	2	September 29, 2009	5,476,186,422	0	About 18 tons of plasticizer recycled monthly.
Electrostatic Recycling System	1	May 31, 2017	10,353,919,387	8,711,993,224	

V. Employer-employee Relationship

(I) Employee Benefits, Advanced Study, Training, Retirement System, and Their Respective Implementation, Employer-employee Agreements, Employee Interests, and Their Maintenance

(1) Employee Benefits

The Company is committed to building a worry-free working environment, improving various systems, and providing abundant and comprehensive benefits so that employees and their families can enjoy a comfortable and pleasant life and receive care from the Company.

A. Salary System

The Company adopts a fair and competitive salary system to attract talents and motivate employees. The salary of employees depends on their personal and group performance and the operational performance of the Company. In addition, the Company uses different salary combinations and year-end bonuses to share profits with and reward the hard work of employees.

B. Sound and Thoughtful Benefit System

(A) Purchase of necessary labor insurance in accordance with the local regulations.

(B) Issuance of cash gifts on festivals.

(C) Provision of nourishment during pregnancy, child allowance, birth allowance, marriage allowance, and funeral allowance.

(D) Sound pension system.

(E) Domestic and international trips.

(2) Advanced Study and Training

In order to promote the knowledge and working skills of the employees, improve work quality and performance, and support the utilization and development of human resources so as to realize sustainable and excellent operation, the Company has established a training system. Education and training currently available to employees is listed below:

A. Education and Training for New Employees: To make sure new employees correctly understand the operation philosophy, core value, mission, and vision of the Company and build centripetal force and a sense of belonging.

B. Internal and External Education and Training for In-service Employees: To provide in-service employees with opportunities to learn professional knowledge and skills necessary for performance of functions, or improve employee quality through various seminars.

(3) Retirement System and its Implementation

A. The Company's offices in Taiwan have been depositing 6% of the monthly salary of each employee governed by the provisions regarding pension in the Labor Pension Act to his/her pension account in accordance with the Labor Standards Act.

B. The Company's offices in Vietnam has been maintaining social insurance and medical insurance for employees in accordance with the local regulations. The social insurance includes pension which may be claimed by employees from the social security bureau after reaching the statutory age of retirement.

(4) Employer-employee Agreements and Measures to Maintain Employee Interests

The Company handles employer-employee agreements in accordance with relevant decrees. In addition, the Company has attached importance to employee interests. In order to strengthen ae harmonious employer-employee relationship and consolidate the centripetal force, the

Company has communicated with employees in an honest and active manner and endeavored to realize human-based management. In addition to the smooth complaint channel and timely responses offered, employees may also submit opinions via email at any time. The employer-employee agreements are currently implemented well.

(II) In the recent year and the current year as of the day the prospectus was published and printed, losses arising from labor disputes and estimated losses possible to be incurred currently and in the future and countermeasures; incapability of reasonable estimation, if applicable: None.

VI. Important Contracts

Nature of Contract	Concerned Parties	Start/End Dates of Contract	Main Contents	Restrictions
Land Lease Contract	Leaser: Government of Vietnam Lessee:Fulin Plastic Industry Joint Stock Company	July 12, 1997 to July 12, 2037	1. The lease term shall be 40 years. 2. The unit rent shall be USD0.529 per year per square meter. 3. The rent shall be adjusted every five years subject to 15% of the previous rent. 4. The Company shall not have any right to purchase the land at a preferential price upon termination of the lease term.	None
Land lease contract	Lessor: Administration in AMATA Lessee: Fulin Plastic Industry Joint Stock Company	January 13, 2003 to July 12, 2037	1. The unit rent shall be USD24 per year per square meter. 2. The total rent shall be USD1,447,087.20.	None
Agreement on the New Construction Project of the Fulin Factory	Employer: Fulin Plastic Industry Joint Stock Company Branch Contractor: GIZA (Vietnam) E&C	Signed On: June 10, 2017 Commencement Date: Date of the order of commencemen	PU Construction Engineering of the Environmentally-friendly Plant	None

Nature of Contract	Concerned Parties	Start/End Dates of Contract	Main Contents	Restrictions
		t issued by the Employer. Completion Date: 220th day as of commencement date.		
Guarantee on the Project Loan (A09 Tape Machine Project)	Lender: Vietinbank Borrower: Fulin Plastic Industry Joint Stock Company	Signed On: April 20, 2017 (three years)	1. The amount of the loan shall be USD2.40 million. 2. The interest rate shall be Libor 6M + 2.0%. 3. Mortgage loan with A09 tape machine.	None
Guarantee on the Project Loan (Equipment for the PU plant of the Dong Nai Factory)	Lender: Chinatrust Commerical Bank, Ho Chi Minh Branch Borrower: Fulin Plastic Industry Joint Stock Company	Date: August 25, 2017 (five years)	1. The amount of the loan shall be USD8.00 million. 2. The interest rate shall be Libor 3M + 1.5%. (changed to Libor 3M + 0.8% on March 6, 2018) 3. Mortgage loan with the equipment of the PU plant of the Dong Nai Factory. 4. Personal guarantee by Wang Yuan-Lin.	Restrictions on Financial Ratios: 1. EBITDA/(IE + CPLTD) ≥ 1.2x. 2. Total Debt/equity≤ 1x (changed to ≤ 200% for 2018, ≤ 180% for 2019 and ≤ 160% for 2020 on July 23, 2018). 3. Current Ratio ≥ 100%.
Mid-term Credit Loan	Lender: Fubon Commerical Bank, Ho Chi Minh Branch Borrower: Fulin Plastic Industry Joint Stock Company Branch	Date: October 16, 2017 (five years)	1. The amount of the loan shall be USD8.00 million. 2. The interest rate for VND shall be Vnibor + 2.5% and for USD shall be Libor + 1.25%. 3. Mortgage with equipment of the Haiphong Factory and the Dong Nai Factory. 4. Personal guarantee by Wang Yuan-Lin.	Financial Conditions: 1. Current Ratio ≥ 100%. 2. Interest Cover Ratio ≥7. 3. Financial Liability Ratio (total financial liability/shareholder' equity): 2017 and 2018 ≤ 160%, 2019 – 2022 ≤ 100%. 4. Shareholder's Equity ≥ USD15.00 million.
Mid-term Credit Loan	Lender: Chinatrust Commerical Bank, Ho Chi Minh Branch Borrower: Fulin Plastic Industry Joint Stock	Date: October 18, 2018 (three years)	1. The amount of loan shall be USD3.00 million. 2. The interest rate shall be Libor 1M + 1.5%. 3. Personal guarantee by Wang Yuan-Lin.	Financial Conditions: 1. EBITA/(I+CPLTD) ≥ 1.2. 2. Total Liability/Total Assets: 2018: ≤ 200%; 2019: ≤ 180%; 2020 and thereafter: ≤ 160%.

Nature of Contract	Concerned Parties	Start/End Dates of Contract	Main Contents	Restrictions
	Company			3. Current Ratio ≥ 100%.
Mid-term Credit Loan	Lender: Fubon Commerical Bank, Taipei Branch Borrower: Fulin Plastic Industry Joint Stock Company	Date: March 26, 2019 Four years as of the day the loan is employed.	1. The amount of loan shall be USD5.00 million. 2. The interest rate shall the Libor 1M announced by Reuters the day prior to the loan + 1.6%. 3. Personal guarantee by Wang Yuan-Lin. 4. Guaranteed by Fulin Plastic Industry (Cayman) Holding Co., Ltd.	Financial Conditions: 1. Current Ratio ≥ 100%. 2. Interest Cover Ratio ≥ 7. 3. Financial Liability Ratio (total financial liability/shareholder's equity): 2018 – 2023 ≤ 100% 4. Equity ≥ USD2,000 million.

VI. Financial Status

I. Brief Financial Data of the Past Five Years

(I) Brief Balance Sheet and Income Statement

Unit: NT$1,000

Item \ Year		Financial Data of the Past Five Years (Note)					2019 As of March 31
		2014	2015	2016	2017	2018	
Current Assets		—	1,218,237	1,199,500	982,319	1,395,104	1,127,888
Real Estate, Manufacturing Facilities, and Equipment		—	225,106	196,318	350,428	804,100	898,627
Intangible Assets		—	—	—	63	3,079	2,715
Other Assets		—	74,378	79,554	130,417	87,753	91,869
Gross Assets		—	1,517,721	1,475,372	1,463,227	2,290,036	2,121,099
Current Liabilities	Before Distribution	—	599,416	640,324	890,092	922,741	663,142
	After Distribution	—	1,114,296	1,176,670	890,092	922,741	—
Non-current Liabilities		—	13,669	13,345	45,890	249,663	294,850
Gross Liabilities	Before Distribution	—	613,085	653,669	935,982	1,172,404	957,992
	After Distribution	—	1,127,965	1,190,015	935,982	1,172,404	—
Interest not Belonging to the Client of the Parent Company		—	—	—	—	—	—
Capital Stock		—	455,760	455,760	373,000	494,000	494,000
Capital Reserve		—	—	—	214,334	523,197	523,197
Retained Earnings	Before Distribution	—	617,445	560,012	170,929	321,776	364,360
	After Distribution	—	102,565	23,666	170,929	—	—
Other Equities		—	(168,569)	(194,069)	(231,018)	(221,341)	(218,450)

Treasury Stock		—	—	—	—	—	—
Non-controlling Interests		—	—	—	—	—	—
Total Equity	Before Distribution	—	904,636	821,703	527,245	1,117,632	1,163,107
	After Distribution	—	389,756	285,357	527,245	—	—

Note: The Company was incorporated on November 30, 2016 and completed reorganization in 2017. The financial data of 2015 - 2017 are Proposed Consolidated Financial Statements audited and signed by CPAs. The financial data of 2018 and the 1st quarter of 2019 are respectively Consolidated Financial Statements audited and approved by CPAs.

2. Brief Consolidated Income Statement

Unit: NT$1,000

Item \ Year	Financial Data of the Past Five Years (Note)					2019 As of March 31
	2014	2015	2016	2017	2018	
Operating Revenue	—	3,258,619	2,958,542	2,762,409	2,902,091	653,608
Gross Operating Profits	—	890,498	790,682	598,016	500,822	124,619
Operating Profit and Loss	—	688,555	583,855	348,098	218,009	60,343
Non-business Income and Expenditures	—	(19,067)	(10,729)	(17,093)	(12,296)	(2,996)
Net Profit Before Tax	—	669,488	573,126	331,005	205,713	57,347
Net Profits of Continuing Operation	—	522,117	457,447	255,368	150,847	42,584
Loss From Operation Suspension	—	—	—	—	—	—
Net Profits (Losses) of the Year	—	522,117	457,447	255,368	150,847	42,584
Other Comprehensive Profits and Losses of the Year (After-tax Net Value)	—	(10,521)	(25,500)	(33,480)	9,677	2,891
Total Comprehensive Profits and Losses of the Year	—	511,596	431,947	221,888	160,524	45,475

Net Profit Belonging to the Owner of the Parent Company	—	522,117	457,447	255,368	150,847	42,584
Net Profit Belonging to Non-controlling Interests	—	—	—	—	—	—
Total Comprehensive Profits and Losses Belonging to the Owner of the Parent Company	—	511,596	431,947	221,888	160,524	45,475
Total Comprehensive Profits and Losses Belonging to Non-controlling Interests	—	—	—	—	—	—
Earnings per Share (NT$)	—	14.79	12.96	6.88	3.68	0.86

Note: The Company was incorporated on November 30, 2016 and completed reorganization in 2017. The financial data of 2015 - 2017 are Proposed Consolidated Financial Statements audited and signed by CPAs. The financial data of 2018 and the 1st quarter of 2019 are respectively Consolidated Financial Statements audited and approved by CPAs.

(II) Names of Audit Opinions of the CPAs in the Past Five Years

Year	Name of Firm	CPA	Audit Opinions (Conclusions)
2014	Note	Note	Note
2015	Deloitte Taiwan	Wu Chiu-Yen, Kung Chun-Chi	No qualified audit opinion.
2016	Deloitte Taiwan	Wu Chiu-Yen, Kung Chun-Chi	No qualified audit opinion.
2017	Deloitte Taiwan	Wu Chiu-Yen, Kung Chun-Chi	No qualified audit opinion.
2018	Deloitte Taiwan	Wu Chiu-Yen, Kung Chun-Chi	No qualified audit opinion.
2019 1st Quarter	Deloitte Taiwan	Wu Chiu-Yen, Kung Chun-Chi	No qualified audit opinion.

Note: The Company was incorporated in November 2016 and started to have its (proposed) Consolidated Financial Statements audited and certified by CPAs in 2015.

II. Financial Analysis of the Past Five Years

Item		Financial Analysis of the Past Five Years (Year)					2019 As of March 31
		2014	2015	2016	2017	2018	
Financial Structure (%)	Liabilities to Assets Ratio	－	40.4	44.31	63.97	51.20	45.16
	Long-term Capital to Real Estate, Manufacturing Facilities, and Equipment Ratio	－	407.94	425.35	163.55	170.04	162.24
Liquidity (%)	Current Ratio	－	203.24	187.33	110.36	151.19	170.08
	Quick Ratio	－	133.22	109.2	55.18	81.72	79.74
	Interest Cover Ratio	－	51.54	46.27	14.78	11.71	11.00
Operation Capacity	Receivables Turnover (Times)	－	7.86	7.17	7.11	6.88	6.32
	Average Cash Collection Days	－	46.44	50.9	51.34	53.05	57.75
	Inventory Turnover (Times)	－	6.16	4.92	4.60	4.65	3.88
	Payables Turnover (Times)	－	18.4	15.53	11.74	10.21	10.96

<table>
<tr><th colspan="3" rowspan="2">Year / Item</th><th colspan="5">Financial Analysis of the Past Five Years</th><th rowspan="2">2019 As of March 31</th></tr>
<tr><th>2014</th><th>2015</th><th>2016</th><th>2017</th><th>2018</th></tr>
<tr><td rowspan="3"></td><td colspan="2">Average Days of Sales</td><td>—</td><td>59.25</td><td>74.19</td><td>79.35</td><td>78.49</td><td>94.07</td></tr>
<tr><td colspan="2">Real Estate, Manufacturing Facilities, and Equipment Turnover (Times)</td><td>—</td><td>12.88</td><td>14.04</td><td>10.11</td><td>5.03</td><td>3.08</td></tr>
<tr><td colspan="2">Total Asset Turnover (Times)</td><td>—</td><td>2.15</td><td>1.98</td><td>1.88</td><td>1.55</td><td>1.20</td></tr>
<tr><td rowspan="6">Profitability</td><td colspan="2">Asset Return (%)</td><td>—</td><td>35.12</td><td>31.27</td><td>18.74</td><td>8.86</td><td>2.14</td></tr>
<tr><td colspan="2">Return on Shareholders' Equity (%)</td><td>—</td><td>64.83</td><td>53</td><td>37.86</td><td>18.34</td><td>3.73</td></tr>
<tr><td rowspan="2">Proportion of Net Profit Before Tax to Paid-in Capital (%)</td><td>Operating Profit</td><td>—</td><td>151.08</td><td>128.11</td><td>93.32</td><td>44.13</td><td>12.22</td></tr>
<tr><td>Net Profit Before Tax</td><td>—</td><td>146.89</td><td>125.75</td><td>88.74</td><td>41.64</td><td>11.61</td></tr>
<tr><td colspan="2">Net Profit Rate (%)</td><td>—</td><td>16.02</td><td>15.46</td><td>9.24</td><td>5.2</td><td>6.52</td></tr>
<tr><td colspan="2">Earning per Share (NT$)</td><td>—</td><td>14.79</td><td>12.96</td><td>6.88</td><td>3.68</td><td>0.86</td></tr>
<tr><td rowspan="3">Cash Flow</td><td colspan="2">Cash Flow Ratio (%)</td><td>—</td><td>97.52</td><td>82.84</td><td>38.76</td><td>16.32</td><td>0.37</td></tr>
<tr><td colspan="2">Cash Flow Adequacy Ratio (%)</td><td>—</td><td>Note 2</td><td>Note 2</td><td>Note 2</td><td>Note 2</td><td>65.32</td></tr>
<tr><td colspan="2">Cash Reinvestment Ratio (%)</td><td>—</td><td>15.52</td><td>(0.34)</td><td>(15.39)</td><td>7.1</td><td>0.11</td></tr>
<tr><td rowspan="2">Leverage Ratio</td><td colspan="2">Operating Leverage Ratio</td><td>—</td><td>1.18</td><td>1.18</td><td>1.24</td><td>1.32</td><td>1.33</td></tr>
<tr><td colspan="2">Financial Leverage Ratio</td><td>—</td><td>1.02</td><td>1.02</td><td>1.07</td><td>1.1</td><td>1.10</td></tr>
</table>

The following financial ratios were increased or decreased by 20% in the recent two years for the reasons listed below:

Liabilities to Assets Ratio: Increase of total assets due to increase of bank loans caused by increase of cash investment.

2. Current Ratio and Quick Ratio: Increase of current assets due to increase of bank loans caused by increase of cash investment.

3. Interest Cover Ratio: Decrease of profit due to decrease of operating income, and decrease of interest expenses due to prepayment of bank loans caused by increase of cash investment.

4. Real Estate, Manufacturing Facility, and Equipment Turnover: Increase of average net value of real estate, manufacturing facilities, and equipment due to increase of uncompleted projects caused by plant construction.

5. Return on Assets: Decrease of operating income and net profit.

Item \ Year	Financial Analysis of the Past Five Years					2019 As of March 31
	2014	2015	2016	2017	2018	

6. Return on Shareholders' Equity: Decrease of shareholders' equity due to distribution of prior equity under common control in 2017.
7. Proportion of Net Profit Before Tax to Paid-in Capital: Decrease of operating income and net profit.
8. Net Profit Rate: Decrease of operating income and net profit.
9. Earnings per Share: Decrease of operating income and net profit.
10. Cash Flow Ratio: Decrease of profit and increase of short-term bank loan.
11. Cash Reinvestment Ratio: Increase of cash reinvestment ratio due to no issuance of cash dividends from surplus in 2017.

Note 1: The Company was incorporated in November 2016. For convenience of comparison, the financial data of 2015 and 2016 are extracted from the proposed Annual Financial Statements.

Note 2: Not calculated as the net cash flow in operating activities and capital expenditure in the last five years are not available because the financial reports of these five years were not all compiled.

Note 3: The calculation formulas of the financial ratios are listed below:

1. Financial Structure
   (1) Liabilities to Assets Ratio = Total liabilities/Total assets.
   (2) Long-term Capital to Real Estate, Manufacturing Facilities, and Equipment Ratio = (Total shareholders' equity + non-current liabilities)/Net value of real estate, manufacturing facilities, and equipment.
2. Liquidity
   (1) Current Ratio = Current assets/Current liabilities.
   (2) Quick Ratio = (Current assets - Inventory - Pre-paid costs)/Current liabilities.
   (3) Interest Cover Ratio = Net profit before income tax and interest expenses/Interest expenditures in the year.
3. Operation Capacity
   (1) Receivables (including receivables and receivable bills generated as a result of business operation) = Net sales/Balance of average receivables of the year (including receivables and receivable bills generated as a result of business operation).
   (2) Average Cash Collection Days = 365/Receivables turnover.
   (3) Inventory Turnover = Sales cost/Average inventory value.
   (4) Payables (including accounts payable and bills payable that are incurred as a result of business operation) = Sales cost/Balance from average payables of each term (including accounts payable and bills payable).
   (5) Average Sales Days = 365/Inventory turnover.
   (6) Real Estate, Manufacturing Facilities, and Equipment Turnover = Net sales/Average net value of real estate, manufacturing facilities, and equipment.
   (7) Total Asset Turnover = Net sales/Gross assets on average.
4. Profitability
   (1) Return on Assets = [After-tax profits and losses + Interest expenses × (1-tax rate)]/Gross assets on average.
   (2) Return on Shareholders' Equity = After-tax profits and losses/Net average shareholders' equity.
   (3) Net Profit Rate = After-tax profits and losses/Net sales.
   (4) Earnings per Share = (Profits and losses belonging to the owner of the parent company - Special stock dividends)/Weighted average of issued shares. (Note 4)
5. Cash Flow
   (1) Cash Flow Ratio = Net cash flow from business activities/Current liabilities.
   (2) Net Cash Flow Adequacy Ratio = Net cash flow from business activities of the past five years/(Capital expenditure + Increased inventory + Cash dividends) of the past five years.
   (3) Cash Flow Reinvestment Ratio = (Net cash flow from business activities - Cash dividends)/(Gross value of real estate, manufacturing facilities, and equipment + Long-term investment + Other non-current assets + Working capital). (Note 5)
6. Leverage Ratio
   (1) Operating Leverage Ratio = (Net operating income - Variable operating costs and expenses)/Operating profits. (Note 6)
   (2) Financial Leverage Ratio = Operating profit/(Operating - Interest expenses).

Note 4: Special attention needs to be paid to the following points when using the calculation formula for earnings per share:

1. Subject to the weighted average number of ordinary shares instead of the outstanding shares at the end of the year.

2. Period of circulation shall be considered in the calculation of weighted average number of shares in the case of cash investment increase or trading of treasury stocks.

3. The annual and semi-annual earnings per share shall be adjusted retrospectively based on the ratio of capital increase transferred from surplus or capital reserve, without considering the period of issuance.

4. For special shares that are unconvertible accumulated special shares, their dividends in the current year (issued or not) shall be deducted from the net profit after tax or increased by net loss after tax. For special shares that are not accumulated special shares, their dividends shall be deducted from the net profit after tax, if any; or not be adjusted if there is net loss after tax.

Note 5: Special attention needs to be paid to the following points when analyzing cash flow:

1. Cash flow in operating activities refers to the net cash flow in operating activities in the cash flow statement.

2. Capital expenditure refers to the cash outflow from capital investment every year.

3. Inventory increase is entered only when the closing balance is higher than the initial balance and shall be regarded as 0 if the closing balance is lower than the initial balance.

4. Cash dividends include the cash dividends of ordinary shares and special shares.

5. Gross value of real estate, manufacturing facilities, and equipment refers to the total value before reduction of accumulated depreciation.

Note 6: The issuer shall divide the operating costs and operating expenses into fixed and variable costs and expenses according to nature. Reasonableness and consistency shall be maintained when estimation or subjective judgment is involved.

III. Audit Report of the Audit Committee on the Financial Reports of the Most Recent Year

Audit Report From the Audit Committee

The Board of Directors has formulated and submitted the 2018 Annual Business Report, Financial Statements, and Surplus Distribution Proposal. Deloitte Taiwan have audited the Consolidated Financial Statements and submitted the Audit Report. The aforesaid Business Report, Consolidated Financial Statements, and Surplus Distribution Proposal have been audited by the Audit Committee, and no inconsistency is found. The above is hereby reported in accordance with Paragraph 4 of Article 14 of the Securities Exchange Act and Article 219 of the Company Act.

Yours Sincerely,
2019 Shareholders' Meeting of Fulin Plastic Industry (Cayman) Holding Co., Ltd.

Convener of the Audit Committee: Wang Chin-Shan

March 16, 2019

IV. Financial Reports of the Most Recent Year

Certified Public Accountants' Audit Report

Attn.: Fulin Plastic Industry (Cayman) Holding Co., Ltd.:

Auditors' Opinions:

We have audited the accompanying consolidated financial statements of Fulin Plastic Industry (Cayman) Holding Co., Ltd. (the "Company") and its subsidiaries which comprise the consolidated balance sheets as of December 31, 2018 and 2017, and the consolidated statements of comprehensive income, changes in equity and cash flows for January 1~December 31, 2018 and 2017 and the notes to the consolidated financial statements (including a summary of significant accounting policies).

In our opinion, the accompanying consolidated financial statements are presented fairly, in all material respects, the consolidated financial position of the Company have been duly prepared 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. The aforementioned Consolidated Financial Statements fairly represent the consolidated financial conditions of Fulin Plastic Industry (Cayman) Holding Co., Ltd. and its subsidiaries as of December 31, 2018 and 2017 and the consolidated financial performance and consolidated cash flows as of January 1~December 31, 2018 and 2017.

Basis of the audit opinions:

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated financial statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China and we have fulfilled our other ethical responsibilities in accordance with these requirements. We have been independent and detached from Fulin Plastic Industry (Cayman) Holding Co., Ltd. and its subsidiaries. We believe that the audit evidence we have obtained and the report of other auditors are 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 of Fulin Plastic Industry (Cayman) Holdings Co., Ltd. and its subsidiaries in 2018. 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 consolidated financial statements Fulin Plastic Industry (Cayman) Holding Co., Ltd. and its subsidiaries for the 2018 are stated as follows:

Evaluation over inventory impairment:

As Dec. 31, 2018, Fulin Plastic Industry (Cayman) Holding Co., Ltd. and its subsidiaries showed inventory in book value of NT$566.7 million, as the key asset items in the Consolidated Financial Statements. The inventory was evaluated in the method as pointed out through Note 4 to Consolidated Financial Statements. The inventory might change due to a change in market situations which would affect evaluation of the net realized value. We, the Undersigned Certified Public Accountants, therefore, closely observed whether the major estimation and judgment adopted by the management are rational enough or not.

We have acquired the supporting documents of the Company in evaluation of the net realized value of inventory and conducted the following audit procedures, including:

I. We conducted spot check over the supporting documents to back up the net inventory realized value regarding selling prices and market quotations to count the inventory as of end of the year while the allowance for inventory depreciation.

II. We conducted spot check over the age of inventory stock and evaluated the rationality of the amount amortized for the allowance for loss in the dull inventory.

III. We participated in the inventory check at end of the year to check and make sure whether there was old and outdated inventory.

The responsibility of the management and the corporate governance units over the Consolidated Financial Statements:

The 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 International Financial Reporting Standards, International Accounting Standards, Interpretations by the International Financial Reporting Interpretations Committee and Standing Interpretations Committee 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 misstatements, whether due to fraud or error.

In preparing the consolidated financial statements, the management is responsible for assessing the ability Fulin Plastic Industry (Cayman) Holding Co., Ltd. and its subsidiaries 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 Fulin Plastic Industry (Cayman) Holding Co., Ltd. and its subsidiaries 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 financial reporting process of Fulin Plastic Industry (Cayman) Holding Co., Ltd. and its subsidiaries.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements:

As the auditing Certified Public Accountants, our objectives are to obtain reasonable assurances 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 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. In the event that the misrepresentation in the individual amounts or assembled amounts could rationally anticipate to affect the users of the Consolidated Financial Statements into the pecuniary policymaking process so made, it should be believed significant.

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

I. 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.

II. 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 internal control of Fulin Plastic Industry (Cayman) Holding Co., Ltd. and its subsidiaries.

III. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

IV. 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 ability to continue as a going concern of Fulin Plastic Industry (Cayman) Holding Co., Ltd. and its subsidiaries. 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 Fulin Plastic Industry (Cayman) Holding Co., Ltd. and its subsidiaries cease to continue as a going concern.

V. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

VI. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Fulin Plastic Industry (Cayman) Holding Co., Ltd. and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of Fulin Plastic Industry (Cayman) Holding Co., Ltd. and its subsidiaries. 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 have bearing on our independence, and where applicable (including the protective measures).

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, 2018 and are therefore the key audit matters of Fulin Plastic Industry (Cayman) Holding Co., Ltd. and its subsidiaries. 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.

Deloitte Touche Tohmatsu International Taiwan

Certified Public Accountant Wu Chiu-Yen	Certified Public Accountant Kung Chun-Chi
File No. of approval by the Securities & Futures Commission, Ministry of Finance Tai-Tsai-Zheng-VI-Zi 0920123784	File No. of approval by the Securities & Futures Commission, Ministry of Finance Tai-Tsai-Zheng-VI-Zi 0920123784

March 16, 2019

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 ROC and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the ROC.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from theoriginal Chinese version prepared and used in the ROC. The English version is not audited by CPAs. 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.

Fulin Plastic Industry (Cayman) Holding Co., Ltd. and its subsidiaries

Consolidated Balance Sheet

December 31, 2018 & 2017

Unit: Expressed in thousand New Taiwan Dollars

		Dec. 31, 2018		Dec. 31, 2017	
Code	Assets	Amount	%	Amount	%
	Current assets				
1100	Cash (Cf. Note Nos. 4 & 6）	$ 297, 457	13	$ 100, 787	7
1170	Net accounts receivable (Cf. Note Nos. 4, 5 & 7）	451, 816	20	386, 682	26
1200	**Other receivables** (Cf. Note Nos. 3 & 7）	3, 904	-	2, 804	-
130X	Inventory (Cf. Note Nos. 4, 5 & 8）	566, 700	25	455, 268	31
1410	**Advance payment** (Cf. Note 11）	74, 382	3	35, 868	3
1479	**Other current assets**	845	-	910	-
11XX	Total current assets	1, 395, 104	61	982, 319	67
	Non-current assets				
1600	**Real estate, plants & equipment** (Cf. Note Nos. 4, 10, 25 & 26）	804, 100	35	350, 428	24
1780	**Intangible assets** (Cf. Note 4）	3, 079	-	63	-
1840	**Deferred income tax assets** (Cf. Note Nos. 4 &19）	9, 774	-	7, 001	-
1915	**Equipment paid in advance** (Cf. Note 25）	35, 442	2	66, 131	5

		Dec. 31, 2018		Dec. 31, 2017	
Code	Liabilities & equity	A m o u n t	%	A m o u n t	%
	Current liabilities				
2100	**Short-term loans** (Cf. Note Nos. 12 & 25）	$ 410, 544	18	$ 565, 830	39
2130	**Liabilities in contracts** － current (Cf. Note Nos. 3, 4 & 17）	3, 991	-	-	-
2150	**Notes payable** (Cf. Note Nos. 13 & 25）	22, 820	1	17, 098	1
2170	Accounts payable (Cf. Note Nos. 13 & 25）	248, 461	11	181, 778	12
2219	Other payables (Cf. Note Nos. 14 & 25）	137, 474	6	98, 339	7
2230	**Income tax liabilities this term**(Cf. Note Nos. 4 &19）	21, 347	1	16, 214	1
2250	**Reserve for liabilities**－current (Cf. Note 4）	-	-	6, 552	1
2320	**Long term liabilities due within one year**(Cf. Note Nos. 10, 2, 25 & 26）	61, 566	2	-	-
2365	**Liabilities in refunds**－current (Cf. Note 3）	15, 892	1	-	-
2399	**Other current liabilities**	646	-	4, 281	-
21XX	**Total current liabilities**	922, 741	40	890, 092	61

1920	**Security deposits paid and refundable**	1, 134	-	476	-
1985	**Rent paid in advance－non-current** (Cf. Note 11）	15, 740	1	16, 448	1
1990	**Other non-current assets**	25, 663	1	40, 361	3
15XX	**Total non-current assets**	894, 932	39	480, 908	33
1XXX	**Aggregate total of assets**	$2, 290, 036	100	$1, 463, 227	100

	Non-current assets liabilities				
2540	**Long-term loans** (Cf. Note Nos. 12, 25 & 26)	232, 259	10	29, 684	2
2550	**Reserve for liabilities－non-current** (Cf. Note 4）	17, 404	1	16, 206	1
25XX	**Total non-current assets liabilities**	249, 663	11	45, 890	3
2XXX	**Total liabilities**	1, 172, 404	51	935, 982	64
	Equity attributed to the Company's proprietors (Cf. Note 16）				
3110	**Common share capital**	494, 000	22	373, 000	25
3200	**Capital reserve**	523, 197	23	214, 334	15
3300	**Retained earnings**				
3310	**Legal reserve**	17, 093	1	-	-
3350	**Unappropriated retained earnings**	304, 683	13	170, 929	12
	Total retained earnings	321, 776	14	170, 929	12
3410	Difference amidst conversion with financial statements of overseas operating entities	(221, 341)	(10)	(231, 018)	(16)
3XXX	**Total equity**	1, 117, 632	49	527, 245	36
	Total liabilities & equity	$2, 290, 036	100	$1, 463, 227	100

Notes annexed hereto form an integrated part of the Financial Statements.

Chairman: Wang Yuan-Lin　　Manager: Huang Cheng-Hung　　Head Accountant: Chiu Wen-Hui

Fulin Plastic Industry (Cayman) Holding Co., Ltd. and Subsidiaries

Consolidated Comprehensive Income Statement

January 1~December 31, 2018 & 2017

Unit: Expressed in thousand New Taiwan Dollars
except EPS in NT$

Code		2018 Amount	2018 %	2017 Amount	2017 %
4000	Net operating revenues(Cf. Note Nos. 4 & 17）	$2, 902, 091	100	$2, 762, 409	100
5000	Operating costs (Cf. Note Nos. 4, 8, 18 & 25）	2, 401, 269	83	2, 164, 393	78
5900	Gross operating profits	500, 822	17	598, 016	22
	Operating expenses (Cf. Note Nos. 18 & 25）				
6100	Promotion expenses	86, 532	3	78, 081	3
6200	Management expenses	183, 595	6	160, 272	6
6300	R&D fees	12, 686	1	11, 565	-
6000	Operating expenses Total	282, 813	10	249, 918	9
6900	Net operating profit	218, 009	7	348, 098	13
	Non-operating revenues & expenditures(Cf. Note Nos. 18 & 25）				
7010	Other revenues	9, 479	-	12, 591	-
7020	Other interests & loss	(2, 569)	-	(5, 665)	-
7050	Financial costs	(19, 206)	-	(24, 019)	(1)
7000	Non-operating revenues & expenditures Total	(12, 296)	-	(17, 093)	(1)

7900	Net profit before tax	205, 713	7	331, 005	12
7950	Income tax expense (Cf. Note Nos. 4 & 19）	54, 866	2	75, 637	3
8200	Net profit of current year	150, 847	5	255, 368	9

(Carry-over)

(Brought forward)

Code		2018 Amount	2018 %	2017 Amount	2017 %
	Other comprehensive profit and/or loss(Cf. Note 16)				
8310	Items not reclassified onto other profit and/or loss				
8341	Difference in conversion amidst the expressed currencies	$ 22, 938	1	($ 35, 044)	(1)
8360	Items likely to be reclassified into profit and/or loss subsequently				
8361	Difference in conversion amidst conversion with financial statements of overseas business entities	(13, 261)	-	1, 564	-
8300	Other comprehensive profit and/or loss, net	9, 677	1	(33, 480)	(1)
8500	Total comprehensive profit and/or loss of the current year	$ 160, 524	6	$ 221, 888	8
8600	The net profit belonging to:				
8610	The Company's proprietors	$ 150, 847	5	$ 170, 929	6
8615	Interest of the former holders under joint control	-	-	84, 439	3
		$ 150, 847	5	$ 255, 368	9
8700	Comprehensive profit and/or loss belonging to:				
8710	The Company's proprietors	$ 160, 524	6	$ 137, 449	5

8715	Interest of the former holders under joint control	-	-	84, 439	3
		$ 160, 524	6	$ 221, 888	8
	Earnings per share(Cf. Note 20）				
9710	Fundamental	$ 3.68		$ 6.88	
9810	Dilution	$ 3.68		$ 6.88	

Notes annexed hereto form an integrated part of the Financial Statements.

Chairman: Wang Yuan-Lin Manager: Huang Cheng-Hung Head Accountant: Chiu Wen-Hui

Fulin Plastic Industry (Cayman) Holding Co., Ltd. and Subsidiaries

Consolidated Change in Equity

January 1~December 31, 2018 & 2017

Unit: Expressed in thousand New Taiwan Dollars

Code		Common share capital	Capital reserve	Retained earnings: Legal reserve	Retained earnings: Unappropriated retained earnings	Difference in conversion between the financial statements of overseas operational entities in other equity items	Predecessors' interest under joint control	Aggregate total of equity
A1	Balance as of January 1, 2017	$ -	$ -	$ -	$ -	$ -	$ 821, 703	$ 821, 703
T1	Not profit of interest of the former holders under joint control before framework reorganization	-	-	-	-	-	84, 439	84, 439
B5	Earning allocation for interest of the former holders under joint control(Cf. Note 16)	-	-	-	-	-	(536, 346)	(536, 346)
H3	Effect in framework reorganization (Cf. Note 16)	353, 000	214, 334	-	-	(197, 538)	(369, 796)	-
E1	Capital increase through cash injection (Cf. Note 16)	20, 000	-	-	-	-	-	20, 000
D1	Net profit as of 2017	-	-	-	170, 929	-	-	170, 929
D3	Other comprehensive profit and/or loss after tax as of 2017	-	-	-	-	(33, 480)	-	(33, 480)
D5	Total comprehensive profit and/or loss as of 2017	-	-	-	170, 929	(33, 480)	-	137, 449
Z1	Balance as of Dec. 31, 2017	373, 000	214, 334	-	170, 929	(231, 018)	-	527, 245
E1	Capital increase through cash injection (Cf. Note 16)	121, 000	304, 043	-	-	-	-	425, 043
	Earnings allocation in 2017(Cf. Note 16)							
B1	Legal reserve	-	-	17, 093	(17, 093)	-	-	-
D1	Net profit of 2018	-	-	-	150, 847	-	-	150, 847

D3	Other comprehensive profit and/or loss after tax as of 2018	-	-	-	-	9, 677	-	9, 677
D5	Total comprehensive profit and/or loss as of 2018	-	-	-	150, 847	9, 677	-	160, 524
N1	Stock based transactions(Cf. Note 21）	-	4, 820	-	-	-	-	4, 820
Z1	Balance as of Dec. 31, 2018	$ 494, 000	$ 523, 197	$ 17, 093	$ 304, 683	($ 221, 341)	$ -	$1, 117, 632

Notes annexed hereto form an integrated part of the Financial Statements.

Chairman: Wang Yuan-Lin Manager: Huang Cheng-Hung Head Accountant: Chiu Wen-Hui

Fulin Plastic Industry (Cayman) Holding Co., Ltd. & Subsidiaries

Consolidated Cash Flow

January 1~December 31, 2018 & 2017

Unit: Expressed in thousand New Taiwan Dollars

Code		2018	2017
	Cash flow in operating activities		
A10000	Net profit before tax of the year	$205, 713	$331, 005
A20010	Items of impairments in gains		
A20100	Depreciation expenses	49, 908	34, 193
A20200	Amortization expenses	20, 800	50, 287
A21900	Costs for employee stock option certificates & remuneration	4, 820	-
A29900	Amortization of rent paid in advance	872	892
A20300	Gains reversed amidst impairment in anticipated credit	(250)	-
A20300	Bad debt expense	-	2, 618
A20400	Net loss in financial assets ready for transaction	-	1, 055
A20900	Financial costs	19, 206	24, 019
A21200	Interest revenues	(1, 608)	(3, 754)
A22500	Loss in disposal of real estate, plants and equipment	11	6, 830
A23700	Loss in inventory depreciation （Gain from appreciation）	3, 825	(669)
A29900	Amortization of reserve for liabilities ／Liabilities in refunds	9, 588	4, 686
A29900	Loss in fire accident	-	761
A30000	Net variation in operating assets & liabilities		
A31110	Financial assets held available for transactions	-	654
A31150	accounts receivable	(51, 514)	(32, 651)
A31180	Other receivables	(995)	2, 800
A31200	Inventory	(98, 621)	(13, 267)
A31230	Advance payment	(13, 255)	(17, 010)
A31240	Other current assets	90	(243)
A32125	Liabilities in contracts	(362)	-

A32130	Notes payable	5, 065	17, 497
A32150	Accounts payable	59, 697	25, 744
A32180	Other payables	14, 683	16, 310
A32230	Other current liabilities	573	(852)
A33000	Cash inflow yielded by business operation	228, 246	450, 905
A33100	Interest received	1, 608	4, 028
A33300	Interest paid	(26, 408)	(23, 614)
A33500	Income tax paid	(52, 845)	(86, 318)
AAAA	Cash inflow yielded by operating activities	150, 601	345, 001

(Carry-over)

（Brought forward）

Code		2018	2017
	Cash flow in investment activities		
B02700	Procurement of real estate, plants & equipment	($435, 541)	($262, 001)
B02800	Proceeds of real estate, plants & equipment disposal	-	6, 089
B03700	Increase in security deposits paid and refundable	(633)	(9)
B04500	Acquisition of intangible assets	(4, 112)	(87)
B06700	Increase in other non-current assets	(16, 475)	(39, 560)
BBBB	Net cash outflow in investment activities	(456, 761)	(295, 568)
	Cash flow in capital raising activities		
C00100	Increase (decrease) in short-term loans	(170, 317)	229, 412
C01600	Borrowing of long-term loans	265, 561	30, 339
C01700	Repayment of long-term loans	(7, 236)	-
C04600	Capital increase through cash injection	425, 043	20, 000
C09900	Net decrease in interest of the former holders under joint control	-	(536, 346)
CCCC	Net cash inflow (outflow) in capital raising activities	513, 051	(256, 595)
DDDD	Effect of exchange rate fluctuation upon cash	(10, 221)	4, 705
EEEE	Net increase (decrease) in cash	196, 670	(202, 457)
E00100	Balance of cash as of beginning of the year	100, 787	303, 244
E00200	Balance of cash at end of the year	$297, 457	$100, 787

Notes annexed hereto form an integrated part of the Financial Statements.

Chairman: Wang Yuan-Lin Manager: Huang Cheng-Hung Head Accountant: Chiu Wen-Hui

Fulin Plastic Industry (Cayman) Holding Co., Ltd. & Subsidiaries
Notes to Consolidated Financial Statements
January 1~December 31, 2018 & 2017
(Expressed in Thousand NT Dollars unless specifically noticed)

I. Corporate History in Brief

Fulin Plastic Industry (Cayman) Holding Co., Ltd. (hereinafter referred to as the "Company") was incorporated in the Cayman Islands on November 30, 2016 amidst the organizational framework for listing as applied to the Taiwan Stock Exchange Corporation (TWSC). In February 2017, the Company set up Taiwan Branch of Fulin Plastic Industry (Cayman) Holding Co., Ltd. to primarily engage in international trade.

On the grounds of equity swap agreement, the Company launched organizational framework reorganization on March 31, 2017. After such reorganization, the Company became a holding company of Vietnam-based Fulin Plastic Industry (Cayman) Holding Co., Ltd.

The Company's stocks were officially listed in Taiwan Stock Exchange Corporation (TWSC) on December 24, 2018, in the stock code of 1341.

The Company takes U. S. Dollars as its functional currency. While the Company's stocks have been listed in Taiwan, the Company converts the value of U.S. Dollars into New Taiwan Dollars in its consolidated financial statements.

II. Date and procedures to pass consolidated Financial Statements:

The consolidated Financial Statements were promulgated after being granted a pass in the board of directors meeting convened on March 16, 2019.

III. Applicability of newly promulgated and amended rules and interpretation:

(I) In the initial application of 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 (hereinafter referred to as "IFRSs")

Except the descriptions below, the consolidated Financial Statements are subject to the post-amendment Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards and the IFRS accredited and promulgated by the Financial Supervisory Commission and would not cause a significant change in the accounting policies of the Company and the entities under control by the Company (hereinafter referred to as "Consolidated Company"):

1.IFRS 9 "financial instruments" and relevant amendments:

IFRS 9 "financial instruments" supersedes IAS 39 "financial instruments: recognition and measurement", with supporting amendment to IFRS 7 "financial instruments enclosure" and other rules. The IFRS new rules cover categorization of financial assets, measurement and impairment and general hedging accounting. For more details of accounting policies, please refer to Note 4.

Categorization, measurement and impairment of financial assets:

The Consolidated Company, based on the facts and situations as of January 1, 2018, evaluated the categorization of the financial assets with retrospective adjustment to choose no reclassification of the period in comparison. As of January 1, 2018, the financial assets of all categories showed changes based on the categories and book amounts as determined under IAS 39 and IFRS 9 as enumerated below:

	Categories of measurement		Book amount		
Categories of financial assets	IAS 39	IFRS 9	IAS 39	IFRS 9	Descriptions
Cash	Loans and receivables	Measured based on the post-amortization costs	$100, 787	$ 100, 787	-
Accounts receivable & Other receivables	Loans and receivables	Measured based on the post-amortization costs	389, 486	389, 486	Note
Security deposits paid and refundable	Loans and receivables	Measured based on the post-amortization costs	476	476	-

Note: The accounts receivable and other receivables used to be classified under IAS 39 into loans and receivables, and under IFRS 9, into measured financial assets based on the post-amortization costs with evaluation of the anticipated loss in credit.

2.IFRS 15 "revenues under customer contracts" and the relevant amendments:

IFRS 15 was intended to regulate the principles to recognize revenues under customer contracts. Such rules supersede IAS 18 "revenues", IAS 11 "construction contracts" and the relevant interpretations. For more details of the relevant accounting policies, please refer to Note 4.

The net results of the amounts recognized under revenues, received and receivable amounts were recognized as contract assets （liabilities）. Before being subject to IFRS 15 where the contracts managed under IAS 18 were recognized as revenues, they were recognized as decrease in receivables or advance collection and the relevant deferred revenues.

Before application under IFRS 15, the estimated allowance for sales were recognized into profit (loss) as reserve for liabilities. After application to IFRS 15, where were recognized as profit(loss) as liabilities in refunds.

The Consolidated Company chose retrospective application to IFRS 15 for contracts having not been accomplished as of January 1, 2018. The relevant effect is as enumerated below, without an impact upon the retained earnings as of that date:

Items of liabilities	Amount before reclassification as of January 1, 2018	Adjustment upon initial application	Amount after reclassification as of January 1, 2018
Other current liabilities	$ 4, 238	($4, 238)	$ -
Liabilities in contracts －current	-	4, 238	4, 238
Reserve for liabilities －current	6, 552	(6, 552)	-
Liabilities in refunds－current	-	6, 552	6, 552
Effect in liabilities	$10, 790	$ -	$10, 790

In the event that Consolidated Company continually adopted IAS 18 in 2018, the difference from adoption of IFRS 15 was only the difference in expression of the items of the assets and liabilities and presented no impact at all upon the items of equity and items of the consolidated profit & loss statement.

(II) In Year 2019 with application to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs accredited by Financial Supervisory Commission.

New promulgation/amendment/amendment rules & interpretation	Validity date of IASB promulgation (Cf. No.No. 1）
"2015～2017 cycle & year improvement "	Jan 1, 2019
IFRS 9 amendment "Characteristics of advance repayment with compensation"	Jan 1, 2019(Cf. No. No. 2）
IFRS 16 "Leasehold"	Jan 1, 2019
IAS 19 amendment "amendment, curtailment or	Jan 1, 2019(Cf. No.

liquidation of the Project"	No. 3）
IAS 28 amendment "Long-term equity toward associates and joint venture "	Jan 1, 2019
IFRIC 23 "Uncertainty in income tax management"	Jan 1, 2019

Note 1: Unless otherwise specified, the aforementioned new promulgation/amendment/amendment rules & interpretation come into effect in the year following the specified dates.

Note 2: The Financial Supervisory Commission permitted Consolidated Company to apply to the said amendment beforehand on January 1, 2018.

Note 3: The amendment, curtailment or liquidation of the Project after January 1, 2018 would be subject to such amendment.

1. IFRS 16 "Leasehold"

IFRS 16 regulates identification of the lessor and the lessee under a lease agreement in the accounting management. It supersedes IAS 17 "leasehold" and IFRIC 4 "a decision regarding whether an arrangement includes leasehold" and such interpretation.

Leasehold in definition:

Upon the initial application under IFRS 16, the Consolidated Company would choose an agreement executed (or changed) after Jan 1, 2019 amidst the IFRS 16 whether it belongs (or includes) leasehold. At the moment, the agreements identified as leasehold under IAS 17 and IFRIC 4 would not be revaluated anew and would be managed based on the transitional provisions under IFRS 16.

Consolidated Company played the role as the Lessee:

Upon the initial application under IFRS 16, except leasehold assets with low value targets and short-term leasehold for which the expenses would be recognized in on the straight-line basis, all other cases of leaseholds would be recognized under the Consolidated Balance Sheet into assets as right to use and leasehold liabilities. The Consolidated Comprehensive Income Statement would be respectively expressed in assets as right to use in depreciation expenses and leasehold liabilities for the interest expense yielded in the most effective method. Amidst the Consolidated Cash Flow, the principal spent to pay off the leasehold liabilities would be expressed into capital-raising activities. Interest payment would be enumerated as operating activities. Until application to IFRS 16, the agreements classified into operating leasehold would be recognized into expenses on a straight-line basis. The leasehold payment to acquire the right to use the land in Vietnam was recognized as profit (loss) and rent paid in advance. In the Consolidated Cash Flow, the cash flow in the operating leasehold was expressed as operating activities.

The Consolidated Company anticipates choosing to retrospectively apply IFRS 16 in the accumulated effect to retained earnings as of Jan 1, 2019 and would not work out comparative information.

Consolidated Company play the role as the Lessor

During the transitional period, the leasehold was not adjusted toward the Lessor. It did not apply to IFRS 16 until Jan 1, 2019.

At the moment toward IAS 17, on the grounds of the lease agreement, the Consolidated Company measured as of Jan 1, 2019 for the leasehold liabilities to discount the loan interest rate for the additional loan by the Lessee, with the entire assets as right to use measured based on the amount of the leasehold liabilities as of that day. The assets as right to use so recognized would apply to the impairment as evaluated under IAS 36.

The Consolidated Company anticipate to apply to the following expedient measure:

(1) The leasehold expiring prior to December 31, 2019 would be managed as short-term leasehold.

(2) The Consolidated Company would not take the initial direct cost counted into the measurement for assets as right to use as of Jan 1, 2019.

(3)Upon measurement of the leasehold liabilities, the Consolidated Company would use hindsight to determine the duration of leasehold.

The effect upon assets and liabilities anticipated upon Jan 1, 2019:

	Book amount as of December 31, 2018	Adjustment upon initial application	Book amount after adjustment on January 1, 2019
Rent paid in advance－current (enumerated as advance payment）	$883	($883)	$-
Rent paid in advance－non-current	15, 740	(15, 740)	-
Assets as right to use	-	43, 008	43, 008
Impact upon assets	$16, 623	$26, 385	$43, 008
Leasehold liabilities－current	$-	$1, 633	$1, 633
Leasehold liabilities－non-current	-	24, 752	24, 752
Effect in liabilities	$-	$26, 385	$26, 385

2.IFRIC 23 "Uncertainty in income tax management"

Where IFRIC 23 was taken to clarify existence of uncertainty in income tax management, the Consolidated Company should hypothesize that taxation authorities could obtain all supporting data to proceed with the review. Where the judgment indicates that the declared tax affairs are very likely acceptable to the taxation authority, Consolidated Company should assure that taxable income, taxation basis, unused taxation loss, unused taxation credit should be consistent with the taxation affairs adopted at the moment of tax declaration. In the event that the taxation authorities are very likely to accept the taxation proceedings, the Consolidated Company should adopt the most likely amount or the anticipated value (should adopt the uncertain ultimate result and method among the two). In case of changes in facts or situations, the Consolidated Company should evaluate the judgment and estimation anew.

Amidst the initial application to IFRIC 23, the Consolidated Company anticipate to retrospectively apply the accumulated effect to recognize into profit(loss). As of Jan 1, 2019, for retained earnings with retrospective application of IFRIC 23, the Consolidated Company anticipate that as of Jan 1, 2019, the assets, liabilities and equity would not pose a significant impact.

Other than the aforementioned impact, as of the date on which the consolidated Financial Statements were promulgated, the Consolidated Company would still continually evaluate other rules, interpretation and amendment which were not supposed to bring up a significant impact upon the financial conditions and financial performance.

(III) The IFRSs had been promulgated by IASB but had not been recognized and promulgated by Financial Supervisory Commission.

New promulgation/amendment/amendment rules & interpretation	Validity date of IASB promulgation (Cf. No. No. 1）
IFRS 3 amendment "Business by definition"	Jan 1, 2020 (Cf. No. 2）
Amendment to IFRS 10 & IAS 28 "Asset sales or investment by and between the investors and associates or joint venture"	Uncertain
IFRS 17 "Insurance contract"	Jan 1, 2021
IAS 1 and IAS 8 amendment "Significance by definition"	Jan 1, 2020(Cf. No. No. 3）

Note 1: Unless otherwise specified, the aforementioned new promulgation/amendment/amendment rules & interpretation come into effect in the year following the specified dates.

Note 2: Where the date of acquisition amidst the annual report starts after January 1, 2020, the merger/acquisition (M&A)

and the assets so acquired shall be put to amendment under such application.

Note 3: A period starting after January 1, 2020 should be deferred to application of such amendment.

Other than the aforementioned impact, as of the date on which the consolidated Financial Statements were promulgated, the Consolidated Company still continually evaluate other rules, interpretation and amendment regarding their impact upon the financial conditions and financial performance. The relevant effects and impacts would be disclosed upon completion of the evaluation process.

IV. <u>Assembled descriptions of major accounting policies</u>

(I) Compliance declaration

These consolidated Financial Statements have been duly worked out exactly based on the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs accredited by the Financial Supervisory Commission.

(II) Very (bases) grounds for preparation:

Except final consolidated Financial Statements were prepared on the historical and cost bases.

Measurement by fair value were classified into from Degree 1 toward Degree 3 based on the observation of the input value and the importance:

1. Degree 1 input value: Referring to a case where price quotation (without adjustment) for the same assets or liabilities was available in the active markets on the date of measurement.
2. Degree 2 input value: Referring to a case other than Degree 1 quotation, the assets or liabilities (i.e., the prices) could be observed and input into the values.
3. Degree 3 input value: Referring to the input value where the assets or liabilities could not be observed.

(III) The standards/criteria to classify assets and liabilities into current and non-current:

Current assets include:

1. The assets held primarily for the purposes of transactions;

2.Assets that are anticipated to be realized within twelve (12) months from balance sheet date; and

3.Cash （but excluding the cash that is to be exchanged in a period beyond 12 months from balance sheet date or cash used to pay off liabilities and subject to restriction）.

Current liabilities including:

1.Liabilities primarily held for the purposes of transaction;

2.Liabilities that are to be cleared off within twelve (12) months from balance sheet date (Even such long-term re-finance or re-arranged payment accords having been completed after the balance sheet date before promulgation of the financial statements, they should be classified into current liabilities as well）, and

3.Liabilities which could not be unconditionally deferred to a minimum of twelve (12) months after the balance sheet date. Except EPS in New Taiwan Dollars where the liabilities clauses might be selected by the transaction counterparty, the issuance equity instruments that lead to payback would not affect the classification.

Those not belonging to the aforementioned or current liabilities should be classified into non-current assets or non-current assets liabilities.

(IV) Grounds for consolidation:

The consolidated Financial Statements contain all financial statements of the Company and all entities (subsidiaries) under the Company's control. The financial statements of the subsidiaries have been adjusted as appropriate to make their accounting policies exactly consistent with the accounting policies of the Consolidated Company. Upon preparing the consolidated Financial Statements, all transactions among individual entities, balances in accounts, gain and impairment have been cleared off in full.

For more details about the subsidiaries, shareholding ratios and business lines, please refer to Note No. 9 and Table No. 5.

(V) Foreign currencies

Where those individual entities worked out financial statements, transactions conducted beyond the functional currencies (i.e., foreign currencies), the values were concerted into the functional currencies based on the exchange rates quoted on the dates of transactions.

The items in foreign currencies were converted based on the closing exchange rates of every balance sheet date. The difference in conversion incurred due to settlement currencies or conversion into the currencies, they were recognized as profit(loss).

The items of foreign currencies measured by historical costs and those non-currency items as foreign currencies were converted based on the exchange rate on the date of transaction, without being converted anew.

Upon the very moment to work out the consolidated Financial Statements, the assets and liabilities of overseas operating entities were converted into New Taiwan Dollars based on the exchange rates quoted on each and every balance sheet date. The gains and loss items were converted based on the average exchange rate of the current term. The difference in conversion was entered into other comprehensive profit and/or loss. Those difference in conversion yielded with functional currency to be converted into the expressing currency would not be reclassified into profit and/or loss subsequently.

(VI) Inventory

The inventory includes raw materials & materiel, work in process, finished products and spare parts & components. The inventory was measured based on the cost and net realized value, whichever is the lower. In comparison of the costs and the net realization value, except the inventory of the same category, they would be entered on the grounds of the individual items. The net realization value refers to the balance under the normal situations, with the estimated selling prices deducted with the costs and promotion expenses anticipated to be invested before completion of the project. The inventory cost was counted in the weighted average method.

(VII)Real estate, plant & equipment

Real estate, plant & equipment was recognized at costs. Subsequently they were measured at the costs deducted with the accumulated depreciation and further deducted with loss.

Those real estate, plant & equipment under the construction process were recognized with costs deducted with the accumulated impairment.

The costs include the fees required for professional services as well as the loaning costs consistent with capitalization. Where those assets were completed and up to the usable conditions, they were classified into the appropriate categories into real estate, plant & equipment while depreciation started being amortized.

Real estate, plant & equipment were depreciated within the specified useful life spans in the on the straight-line basis. Each and every significant part would be depreciated individually. The Consolidated Company would conduct inspections at the minimum on the closing day of every fiscal year about the service life spans, residual value and method of depreciation and further defer the impact under the applicable accounting estimation.

Where real estate, plant & equipment were declassified, the difference between the net proceeds from disposal and the book amount was recognized as profit(loss).

(VIII)Intangible assets

Those intangible assets (computer software) acquired individually with limited service life spans were subsequently measured based on the costs deducted with the amortized amount. Intangible assets were amortized in on the straight-line basis within the specified service life spans and the service life spans, residual value and amortization method would be estimated on the closing day of every fiscal year with deferment of the impact amidst the change in the applicable accounting.

When the intangible assets were declassified, the difference between the net proceeds from disposal and the book amount was recognized as profit(loss) of the current year.

(IX)Impairment of tangible and intangible assets:

On each and every balance sheet date, the Consolidated Company evaluated to make sure whether there were any signs indicating that the tangible and intangible assets might have been impaired. In case of existence of such a sign, the Consolidated Company would estimate the retrievable amounts. In the event that the individual retrievable amounts could not be estimated, the Consolidated Company would estimate the amount retrievable to the unit where the cash incurred.

The retrievable amount would be the fair value deducted with the selling costs and the usable value, whichever is the hither. In the event that the amount retrievable to the unit where the individual assets or cash were yielded is below the book amount, the book amount of the unit where the individual assets or cash were yielded would be adjusted downward to the retrievable amount. The impairment loss was the recognized as profit(loss).

When the impairment loss was reversed afterward, the book amount of the unit where the individual assets or cash were yielded would be adjusted to the post-amendment retrievable amount except the book amount after increase in the EPS in New Taiwan Dollars which would not be in excess of the book amount determined as recognized by the unit where the individual assets or cash were yielded in the preceding year (with deduction of amortization or depreciation). The reversal of the impairment loss was the recognized as profit(loss).

(X)Financial instruments

Where the Consolidated Company became a party to the contract of the financial assets and financial liabilities, the profit(loss) was recognized into the Consolidated Balance Sheet.

Where the financial assets and financial liabilities were in the initial recognition, if such financial assets or financial liabilities were not measured at fair value, the fair value added with the transaction costs which could be directly taken into acquisition or issuance of the financial assets or financial liabilities. The transaction costs which could be attributed into the ownership of the financial assets or financial liabilities where the profit and/or loss could be measured at the fair value would be immediately recognized into the profit and/or loss.

1.Financial assets

Financial assets would be, customarily, recognized or declassified in accounting on the date of transaction.

(1)Categories of measurement

2018

Financial assets held by the Consolidated Company were the financial assets measured based on the post-amortization costs' financial assets.

Where the investment by the Consolidated Company into financial assets proves consistent with two conditions below, they would be classified into financial assets measured based on the post-amortization costs:

A. Where the financial assets were held under certain management mode and such mode was intended for the purpose of holding the financial assets to collect cash flow of contracts; and

B. Where the terms and conditions of the contracts incur cash flow of a specific date. Such cash flow was completely intended to pay off principal and the interest of the outstanding principal.

The financial assets measured based on the post-amortization costs（including cash, accounts receivable, Other receivables and security deposits paid and refundable measured based on the post-amortization costs）after the initial recognition, the overall book amount was resolved based in the valid interest method, deducted with any loss, amortization for the post-amortization cost measurement. Any and all profit and/or loss in foreign currencies were recognized as profit(loss). The interest revenues were counted with the valid interest rate multiplied with financial assets in the Overall book amount.

2017

The financial assets held by the Consolidated Company were in the categories of loans and receivables.

Loans and receivables (including cash, accounts receivable, Other receivables and Security deposits paid and refundable) were measured through valid interest method, with post-amortization cost deducted with the impairment loss except EPS which is expressed in New Taiwan Dollars for the short-term accounts receivable where the interest was recognized without significance.

(2)Impairment in financial assets:

2018

The Consolidated Company measured on each and every balance sheet date the impairment loss, based on the anticipated credit loss of the financial assets measured based on the post-amortization cost（including impairment loss of the accounts receivable）.

The accounts receivable would have the reserve for loss recognized based on the anticipated impairment in credit for the period of existence. Other financial assets were taken to evaluate whether the post-recognition credit risk had significantly increased. If not, the reserve for loss would be recognized based on the impairment in credit in the 12 months. If yes, reserve for loss would be recognized based on the credit impairment anticipated for the period of existence.

The anticipated impairment in credit represents the credit impairment in weighted average based on the risk in default. The anticipated impairment in credit in the 12 months represents the impairment in credit anticipated within 12 months after the date of report of the financial instruments. The anticipated impairment in credit in the period of existence represents the anticipated impairment in credit likely to incur amidst potential default in the anticipated period of existence.

For all impairment loss of the financial assets, the book amounts would be adjusted downward through reserve account.

<u>2017</u>

Except the financial assets for which the profit and/or loss were measured based on the fair value, the Consolidated Company would evaluate on each and every balance sheet date whether there were objective evidence (exhibits) indicating an impairment to the financial assets. Where objective evidence (exhibits) indicated yes where the financial assets after the initial recognition developed a single or multiple event(s), leading to an impairment of the future cash flow to the financial assets, such financial assets had developed an impairment.

In case of financial assets entered based on the post-amortization cost, e.g., accounts receivable and other receivables, if the individual evaluation of such assets indicate no objective evidence (exhibits) for the impairment, the impairment loss would be evaluated in groups. The evidence (exhibits) indicating the objective impairment in the group existence of the receivables might include the Consolidated Company's previous experiences in payment collection, the increase of the group defaults and changes in the nationwide or regional economies linked up with the defaults in the receivables.

The amount of impairment to the financial assets entered based on the post-amortization costs and the cash flow anticipated for the future represents the differential discrepancy between the book amount of such assets and the discounted value of the financial assets based on the initial valid interest rate.

Where the amount of impairment to the financial assets entered based on the post-amortization costs decreased in the subsequent period and the objective judgment suggests that such decrease was linked with a fact taking place after recognition of the impairment, the impairment loss previously recognized was directly taken to reverse the recognized as profit(loss) directly except EPS in New Taiwan Dollars where the reversal should not make the book amount of financial assets in excess of the post-amortization cost under the situations where the impairment was not recognized.

Other evidence (exhibits) for objective impairment to the financial assets include insolvency, default (e.g., a default in payment of interest or principal) by the issuer or the debtor, where the debtor became significantly likely to run into bankruptcy or other financial reorganization.

The impairment loss to all financial assets was deducted with the book amount of the financial assets directly except EPS in New Taiwan Dollars accounts receivable and other receivables for which the book amounts were adjusted downward through the reserve account. Where the judgment indicates that the accounts receivable and other receivables proved not retrievable, the amounts of previous offset and the amounts retrieved subsequently would be credited into the reserve account. Except accounts receivable and other receivables which were offset from the reserve account because of becoming not retrievable, the change in the book amount in the reserve account would be recognized as profit(loss).

(3)Derecognition of financial assets

The Consolidated Company did not derecognize financial assets except the events where the contract rights of the cash flow under the financial assets became invalid, or the events where the ownership, all risks and remuneration of the financial assets had been completely transferred to another enterprise.

Until 2017 (inclusive) where a financial asset was derecognized in full, the differential discrepancy between the book amount and the aggregate total of any accumulated interest or loss of the received consideration added with the recognized as profit(loss) was recognized as profit(loss). Starting from 2018 where a financial asset measured based on the post-amortization costs was derecognized in full, the differential discrepancy between the book amount and the received consideration was recognized as profit(loss).

2.Equity instruments:

The equity instruments issued by the Consolidated Company were recognized based on the acquired proceeds directly deducted with the amount of direct issuance.

3.Financial liabilities

(1)Subsequent measurement:

All financial liabilities were measured based on the post-amortization costs in the method if valid interest.

(2)Derecognition of financial liabilities:

Upon derecognition of financial liabilities, the differential discrepancy between the book amount and the paid consideration (including any non-cash assets or the borne liabilities so transferred) was recognized into profit and/or loss.

4.Derivative instruments:

The derivative instruments signed by the Consolidated Company represents the exchange rate conversion contracts which were taken to management the risk in exchange rate of the Consolidated Company.

Upon execution of a contract for derivative instruments, the derivative instruments were recognized initially based on the fair value and were remeasured based on the fair value on the balance sheet date. The interest or impairment yielded in the subsequent measurement was directly entered as profit and/or loss. Where the derivative instruments showed the fair value at a positive value, the derivative instruments were recognized as financial assets and *vice versa*, the derivative instruments were recognized as financial liabilities in case of a negative value.

(XI)Reserve for liabilities

Where the amounts for the reserve for liabilities were recognized, the risks and uncertainties for the obligations would be taken into account with optimal estimation for the expenditures required for the payment obligations upon the balance sheet date. Reserve for liabilities was measured based on the discount value of the estimated cash flow.

(XII)Recognition in revenues:

2018

After a customer identified the obligations for performance of the contract, the Consolidated Company proportion the transaction prices onto various obligations of performance of this Agreement and recognized them as revenue when all obligations for performance of contract were satisfied in full.

Revenues from commodity sales came from sales of artificial leathers and rubberized fabric. Under the contracts, while artificial leathers and such products were delivered to customers, the customers became entitled to the commodities for the prices and the rights to use and obliged for the sales and risks of becoming outdated. The Consolidated Company recognized the revenues and the accounts receivable at such time points.

Consolidated Company duly estimated potential sales return and allowances based on the historical experiences and consideration of varied conditions in this Agreements and recognized liabilities in refunds accordingly.

<u>2017</u>

The revenues were measured based on the fair values of received and receivable consideration, with deduction of estimated refunds by customers, discounts and other similar allowances. The sales return was amortized based on previous experiences and anticipated returns in the future.

1.Sales of commodities:

For commodities sold, the revenues were recognized when the following conditions were satisfied in full:

(1)Where the Consolidated Company had transferred commodity ownership and significant risks and remunerations to the buyers.

(2)Where the Consolidated Company did no longer participate in management of sold commodities, nor did they maintain valid control.

(3)Where the amounts of revenues could be measured in a reliable manner.

(4)Where the pecuniary benefits incurred by the transaction were very likely to flow into the Consolidated Company; and

(5)Where the costs linked up with the transactions in the past and potential one in the future could be measured in a reliable manner.

2.Interest revenues

Interest revenues were recognized on the basis of the outstanding principal and the applicable interest rates in due time.

(XIII)Leasehold:

At the moment while all risks and remuneration for the ownership of all affiliated assets under leasehold clauses were transferred to the lessee, the leasehold was categorized into financing leasehold and all leasehold in other attributes would be categorized into operating leasehold. Where the Consolidated Company played the role of a lessee, the operating leasehold was recognized into expense during the duration of leasehold on the straight-line basis.

(XIV)Loan costs:

The loan costs directly belonging to assets in acquisition, satisfactory to the prerequisite constituents for construction or production were taken as part of the asset costs until such assets reached the anticipated purposes of use or sales where all necessary activities have been completed in full.

Where specific loans had been used into provisional investment before the capital expenditure satisfactory to the prerequisite constituents, the revenues so earned through the investment were deducted from the loan costs satisfactory to the conditions for capitalization.

Except the aforementioned facts, all other loan costs were recognized as profit and/or loss in the year of occurrence.

(XV)Fringe benefits for employees:

1.Fringe benefits for employees in a short term:

Fringe benefits for employees in a short term were measured based on the cash with relevant liabilities used to swap for services from employees for the non-cash value so paid.

2.Post-employment welfare

The pension and retirement fund under the appropriation plan were recognized as the expenses of the current terms during the period while the employees were in service.

(XVI) Shares-based payment agreement:

The employee stock option certificates granted to employees were recognized into expense based on the fair value of the equity instruments and the optimally estimated volume of the vested equity instruments on the straight-line basis within the vested period with the capital reserve – employee stock option certificates duly adjusted at the same time. The equity instruments were recognized into expenses in full on the payday if vested immediately on the payday.

(XVII)Income tax

The income tax expense represents the aggregate total of the income tax of current term and the deferred income tax.

1.Income tax of current term

The income tax payable of the current term was recognized based on the income taxable in the term. Where parts of the income and the expense impairment were items taxable or to be deducted in another term, or were not taxable or items for deduction under relevant taxation laws, the taxable income would differ from the net profit as reported in the Consolidated

Comprehensive Income Statement. The Consolidated Company counted the income tax of current term based on the legislated or substantially legislated tax rates as of the balance sheet date.

The adjustment of the income tax payable in previous year(s) was recognized into income tax of current term.

2.Deferred income tax

Deferred income tax was counted based on the temporary difference between the book amounts of the assets and liabilities as shown on the Consolidated Financial Statement as the taxation base. Liabilities in the deferred income tax was recognized based on the temporary difference of the taxable sum. The assets in the deferred income tax were recognized at the moment when the taxable income was very likely to come into being.

The book amounts of the deferred income tax assets were checked anew upon each and every balance sheet date. Toward such deferred income tax assets which were likely in lack of adequate taxable income for recovery or for partial assets, the book amounts were adjusted downward. Those which were not originally recognized as deferred income tax were rechecked anew upon each and every balance sheet date. For those which were very likely to incur taxable income for recovery or with partial assets, the book amounts were adjusted upward.

The deferred income tax assets & liabilities were measured based on the tax rate anticipated for the term while the liabilities were cleared off or assets were realized. Such tax rate was based on the already legislated or substantially legislated as of the balance sheet date. The measurement of the deferred income tax assets & liabilities was to reflect the taxation consequences of the Consolidated Company for the book amounts of assets and liabilities to be recovered or cleared off as anticipated on the balance sheet date.

3.The current and deferred income tax of the current year:

The current and deferred income tax of the current year was recognized as profit(loss) except EPS in New Taiwan Dollars, the recognized as profit(loss) other comprehensive profit and/or loss or the current and deferred income tax of the current term in the comprehensive profit and/or loss directly counted into the equity items which were recognized as profit(loss) or directly counted into the equity.

V. Major sources of judgment, estimation and hypotheses over uncertainties in major accounting

While the Consolidated Company adopted the accounting policies where the information was hardly available from other sources, the management should make judgments, estimations and hypotheses based on the historical experiences and other relevant factors. The substantial results might differ from estimation.

The management would continually watch the estimation and the fundamental hypotheses. In the event that the estimated amendment would only affect the recognition of the current term, they would be recognized in the term of amendment. In the event that the amendment to the accounting estimation would simultaneously affect the current and future terms, they would be recognized in both the term of amendment and the future term.

(I) Impairment in the estimation in the financial assets（Applicable to 2018）

The estimated impairment of the accounts receivable was based on the hypotheses of the Consolidated Company about the default rates and the anticipated rate of impairment. The Consolidated Company would take into account the historical experiences and the current market updates to come into hypotheses and choose the input values of evaluation in the impairment. In the event that the substantial cash flow in the future would be below the anticipation, there might lead to significant impairment loss.

(II) Impairment in the estimation in the accounts receivable（Applicable to 2017）

Where there were objective evidence (exhibits) indicating a sign of impairment, the Consolidated Company would take into account the estimation of the future cash flow. The amount of impairment loss was measured based on the book amount of such assets and the estimated future cash flow (ruling out the future credit loss which has not taken place), the differential discrepancy of the financial assets of the current value amidst the discount rate. In the event that the substantial future cash flow is below the anticipation, there might incur significant impairment loss.

(III) Inventory impairment:

The net realizable value of inventory was estimated based on the selling prices estimated amidst normal business operation, deducted with the costs estimated to be input until completion. Such estimation was evaluated based on the current market status and historical selling experiences of similar products. A change in the market status might significantly affect the outcome of estimation.

VI. Cash

VII. Accounts receivable

2018

Toward sales of commodities by Consolidated Company, the average credit period was 30~90 days. To minimize credit risks, Consolidated Company had staffed special personnel to check and determine credit limits, approval of credit limits and other monitoring procedures to assure that actions would be taken as appropriate upon overdue receivables. Upon the balance sheet date, the Consolidated Company would recheck on a case-by-case basis the recoverable amounts to assure that for potential past-due/non-performing receivables, appropriate allowances would have been duly provided against potential impairment. Accordingly, the management of the Consolidated Company believed that in Consolidated Company, the credit related risks have been significantly reduced.

The Consolidated Company adopted IFRS 9, the simplified method for the period of existence to recognize the reserve for loss in the accounts receivable's reserve for loss for anticipated potential loss in credit. For anticipated potential impairment in credit, they adopted the prepared matrix calculation, taking into account the previous default records and current financial conditions. The hands-on historical experiences of the Consolidated Company indicate that among different customer bases, there was no difference in the type of impairment. In the prepared matrix, therefore, they did not further distinguish the customer bases. Instead, they would only take the aging days of the accounts receivable to set the anticipated rate of credit loss.

Based on the prepared matrix, the Consolidated Company measured the reserve for loss of the accounts receivable into the following:

Dec. 31, 2018

	1～60 days	61～90 days	91～180 days	181～365 days	365 days up	Total
Anticipated rate of credit loss（%）	0.5	0.5	3	30	100	
Overall book amount	$424, 980	$25, 103	$4, 071	$31	$-	$454, 185
Reserve for loss（Credit impairment anticipated in the period of existence）	(2, 112)	(126)	(122)	(9)	-	(2, 369)
Post-amortization cost	$422, 868	$24, 977	$3, 949	$22	$-	$451, 816

Information for change in the reserve for loss of the accounts receivable:

	2018
Balance as of Jan 1（IAS 39）	$2, 640
Adjustment amidst retrospective application to IFRS 9	-
Balance as of Jan 1（IFRS 9）	2, 640
Less: Reversal in current year	(250)
Offset in current year	(78)
Differential discrepancy in conversion with foreign currencies	57
Balance as of Dec. 31	$2, 369

2017

For sales of commodities by Consolidated Company, the average credit period was 30~90 days. Upon determination of the retrievability of accounts receivable, the Consolidated Company would take into account any and all change(s) of the credit quality in accounts receivable from the initial credit granting day until the balance sheet date. The allowance for doubtful accounts represents the amount anticipated irretrievable with reference to the previous default records with analyses into the current financial conditions.

The Consolidated Company conducted aging analysis of accounts as of the balance sheet date and proved free of any overdue accounts receivable for which they had not amortized allowance for doubtful accounts.

The aging analyses of the accounts receivable are as enumerated below:

Dec. 31, 2017

Below 60 days	$337, 327
61~90 days	29, 109
91~180 days	22, 730
181 days up	156
	$389, 322

The aforementioned figures represent the aging analyses for accounts based on the accounting dates.

Changes in the allowance for doubtful accounts:

	Impairment loss in group evaluation
Balance as of January 1, 2017	$85
Plus: Amortization of current year	2, 618
Differential discrepancy in conversion with foreign currencies	(63)
Balance as of Dec. 31, 2017	$2, 640

VIII. Inventory

	Dec. 31, 2018	Dec. 31, 2017
Finished products	$ 60, 125	$ 35, 499
Work in process	42, 227	48, 174
Raw materials and supplies	301, 740	260, 845
Spare parts & components	45, 849	36, 442
Inventory in transit	116, 759	74, 308
	$566, 700	$455, 268

As of December 31, 2018, & 2017, the loss in inventory depreciation having been entered into the deduction of inventory costs in all categories amounted to NT$6.82 million and NT$2.93 million.

In 2018 & 2017, the inventory related sales costs amounted to NT$2.401269 billion and NT$2.164393 billion, including respectively the following:

	2018	2017
Loss in fire accident (Cf. Note 18）	$ -	$ 761
Loss in inventory depreciation （Gain from appreciation）	3, 825	(669)
	$3, 825	$ 92

IX. Subsidiaries

The entities covered within the consolidated Financial Statements:

Shareholding

Name of Investor	Names of the subsidiaries and principal companies in operation	percentage（%） Dec 31, 2018	 Dec 31, 2017	Descriptions
The Company	Fulin Plastic Industry (Cayman) Holding Co., Ltd. ）	100	100	(I)
The Company	Joy Shine Global Incorporated（Joy Shine）	-	-	(II)
The Company	Vast Creation Industrial Inc.（Vast Creation）	-	-	(III)
The Company	Kingdom Int'l Holding Corp.（Kingdom）	-	-	(IV)
The Company	Eternal Champ International Limited（Eternal Champ）	-	-	(V)

(I) Fulin Plastic Industry (Cayman) Holding Co., Ltd. was incorporated in 1997 and primarily engaging in production and sales of a variety of PVC sponge leather, rubberized fabric and soft casting leather. The Company completed reorganization of the framework in late March 2017. After the reorganization, the Company held 100% equity of Fulin Plastic Industry (Cayman) Holding Co., Ltd. 100%.

(II) Joy Shine 2013, incorporated on Samoa in 2013, engaged in international trade, duly liquidated on March 27, 2017.

(III) Vast Creation, incorporated on Samoa in 2013, engaged in international trade, duly liquidated on June 27, 2017.

(IV) Kingdom 2013, incorporated on Samoa in 2013, engaged in international trade, duly liquidated on March 27, 2017.

(V) Eternal Champ, incorporated on Samoa in January 2017, engaged in international trade, duly liquidated on November 1, 2017.

X. Real estate, plants & equipment

2018

	Buildings	Machinery & equipment	Transportation equipment	Office equipment	Other equipment	Uncompleted works	Total
Costs							
Balance as of Jan 1, 2018	$ 170, 325	$ 761, 380	$ 20, 252	$ 5, 175	$ 5, 726	$ 147, 887	$1, 110, 745
Increase	41, 993	133, 135	2, 091	1, 479	9, 065	307, 803	495, 566
Disposal	-	-	-	(43)	-	-	(43)
Net difference in conversion	2, 262	11, 060	229	70	100	2, 946	16, 667
Balance as of Dec. 31, 2018	$ 214, 580	$ 905, 575	$ 22, 572	$ 6, 681	$ 14, 891	$ 458, 636	$1, 622, 935
Accumulated depreciation							
Balance as of Jan 1, 2018	$ 102, 209	$ 639, 723	$ 11, 665	$ 2, 314	$ 4, 406	$ -	$ 760, 317
Depreciation expenses	10, 424	34, 593	2, 782	1, 102	1, 007	-	49, 908

Disposal	-	-	-	(32)	-	-	(32)
Net difference in conversion	1, 202	7, 194	156	35	55	-	8, 642
Balance as of Dec. 31, 2018	$ 113, 835	$ 681, 510	$ 14, 603	$ 3, 419	$ 5, 468	$ -	$ 818, 835
Net amount as of Dec. 31, 2018	$ 100, 745	$ 224, 065	$ 7, 969	$ 3, 262	$ 9, 423	$ 458, 636	$ 804, 100

2017

	Buildings	Machinery & equipment	Transportation equipment	Office equipment	Other equipment	Uncompleted works	Total
Cost							
Balance as of Jan 1, 2017	$182, 072	$778, 832	$20, 642	$4, 722	$5, 758	$3, 076	$995, 102
Increase	2, 063	66, 488	1, 636	822	408	148, 308	219, 725
Disposal	(130)	(24, 687)	(454)	-	-	-	(25, 271)
Net difference in conversion	(13, 680)	(59, 253)	(1, 572)	(369)	(440)	(3, 497)	(78, 811)
Balance as of Dec. 31, 2017	$170, 325	$761, 380	$20, 252	$5, 175	$5, 726	$147, 887	$1, 110, 745
Accumulated depreciation							
Balance as of Jan 1, 2017	$100, 713	$681, 978	$10, 293	$1, 670	$4, 130	$-	$798, 784
Depreciation expenses	9, 290	20, 873	2, 646	786	598	-	34, 193
Disposal	(48)	(11, 850)	(454)	-	-	-	(12, 352)
Net difference in conversion	(7, 746)	(51, 278)	(820)	(142)	(322)	-	(60, 308)
Balance as of Dec. 31, 2017	$102, 209	$639, 723	$11, 665	$2, 314	$4, 406	$-	$760, 317
Net amount as of Dec. 31, 2017	$68, 116	$121, 657	$8, 587	$2, 861	$1, 320	$147, 887	$350, 428

Consolidated Company's Real estate, plant & equipment Amortization based on the following service life spans on the straight-line basis:

Constructions	
Constructions for factories & offices	20~25 years
Engineering systems & warehouses	10~15 years
Others	4~9 years
Machinery & equipment	1~15 years
Transportation equipment	5~8 years
Office equipment	3~8 years
Other equipment	1~10 years

The Consolidated Company engaged simultaneously in the following cash and non-cash significant investment activities in 2018 & 2017 to acquire real estate, plant & equipment with the cash outflow information as enumerated below:

	2018	2017
Increase in real estate, plants & equipment	$495, 566	$219, 725
Capitalized interest	(7, 805)	(234)
Increase (decrease) in advance for equipment	(32, 200)	67, 615
Increase in payables for equipment	(20, 020)	(25, 105)
Payment in cash	$435, 541	$262, 001

For amount of the real estate, plant & equipment collateralized by Consolidated Company for the loans, please refer to Note 26.

XI. Rent paid in advance

	Dec. 31, 2018	Dec. 31, 2017
Current （Entered as advance payment）	$ 883	$ 872
Non-current	15, 740	16, 448
	$16, 623	$17, 320

Rent paid in advance was for the right to use land by its subsidiary Fulin Plastic Industry (Cayman) Holding Co., Ltd. located in Vietnam, The certificate for land use was obtained in the previous year in Vietnamese Dong 22.635 billion for the right to use the land until July 2037.

XII. Loans

(I) Short-term loans

	Dec. 31, 2018	Dec. 31, 2017
Unsecured loans		
Credit line based loans	$303, 083	$242, 473

(Carry-over)

(Brought forward)

	Dec. 31, 2018	Dec. 31, 2017
Bank loans for material procurement	$107, 461	$323, 357
	$410, 544	$565, 830
Annual interest rate （%）	3.25～6.10	1.90～5.00

(II) Long-term loans

	Dec. 31, 2018	Dec. 31, 2017
Secured loans(Cf. Note 26）		
Loans of Vietin Bank (Cf. No. No. 1）	$30, 598	$29, 684
Loans of Chinatrust Commercial Bank (Cf. No. No. 2）	104, 708	-
Loans of Taipei Fubon Commercial Bank (Cf. No. No. 3）	66, 357	-
	201, 663	29, 684
Unsecured loans		
Loans of Chinatrust Commercial Bank(Cf. No. No. 4）	92, 162	-
	293, 825	29, 684
Less: The part enumerated due within 1 year	61, 566	-
	$232, 259	$29, 684

Note 1: Duration of loan: October 2017~October 2020, starting from April 2019, with a period of every six months as one

term, in four terms in total, with each term to repay US$249,000. As of December 31, 2018 & 2017, the annual interest rates were 4.75% & 3.53～3.55% respectively.

Note 2: Duration of loan: March 2018~ March 2023; starting from September 2019, with a period of every six months as one term, to be repaid in eight terms in total. As of Dec. 31, 2018, the annual interest rate was 3.50～4.05%.

Based on the loan contracts, the Company's consolidated Financial Statements of the year should satisfy the terms and conditions as enumerated below:

1.Interest cover ratio （With aggregate total of net profit before tax plus interest expense, depreciation and amortization divided by interest expense and plus long-term liabilities to be due within one year） should not be below 1.2 times.

2.Ratio of liability equity（Total of liabilities divided by total of net worth not higher than 200% as of December 31, 2018; not higher than 180% in and after December 31, 2019; not higher than 160% in and after December 31, 2010.

3.Current ratio（Current assets divided by current liabilities）not below 100%.

In 2018, the Company's financial ratios as shown through its Consolidated Financial Statements were not against the aforementioned requirements of the loan contracts.

Note 3: Duration of loan: April 2018~ April 2023. Starting from July 2018, with the period of every three months as one term, to be repaid in 20 terms. As of Dec. 31, 2018, the annual interest rate was 2.99%.

Under the loan contract, its subsidiary Fulin Plastic Industry (Cayman) Holding Co., Ltd. should satisfy the following requirements in its annual financial statements:

1.Current ratio （Current assets divided by current liabilities）not below 100%.

2.Interest cover ratio （With aggregate total of net profit before tax plus interest expense, depreciation and amortization divided by interest expense）: Not below 700%.

3.The ratio of the loan financial liabilities to the equity （Total amount of loan divided by the equity）: Not higher than 160% as of December 31, 2017~2018; not higher than 100% as of December 31, 2019~2022.

4.The amount of shareholders' equity should not go below NT$15 million.

Its subsidiary Fulin Plastic Industry (Cayman) Holding Co., Ltd. with the financial ratio of its financial statements as of 2018 did not violate the provision of the aforementioned loan contract.

Note 4: Duration of loan: December 2018~ December 2021, starting from December 2019, with a period of every six months as one term, to be repaid in five terms. As of Dec. 31, 2018, the annual interest rate was 3.65%.

Under the loan contracts, the requirements for the Company's consolidated Financial Statements as of the year are same as those mentioned under Note 2.

XIII. Notes payable and Accounts payable

	Dec. 31, 2018	Dec. 31, 2017
Notes payable		
As incurred by business operation	$ 22, 820	$ 17, 098
Accounts payable		
As incurred by business operation	$248, 461	$181, 778

XIV. Other payables

	Dec. 31, 2018	Dec. 31, 2017
Payables for equipment	$ 49, 970	$ 28, 660

Salaries & incentives payables	48, 212	45, 921
Freight payable	6, 641	6, 851
Water, electricity bills payable	5, 425	4, 853
Others	27, 226	12, 054
	$137, 474	$ 98, 339

XV. Post-employment welfare plans

Defined amortization plan

Its subsidiary Fulin Plastic Industry (Cayman) Holding Co., Ltd. was a member of the retirement welfare program operated by the Vietnamese government and should amortize at the specific ratio based on the salary costs to provide fund for the Program. Under the government welfare program, the Consolidated Company were only obliged to appropriate the specific amount.

The Company's Branch in Taiwan of the Consolidated Company was only subject to the pension system under the "Labor Pension Act" as a retirement program with defined appropriation under the government management. The pension fund should be appropriated at 6% of the monthly salaries of employees into the individual specially designated (earmarked) account in the Bureau of Labor Insurance.

XVI., Equity

(I) Common share capital

Unit:Expressed in thousand shares／Thousand NT$

	Dec. 31, 2018	Dec. 31, 2017
Number of authorized capital	100, 000	100, 000
Amount of authorized capital	$1, 000, 000	$1, 000, 000
Number of shares issued and paid-up in full	49, 400	37, 300
Issued capital	$494, 000	$373, 000

The outstanding shares are at NT$10 per value, with each and every share entitled to one voting power and entitled to receive dividend.

The Company was incorporated on November 30, 2016 with 100,000,000 authorized shares at NT$10 par value, with each share entitled to one voting power and to receive dividend. As of February 2017, the Company's paid-in shares numbered 2,000,000 shares. Besides, in late March 2017, the Company issued 35,300,000 new shares to acquire 100% equity of

Fulin Plastic Industry (Cayman) Holding Co., Ltd. by means of share swap. Retrospectively from the date of incorporation, the interest of the former holders under joint control counted into the consolidated Financial Statements amounted to NT$369.796 million which was converted into the Company's share capital based on the effect of the reorganized framework, with the capital reserve and the financial statements of overseas operating entities converted into difference in conversion. As of Dec. 31, 2017, the Company's outstanding shares numbered at 37,300,000 shares at NT$10 par value, with paid-in capital amounting to NT$373 million.

In March 2018, the Company's board of directors resolved to launch capital increase through premium at NT$30 per share to issue 3 million new shares, with March 12, 2018 as the base day for capital increase. In August 2018, the Company's board of directors resolved to launch capital increase through premium at NT$42 per share, to issue 3.6 million new shares, with September 17, 2018 as the base day for capital increase. In coordination with the initial public offering (IPO) underwriting, the Company's board of directors resolved in October 2018 to launch capital increase through cash injection to issue 5.5 million new shares. The aggregate total amount so raised after deduction of the issuance cost came to NT$183.843 million, with the base day for capital increase set on December 21, 2018.

For the aforementioned capital increases, the Company had completed the alteration registration process, with NT$121 million capital entered, with capital reserve－capital stock premium at NT$304.043 million. As of Dec. 31, 2018, the Company's outstanding shares numbered at 49.4 million shares with paid-in capital amounting to NT$494 million.

(II) Capital reserve

	Dec. 31, 2018	Dec. 31, 2017
To be used to make up loss, allocate cash or expand capital (Cf. No. No. ）		
Stock issuance premium	$518, 377	$214, 334
Only to be used to make up		

loss		
Enforcement of employee stock option certificates	4, 820	-
	$523, 197	$214, 334

Note: As the differential discrepancy between the equity amount of Fulin Plastic Industry (Cayman) Holding Co., Ltd. and the issued shares of the Company upon the base day of reorganization, when the Company's framework was reorganized; and the capital reserve－share stock premium yielded by the capital increase through cash injection in the issued new shares in excess of carrying amount.

(III) Retained earnings and the dividend policy:

Through the shareholders' regular meeting convened in the Company on November 13, 2017, the Articles of Incorporation were amended regarding the policy of allocation of earnings. The post-amendment Articles of Incorporation separately stipulated the policy regarding allocation of remuneration to employees and remuneration to directors.

Regarding allocation of earnings as expressly set forth under its Articles of Incorporation, from the earnings made by the Company as shown through the annual final account report, after the sums appropriated for all relevant taxes, make good accumulated loss and then 10% legal reserve, further after appropriation of the special reserve as required under the Regulations Governing Public Companies as promulgated by the competent authority in charge of securities of the Republic of China or the reserve fund as resolved by the board of directors of the Company, as resolved in its shareholders' regular meeting, a sum not below 10% of the allocable earnings of the year may be set as dividend to be allocated to shareholders. For more details regarding remuneration to employees and remuneration to directors, please refer to Note 18~(6), remuneration to employees and remuneration to directors.

Pursuant to the Company's Articles of Incorporation, the legal reserve may be allocated to shareholders in cash other than use to expand capital.

Pursuant to Letter Jin-Guan-Zheng-Fa-Zi 1010012865 and after "adoption of "International Financial Reporting Standards (IFRS)" as well as Q&A for Applicability of Amortization of Special Reserve, the Company duly amortized and reversed special reserve.

The board of directors of Fulin Plastic Industry (Cayman) Holding Co., Ltd. resolved the allocation of earnings of Year 2016 to allocate cash dividend amounting to 360.045 billion Vietnamese Dong (equivalent to US$15.75 million）. Besides, Vast Creation Company allocated earnings in full in March 2017 amounting to US$1.04 million.

The Company convened shareholders' regular meeting on June 16, 2018 while the earnings of 2017 would be allocated as follows:

	Allocation of earnings
Legal reserve	$17, 093

In the board of directors meeting convened by the Company on March 16, 2019, the allocation of earnings of 2018 was proposed as follows:

	Allocation of earnings	Dividend per share (NT$)
Legal reserve	$15, 085	
Special reserve	221, 341	
Cash dividend	49, 400	$1
	$285, 826	

In the board of directors meeting convened by the Company on March 16, 2019, it was proposed that the capital reserve—stock issuance premium NT$98.8 million would be taken to allocate cash dividend（NT$2 per share）.

Allocation of earnings for 2018 is scheduled to be resolved in the shareholders' meeting scheduled in June 2019.

(IV) Difference in conversion as converted through the financial statements of overseas operating entities

	2018	2017
Balance as of Jan 1	($231, 018)	$-
Effect of reorganization in framework	-	(197, 538)
Difference in conversion up to the specified currencies in the conversion table	22, 938	(35, 044)
Difference in conversion in conversion with financial statements of overseas operating entities	(13, 261)	1, 564
Balance as of Dec. 31	($221, 341)	($231, 018)

(V) Previous owner equity under common control:

Previous owner equity under common control before reorganization of the framework in accordance with Letter (Year 2012)-Ji-Mi-Zi 301,

XVII Revenues:

	2018	2017
Revenues under customer contracts		
Revenues from commodity sales	$2, 902, 091	$2, 762, 409

(I) Contract balances

	Dec. 31, 2018	Dec. 31, 2017
Accounts receivable, net (Cf. Note No. 7）	$451, 816	$386, 682

	Dec. 31, 2018
Contract liabilities	
Commodity sales_	$3, 991

The changes in contract liabilities resulted primarily from the differences in the time points to satisfy the obligations under the contracts and differences in payment timepoints, without any other significant changes.

(II) Detailed classification in revenues under customer contracts:

	2018
Revenues from commodity sales (Cf. Note 4)	
PVC sponge leather	$1, 538, 476
Rubberized fabric	820, 792
Soft leather	516, 455
Others	26, 368
	$2, 902, 091

XVIII. Net profit before tax

(I) Other revenues

	2018	2017
Interest revenues	$1, 608	$3, 754
Revenues as insurance claims	4, 763	2, 680
Others	3, 108	6, 157
	$9, 479	$12, 591

The revenues as insurance claims: Its subsidiary Fulin Plastic Industry (Cayman) Holding Co., Ltd. in Dong Nai Plant of Vietnam developed a fire accident on September 2017 which damaged part of its plant, equipment and inventory, leading to inventory loss of NT$761,000 (entered under the operating costs) for which the Company received insurance claims in 2017 & 2018.

(II) Other interests & loss

	2018	2017
Loss in disposal of real estate, plants and equipment	($11)	($6, 830)
Net gains from exchange in foreign currencies	1, 135	3, 862
Net loss in financial assets ready for transaction	-	(1, 055)
Others	(3, 693)	(1, 642)

	($2, 569)	($5, 665)

(III) Financial costs

	2018	2017
Interest of bank loans	$27, 011	$24, 253
Less: Assets satisfactory to prerequisite constituents of asset costs	7, 805	234
	$19, 206	$24, 019

Interest capitalization related information:

	2018	2017
Interest capitalization amount	$7, 805	$234
Interest capitalization annual interest rate （%）	2.99～4.75	3.53～3.55

(IV) Depreciation & amortization

	2018	2017
Real estate, plant & equipment	$49, 908	$34, 193
Other non-current assets & intangible assets	20, 800	50, 287
Rent paid in advance	872	892
	$71, 580	$85, 372
Depreciation expenses, to be assembled by function		
Operating costs	$40, 374	$25, 403
Operating expenses	9, 534	8, 790
	$49, 908	$34, 193

Other non-current assets& intangible asset amortization, to be assembled by function

Operating costs	$15, 026	$41, 258
Operating expenses	5, 774	9, 029
	$20, 800	$50, 287
Amortization of rent paid in advance to be assembled by function		
Operating costs	$575	$587
Operating expenses	297	305
	$872	$892

(V) Fringe benefits for employee expenses

	2018	2017
Short-term fringe benefits for employees	$283, 625	$243, 224
Post-employment welfare		
Defined amortization plan (Cf. Note Nos. 15）	16, 545	14, 631
	$300, 170	$257, 855
to be assembled by function		
Operating costs	$172, 178	$153, 684
Operating expenses	127, 992	104, 171
	$300, 170	$257, 855

(VI) Remuneration to employees and directors

During the period while the Company's stocks were listed in the exchange-listed stocks and over-the-counter stocks as well as emerging stocks, the Company appropriated 1%~10% and not beyond 3% maximum of the net profit before tax before deduction of remuneration to employees and to directors to be remuneration to employees and to directors. In 2017, where the Company's stocks had not been listed in the exchange-listed stocks and over-the-counter stocks, the Company did not amortize remuneration to employees and to directors.

The Company's stocks were listed onto the Taiwan Stock Exchange Corporation (TWSC) December 2018. For 2018, as resolved in the board of directors meeting convened on March 16, 2019:

Expressed in thousand U. S. Dollars

	Amortization ratio（%）	Amount estimated in financial statements	Amount resolved in board of directors
Remuneration to employees	1	$67	$69
Remuneration to directors	-	-	-

In case of still a change after the annual consolidated Financial Statements were passed and promulgated, the change should be managed as a change in accounting estimation and would be entered into account through adjustment in the ensuing year.

For more details about the remuneration to employees and remuneration to directors, please refer to "Market Observation Post System (MOPS)" of Taiwan Stock Exchange Corporation (TWSC).

(VII)Gain (loss) on exchange in foreign currencies

	2018	2017
Total gains in foreign exchange in foreign currencies	$14, 049	$9, 183
Total loss in foreign exchange in foreign currencies	(12, 914)	(5, 321)
Net interest	$1, 135	$3, 862

XIX. Income tax

(I) Major constituent items of the income tax in recognized as profit(loss):

	2018	2017
Income tax of current term		
As yielded in the current year	$57, 340	$78, 396
Adjustment of previous year(s)	209	2
	57, 549	78, 398

(Carry-over)

（Brought forward）

	2018	2017
Deferred income tax		
As yielded in the current year	($2, 644)	($2, 761)
Change in tax rate	(39)	-
	(2, 683)	(2, 761)
	$54, 866	$75, 637

Adjustment of accounting income and income tax expense:

	2018	2017
Net profit before tax of unit in continuing business operation	$205, 713	$331, 005
Net profit before tax, income tax expense counted based on statutory tax rate	$51, 843	$73, 955
Expense loss not deductible in tax	2, 853	1, 680
Change in tax rate	(39)	-
Income tax expense of current term in previous year adjusted in the present year	209	2
	$54, 866	$75, 637

The Company paid profit-seeking enterprise tax based on the taxation laws prevalent locally. Its subsidiary Fulin Plastic Industry (Cayman) Holding Co., Ltd. paid tax at statutory tax rate of 20% in 2018 & 2017. The branch in Taiwan paid tax at the rate of 20% and 17% in 2018 & 2017.

As Income Tax Act was amended in February 2018, the profit-seeking enterprise income tax of the Republic of China was adjusted from 17% to 20%, to be put into enforcement in 2018.

(II) Income tax liability of the current term:

	Dec. 31, 2018	Dec. 31, 2017
Income tax payable	$21, 347	$16, 214

(III) Deferred income tax assets & liabilities

Changes in deferred income tax assets & liabilities:

2018

	Balance as of Jan 1	Recognized as profit(loss)	Difference in conversion	Balance as of Dec. 31
Deferred income tax assets				
Temporary difference				
Unrealized severance welfare	$3, 241	$200	$40	$3, 481
Sales allowances	1, 310	1, 854	14	3, 178
Others	2, 450	629	36	3, 115
	$7, 001	$2, 683	$90	$9, 774

2017

	Balance as of Jan 1	Recognized as profit(loss)	Difference in conversion	Balance as of Dec. 31
Deferred income tax assets				
Temporary difference				
Unrealized severance welfare	$2, 521	$929	($209)	$3, 241
Sales allowances	1, 416	-	(106)	1, 310
Others	1, 446	1, 133	(129)	2, 450
	$5, 383	$2, 062	($444)	$7, 001
Deferred income tax liabilities				
Temporary difference				
Unrealized gain in	$378	($357)	($21)	$-

exchange				
Others	361	(342)	(19)	-
	$739	($699)	($40)	$-

XX. Earnings per share (EPS)

In counting the fundamental earnings per share (EPS), in 2017, the Company took the post-reorganization of framework as mentioned under Note 16 into retrospective adjustment so as to calculate the earnings per share (EPS) and the number of shares in weighted average of the common shares as enumerated below:

	2018	2017
Net profit of current year	$150, 847	$255, 368

Number of shares

Expressed in thousand shares

	2018	2017
Common shares taken to count basic earnings per share (EPS)Number of shares in weighted average	40, 936	37, 097

(Carry-over)

（Brought forward）

	2018	2017
The effect upon potential common shares with diluting function		
Remuneration to employees	39	-
Common shares taken to count diluted earnings per share (EPS)Number of shares in weighted average	40, 975	37, 097

In the event that the Consolidated Company was entitled to choose at its discretion to allocate remuneration to employees in either stocks or cash, upon counting earnings per share (EPS), amidst hypothesis that the remuneration to employees could be allocated in stocks, the potential common shares could be added with weighted average into the outstanding shares so as to count the diluted earnings per share (EPS). When the diluted earnings per share (EPS) is counted in the board of directors of the ensuing year, the Consolidated Company would take into account the diluting function of such potential common shares.

XXI. Agreement on share-based payment:

As resolved in the board of directors meeting convened in August 2018, the Company would launch capital increase through cash injection to issue 3.6 million new shares. Under the Company's Articles of Incorporation, the Company would reserve 10% of the aggregate total of new shares so issued to be subscribed to by employees. Under the requirements set forth under IFRS 2 "Shares-Based Payment", the subscription to by employees was in fair value method. On the payday falling on September 6, 2018（i.e., the vested date）, the Company recognized salary expense NT$18,000 and the capital reserve－employee stock option certificates in the equivalent amount which was converted into capital reserve－under the items of stock premium on the date of execution. The relevant information of employee stock option certificates of the aforementioned capital increase through cash injection is disclosed below:

Employee stock option rights	Unit (Thousand shares)
Vested in 2018	360
Implementation in 2018	360
Fair value of subscription right bested in 2018（NT$/share）	$0.05

The Company adopted Black-Scholes option evaluation mode to calculate the fair value. The parameter adopted for evaluation mode on the vesting date is as enumerated below:

	Employee stock option rights
Share price as of the payday	NT$39.7/share
Exercise price	NT$42/share
Anticipated fluctuation rate	23.34%
Anticipated period of existence	7 days

Anticipated dividend rate	-
Risk-free interest rate	0.403%

As resolved by its board of directors meeting convened in October 2018, the Company launched capital increase through cash injection to issue 5.5 million new shares. As required under its Articles of Incorporation, the Company reserved 10% of the aggregate total new shares to be subscribed to by employees. Under IFRS 2 "Shares-Based Payment", the said employee stock option rights were measured in the fair value method. As of the vesting day on December 2018（i.e., the vested date）, salary expense amounting to NT$4.802 million was recognized along with the capital reserve－employee stock option right of the equivalent amount were converted on the date of implementation into capital reserve－under the item of issuance of stock premiums. More details of the relevant information of employee stock option rights in the aforementioned capital increase through cash injection are as enumerated below:

Subscription right	Unit (Thousand shares)
Vested in 2018	550
Implementation in 2018	550
Fair value of subscription right vested in 2018（NT$/share）	$8.73

The Company adopted Black-Scholes option evaluation mode to calculate the fair value. The parameter adopted for evaluation mode on the vesting date is as enumerated below:

	Employee stock option rights
Share price as of the payday	37.52 NTD/share
Exercise price	28.8 NTD/share
Anticipated fluctuation rate	25.44%
Anticipated period of existence	9 days
Anticipated dividend rate	-
Risk-free interest rate	0.484%

XXII. Agreement on operating leasehold

Where the Consolidated Company was the Lessee:

The Consolidated Company's Fulin Plastic Industry Co., Ltd. signed an agreement with Vietnamese government for the right to use land, to rent the right to use the land where the Haiphong Plant in Vietnam is located, with the leasehold duration until July 2037, with the rate of rent to be determined by the Vietnamese government with reference to the market quotation in every five years. Besides, Fulin Plastic Industry (Cayman) Holding Co., Ltd. leased office building at Hi Chi Minh City for during until May 2028.

The minimum leasehold payment in the future for the irrevocable operating leasehold is as enumerated below:

	Dec. 31, 2018	Dec. 31, 2017
Less than 1 year	$2, 522	$1, 086
1～5 years	10, 141	4, 344
In excess of 5 years	21, 386	15, 792
	$34, 049	$21, 222

XXIII. Capital risk management:

The Consolidated Company launched capital management to assure that under the very premise that all member enterprises would continually engage in business operation, the remuneration to shareholders would be optimized and maximized through optimal liabilities and equity balance.

The Consolidated Company's capital structure was composed of the Consolidated Company's net liabilities (i.e., loan amount deducted with cash) and the equity attributed to the Company's proprietors（i.e., the capital, capital reserve, retained earnings and other equity）.

The Consolidated Company was not required to comply with other requirements regarding external capital.

XXIV. Financial instruments

(I) Information of fair value－financial instruments not measured based in fair value

The management of the Consolidated Company holds that the book amounts of the financial assets and financial liabilities not measured in fair value would be very close to fair value.

(II) Categories of financial instruments

	Dec. 31, 2018	Dec. 31, 2017
Financial assets		
Loans and receivables (Cf. No. No. 1）	$-	$490, 749
Measured based on the post-amortization costs for Financial assets (Cf. No. No. 1）	754, 311	-
Financial liabilities		
Measured based on post-amortization costs (Cf. No. No. 2）	1, 113, 124	892, 729

Note 1: The balance includes cash, accounts receivable, other receivables and security deposits paid and refundable and the like as the financial assets／loans and receivables measured based on the post-amortization costs.

Note 2: The balances include long and short-term loans（including those due within 1 year）, notes and accounts payable and other payables, as financial liabilities measured based on the post-amortization costs.

(III) The objectives and policies in the financial risk management:

The Consolidated Company's major financial instruments include accounts receivable, accounts payable and loans. The Consolidated Company's Financial Management Department renders services to all business units in consolidated coordination to operate into the domestic and international financial markets. Through risk level and broadness analyses, the Department renders internal risk report and superintendence and management over the Consolidated Company. Such risks include market risks (including risks in exchange rates and interests), credit risks and liquidity risks.

The Consolidated Company hedges risks by means of financial instruments to minimize the impact from those risks. The Consolidated Company did not engage in financial instruments（including derivative financial instruments） transaction for speculative purposes. The Department of Finance would submit reports to the management of Consolidated Company on a regular basis.

1.Market risks:

The business operation by the Consolidated Company might lead the Consolidated Company into such financial risks including notably risks in exchange rates for foreign currencies (Cf. (1) below) and risks in change in interest rate) （Cf. (2) below）.

(1)Risks in exchange rates:

The Consolidated Company engages in output and input transactions priced in foreign currencies, leading the Consolidated Company into exposure to risks in changes in exchange rates. The Consolidated Company manages its exchange rate exposure risk policy within the tolerable range to manage risks by means of interest rate and exchange rate swap contracts.

For more details of the book amounts of pecuniary asks and pecuniary liabilities priced not in functional currency as of the balance sheet date of the Consolidated Company, please refer to Note 28.

Sensitivity analyses:

The Consolidated Company was primarily subject to the impact of fluctuation in U. S. Dollars. The Table below indicates in detail that where the exchange rate by and between the function currency and U. S. Dollars increases/decreases by 1%, the sensibility analysis of the Consolidated Company. The sensibility analysis covers only the outstanding foreign currencies related items. At the end of the term, the conversion was adjusted by 1% of the fluctuation in exchange rates. The scope of sensibility analysis includes deposits in banks, receivables, payables and loans. The positive figures amidst Table below indicates that when the functional currency is appreciated by 1% vs. U. S. Dollars, the amount would increase in the net profit before tax. Where the functional currency is depreciated by 1% vs. U. S. Dollars, the impact upon the net profit before tax should be the same amount negative.

	Impact upon U. S. Dollars	
	2018	2017
Profit and/or loss	$3, 666	$936

(2)Risks in interest rate:

Where the Consolidated Company borrowed working capital at fixed and floating interest rates and as subject to exposure to interest rate risk. The

Consolidated Company managed the risks in interest rates by means of appropriate fixed and floating interest rates in combination.

As of the balance sheet date, the book amounts of the Consolidated Company's financial assets and financial liabilities exposed to interest rate risks are as enumerated below:

	Dec. 31, 2018	Dec. 31, 2017
Cash flow based interest rate risks		
Financial assets	$297, 277	$99, 764
Financial liabilities	616, 877	428, 275

Meanwhile, the Consolidated Company evaluated that for the short-term loans it held, the risk in the fair value was insignificant.

Sensitivity analyses

The sensitivity analyses below depend upon the interest rate risk exposure of derivative financial instruments and non-derivative financial instruments as of the balance sheet date. Toward the assets and liabilities of floating interest rates, the analyses were conducted with hypotheses that all outstanding assets and liabilities as of the balance sheet date were remaining outstanding externally during the period covered within the report.

Where the interest rate increases/decreases by 1% where all other variables remain unchanged, the net profit before tax of the Consolidated Company would decrease/increase NT$3.196 million and NT$3.285 million respectively in 2018 & 2017, due primarily to the Consolidated Company's change in interest rate in the loans and deposits in banks.

2.Credit risks:

The term “credit risks” as set forth herein denotes a risk where the counterparty of the transaction defaults under the contract obligations that would lead to the pecuniary impairment to the Group. As of the balance sheet date, the maximum possible pecuniary impairment to be incurred by Consolidated Company due to a transaction counterparty's failure to fulfill the obligations would come from the book amount of the financial assets as recognized in the balance sheet.

The Consolidated Company adopted a policy to engage in transactions only with well reputed counterparties with continued superintendence without an interruption over the credit risk exposure along with such efforts to spread out the aggregate total amount of transaction to such customers well qualified in credit standing. Further through recheck and verification of the credit limits granted to the counterparties on a regular basis to assure sound and secure control over the credit risks.

Where the Consolidated Company's vast customer bases have not been interrelated, the Consolidated Company was subject to not high centralized credit risks.

3.Current risks:

The Consolidated Company through sound management maintained adequate position of cash to pay off the entire Group in the business operation and to minimize the potential impact to be incurred by cash flow fluctuation. The Consolidated Company's management closely watches the bank financing credit limits into sound and secured use to assure wholesome compliance with the terms and conditions set forth under contracts.

Toward the Consolidated Company, bank loans represent a sort of key current working capital sources. For the financial credits which the Consolidated Company has not been put into use, please refer to descriptions under (2), credit lines of financing.

(1)Liquidity of non-derivative financial liabilities and interest rate risks:

The analyses of remaining contracts for non-derivative financial liabilities were conducted based on the date on which the Consolidated Company might be requested to repay the financing as the earliest, to be worked out based on the undiscounted cash flow of the financial liabilities (including the principal and the estimated interest). Accordingly, the, Consolidated Company was likely to be request to repay the bank loan forthwith. Within the earliest possible period of time as shown on the Table below, the Consolidated Company did not take into account the potential likelihood for a bank to implement such right. For other non-derivative financial liabilities, the analyses when due were worked out based on the requested time schedules for repayment of the loans.

In terms of cash flow with interest paid based on the floating interest rates, the amount of the undiscounted interest was obtained through estimation into the interest rate as of the balance sheet date.

	1~3 months	3 months ~1 year	1 year up

Dec. 31, 2018			
Derivative financial liabilities			
Interest-free liabilities	$406, 689	$2, 066	$-
Floating interest rate instrument	170, 786	227, 344	244, 965
Fixed interest rate instrument	26, 523	62, 451	-
	$603, 998	$291, 861	$244, 965

Dec. 31, 2017			
Non-derivative financial liabilities			
Interest-free liabilities	$297, 215	$-	$-
Floating interest rate instrument	157, 934	244, 740	32, 606
Fixed interest rate instrument	65, 882	103, 855	-
	$521, 031	$348, 595	$32, 606

(2)Financing credit limit:

	Dec. 31, 2018	Dec. 31, 2017
Credit limits of unsecured bank loans		
Already used amount	$502, 706	$565, 830
Unused amount	1, 088, 626	1, 252, 699
	$1, 591, 332	$1, 818, 529
Credit limits of secured bank loans		
Already used amount	$201, 663	$29, 684
Unused amount	362, 972	280, 272
	$564, 635	$309, 956

XXV. Transactions with related parties

In terms of transactions among Consolidated Company entities, the balance on book, gains and impairment in expense would be eliminated in full upon the consolidation and would, therefore, not be exposure onto the notes. The transactions by and between Consolidated Company and other related parties are as enumerated below:

(I) Names of related parties and the relationship thereof:

Names of related parties	Relationship with the Consolidated Company
Travel International Corp.(Travel)	An investor with significant impact
Cheng Yang Trading Co., Ltd.（Cheng Yang）	Substantial related party
Guan Jun Machinery Co., Ltd.（Guan Jun）	Its chairman of director of Fulin Plastic Industry (Cayman) Holding Co., Ltd.（discharged from the directorship on January 18, 2018）
Hung Yu Concrete Industrial Co., Ltd.	Substantial related party
Wang Yuan-Lin	The Company's chairman
Lin Gan-Lin	Director of Subsidiary Fulin Plastic Industry (Cayman) Holding Co., Ltd.（discharged from the directorship on January 18, 2018）

(II) Refunds

	2018	2017
Input procurement		
Substantial related party	$-	$31, 295

The input procurement did not come from transactions with related parties thus the prices could not be put into comparison. The terms of payment showed no significant differential gap from general transaction counterparties.

(III) Payables to related parties:

	Dec. 31, 2018	Dec. 31, 2017
Notes payable		
Substantial related party	$-	$259

Accounts payable		
Substantial related party	$-	$799
Other payables		
Substantial related party	$-	$2, 711

(IV) Acquisition of real estate, plant & equipment－Only within 2017

1. In May 2017, the Consolidated Company purchased from the substantial related party machinery & equipment at the price of NT$10.647 million where the transaction prices were negotiated and determined by and between both parties.
2. The Consolidated Company purchased in June 2017 from its substantial related party Guan Jun Company PU dry type coating machine, at the accorded price of NT$117.5 million, to be delivered within 300 days after receipt of the down payment. As of Dec. 31, 2017, the advance payment amounted to NT$35.25 million. The Company already completed final acceptance check of the machine in April 2018 and converted the machine under item of real estate, plant & equipment.

(V) Loans borrowed from related party－Only in 2017

	Highest balance	Balance as of Dec. 31	Interest rate （%）	Interest expense
Payable to related party				
Travel	$148, 800 (US$5 million)	$-	2.32	$2, 081

The loan date started from March 2017. The Company already completed repayments in full case-by-case one after another during October ~ November 2017.

(VI)Endorsements/guarantees:

For the Consolidated Company's part of long-term and short-term loans as of Dec. 31, 2018, its chairman Wang Yuan-Lin provided joint guarantee. For the part of short-term loans as of Dec. 31, 2017, the Company's chairman Wang Yuan-Lin and its subsidiary Fulin Plastic Company's Director Lin Kan-Lin jointly rendered guarantee.

(VII)Others

The business stronghold of the Company's branch in Taiwan was leased from its substantial related party for the leasehold duration until December 31, 2019.

In 2018 & 2017, the rent expenditures amounted to NT$120,000 and NT$100,000 respectively, entered under operating expenses.

(VIII)Remuneration to key management:

	2018	2017
Short-term fringe benefits for employees	$20, 358	$17, 102

XXVI. Mortgaged and pledged assets

		Book value	
Descriptions	Attribute of security	December 31, 2018	December 31, 2017
Real estate, plant & equipment	Long-term loans	$337, 914	$74, 917

XXVII. Mortgaged and pledged assets

(I) As of December 31, 2018, & 2017, Consolidated Company held opened but unused letters of credit for purchase of raw materials & materiel amounting to US$ 3.052 million and US$ 2 million.

(II) Consolidated Company's unrecognized commitments under contracts:

	Dec. 31, 2018	Dec. 31, 2017
Procurement of real estate, plants & equipment	$99, 260	$205, 496

XXVIII. Information of financial assets & liabilities in foreign currencies with significant impact

The information and data below were expressed in full through foreign currencies other than the Consolidated Company's various functional currencies amidst the exposed exchange rates referring to the exchange rates of the said foreign currencies converted into the functional currency. The assets and liabilities in foreign currencies with significant impacts are as enumerated below:

Expressed in thousand for foreign currencies, thousand for New Taiwan Dollars,

New Taiwan Dollars for exchange rate

	Foreign currencies	Exchange rate		Book amount
Dec. 31, 2018				
Currency item financial assets				
US$	$7, 949	23, 197	（US$: Vietnamese Dong）	$244, 211
US$	4, 296	30.72	（US$: NT$）	131, 977
Currency item financial liabilities				
US$	24, 178	23, 197	（US$: Vietnamese Dong）	742, 757

(Carry-over)

（Brought forward）

	Foreign currencies	Exchange rate		Book amount
Dec. 31, 2017				
Currency item financial assets				
US$	$5, 714	22, 711	（US$: Vietnamese Dong）	$169, 783
US$	1, 503	29.76	（US$: NT$）	44, 715
Currency item				

financial liabilities				
US$	10, 343	22, 711	（US$: Vietnamese Dong）	308, 129

The profit and/or loss in exchange with foreign currencies in significant impact (including realized and unrealized one):

Foreign currencies	Exchange rate		Profit and/or loss in exchange
2018			
US$	23, 197	（US$: Vietnamese Dong）	($4, 445)
US$	30.72	（US$: NT$）	5, 580
			$1, 135
2017			
US$	22, 711	（US$: Vietnamese Dong）	$5, 065
US$	29.76	（US$: NT$）	(1, 203)
			$3, 862

XXIX. Facts disclosed through notes

(I) Issues of significant transactions and (II) Information related to investees

1.Funds loaned to others: Nil.

2.Endorsements/guarantees rendered to others: Table No. 1.

3.Negotiable securities held as of end of the term（excluding subsidiary investees, associates and joint venture control）: Nil.

4.Accumulated purchase or sales of same negotiable securities in amount up to NT$300 million or up to 20% of the paid-in capital: Nil.

5.Acquisition of real estate in amount up to NT$300 million or up to 20% of the paid-in capital: Nil.

6.Disposal of real estate in amount up to NT$300 million or up to 20% of the paid-in capital: Nil.

7.Purchases or sales with a related party in amount up to NT$100 million or up to 20% of the paid-in capital: Table No. 2.

8.Receivables from a related party in amount up to NT$100 million or up to 20% of the paid-in capital: Table No. 3.

9.Transaction in derivative financial instruments: Nil.

10.Others: The transactions and amounts by and between the parent company and subsidiaries amidst business relationship and significant transactions: Table No. 4.

11.Information of investees: Table No 5 .

(III) Information of investment in China

1.Names of investees in China, major business lines, paid-in capital, method of investment, outward and inward remittances of capitals, shareholding ratios, profit and/or loss in current term and recognized investment profit and/or loss, book amount at end of the terms, the investment profit and/or loss having been remitted back and limitation of investment in China: Nil.

2.Significant transactions with China-based investees directly and indirectly via third territories, the prices, terms of payment and unrealized profit and/or loss: Nil.

(1)Amounts of purchases and percentages thereof, balance and percentage of relevant payables at end of the term.

(2)Amounts of sales and percentages thereof, balance and percentage of relevant receivables at end of the term.

(3)Amount of transaction in properties and the profit and/or loss so incurred.

(4)Endorsements/guarantees with negotiable instrument or guarantee provided, the balance at end of the term and the objectives thereof.

(5)The highest balance, balance at end of the term of fund financing, range of in response and aggregate total interest of the current term.

(6)Other significant transaction with significant impact with profit and/or loss or financial conditions of the current term, e.g., supply or acceptance of services.

XXX. Information by department

Information of the resources distributed, performance of the evaluation departments to be provided to the key policymaking process, focusing on each and every business operation entity and the categories of products and services so provided. The departments which the Consolidated Company report as enumerated below:

. Fulin Plastic Industry (Cayman) Holding Co., Ltd.－Primarily engaging in production and sales of a variety of PVC sponge leather, rubberized fabric and soft casting leather.

Other department(s): Fulin Plastic Industry (Cayman) Holding Co., Ltd., Joy Shine Company, Vast Creation Company, Kingdom Company and Eternal Champ Company: The business operation is detailed under Note No. 9.

(I) The Consolidated Company's revenues and business operation results are analyzed below based on the department(s) for report:

	Fulin Plastic Company	Others	Adjustment & offset	Merger
2018				
Revenues coming from customers other than parent company and consolidated subsidiaries	$2, 902, 091	$-	$-	$2, 902, 091
Revenues coming from parent company and consolidated subsidiaries	-	483, 420	(483, 420)	-
Total revenues	$2, 902, 091	$483, 420	($483, 420)	$2, 902, 091
Interests by department	$234, 211	($16, 202)	$-	$218, 009
Other revenues				9, 479
Other interests & loss				(2, 569)
Financial costs				(19, 206)
Net profit before tax				205, 713
Income tax				(54, 866)
Net profit after tax				$150, 847
Total assets	$2, 065, 430	$367, 600	($142, 994)	$2, 290, 036
Total liabilities	$1, 195, 431	$119, 967	($142, 994)	$1, 172, 404
2017				
Revenues coming from customers other than parent company and consolidated subsidiaries	$2, 760, 072	$2, 337	$-	$2, 762, 409
Revenues coming from parent company and consolidated subsidiaries	2, 345	252, 754	(255, 099)	-
Total revenues	$2, 762, 417	$255, 091	($255, 099)	$2, 762, 409
Interests by department （loss）	$379, 903	($31, 805)	$-	$348, 098
Other revenues				12, 591
Other interests & loss				(5, 665)
Financial costs				(24, 019)
Net profit before tax				331, 005

Income tax				(75, 637)
Net profit after tax				$255, 368
Total assets	$1, 444, 165	$89, 366	($70, 304)	$1, 463, 227
Total liabilities	$905, 626	$100, 660	($70, 304)	$935, 982

The term "Interests by department" refers to the profit earned by the respective department(s), including interest revenues, profit and/or loss in disposal of real estate, plant & equipment, profit and/or loss in financial instruments evaluation, financial costs, profit and/or loss in exchange in foreign currencies and income tax expenses. Such amounts in measurement were primarily intended to be provided to operating policymaking process for optimal allocation of resources to the departments to evaluate the performance thereof.

(II) Other information by department

	Depreciation & amortization		Non-current assets Increase within the year	
	2018	2017	2018	2017
Fulin Plastic Industry (Cayman) Holding Co., Ltd.	$71, 485	$85, 319	$516, 506	$291, 545
Others	95	53	280	35, 451
	$71, 580	$85, 372	$516, 786	$326, 996

(III) Revenues with key products.

The Consolidated Company's revenues with key products are analyzed below:

	2018	2017
PVC sponge leather	$1, 538, 476	$1, 631, 980
Rubberized fabric	820, 792	580, 685
Soft casting leather	516, 455	498, 022
Others	26, 368	51, 722
	$2, 902, 091	$2, 762, 409

(IV) Information by regional territories:

The information of the Consolidated Company, the revenues coming from external customers into the units in the continued business operation, based on the Consolidated Company's operating venues and the regions where the non-current assets were in:

	Revenues coming from external customers		Non-current assets	
	2018	2017	Dec 31, 2018	Dec 31, 2017
Vietnam	$2, 902, 091	$2, 760, 072	$862, 551	$438, 042
Taiwan	-	-	21, 473	35, 389
Others	-	2, 337	-	-
	$2, 902, 091	$2, 762, 409	$884, 024	$473, 431

Non-current assets exclude those classified into financial assets and deferred income tax assets

(V) Information of key accounts:

	2018		2017	
	Amount	% to operating revenues	Amount	% to operating revenues
Company A	$298, 912	10	$176, 993	6

Fulin Plastic Industry (Cayman) Holding Co., Ltd. and Subsidiaries

Endorsements/guarantees rendered to others

January 1~December 31, 2018

Table No. I

Expressed in thousand New Taiwan Dollars

#	Name of endorsements/guarantees provider	Endorsements/guarantees beneficiary		Limit of endorsements/guarantees rendered to a single enterprise	The highest endorsements/guarantees balance within the year	Balance of endorsements/guarantees at end of the year	Amount actually developed	Amount of endorsements/guarantees secured with property	Ratio of accumulated endorsements/guarantees to the net worth of the financial statements of the latest term	The highest limit for endorsements/guarantees	Endorsements/guarantees amidst Parent company vs. Subsidiary	Endorsements/guarantees as Subsidiary vs. Parent company	Endorsements/guarantees of Mainland China	Remarks
		Company name	Relationship											
0	The Company	Fulin Plastic Industry Joint Stock Company	Subsidiary of the company	$223, 527	$153, 600	$153, 600	$-	$-	13.74	$223, 527	Y	N	N	Note Nos. 1, 2 & 3

Note 1: The amount rendered to a single enterprise shall not exceed 10% of the Company's net worth except a subsidiary where the Company directly holds over 50% of the common share equity where it should not exceed 20% of the Company's net worth.

Note 2: The Company's highest limit in endorsements/guarantees is 20% of the Company's net worth.

Note 3: Spot exchange rate with U. S. Dollars US$1=$30.72.

Fulin Plastic Industry (Cayman) Holding Co., Ltd. and Subsidiaries

The purchases, sales with a related party amounting up to NT$100 million or up to 20% of the paid-in capital

January 1~December 31, 2018

Table No. II

Expressed in thousand New Taiwan Dollars

Company in purchase, sales	Name of transaction counterparty	Relationship	Contents of transaction				Terms of transaction and the reason differing from general transaction		Accounts, notes receivable (payable)		Remarks
			Purchase(sales)	Amount	Ratio to purchase(sales) (%)	Credit duration	Unit price	Credit period	Balance	Ratio to accounts, notes receivable (payable) %	
The Company's branch in Taiwan	Fulin Plastic Industry Joint Stock Company	Subsidiary	Sales	($483, 420)	(100)	Wire transfer (T/T), on a monthly basis, 30～60 days	No general transaction conditions available for comparison	-	$119, 656	100	Note Nos. 1 & 2

Note 1: Having been written off upon working out the consolidated Financial Statements.

Note 2: Amount of sales includes sales of machinery & equipment.

Fulin Plastic Industry (Cayman) Holding Co., Ltd. and Subsidiaries

Table of Significant Receivables from Related party

January 1~December 31, 2018

Table No. III

Expressed in thousand New Taiwan Dollars

Company with account receivable in book	Transaction counterparty	Relationship	Balance of receivable from related party (Cf. No. No. 1 & 2)	Revolving rate (time)	Overdue receivables from related party		Amount retrieved after the term among overdue receivables from related party	Amount of allowance for doubtful accounts
					Amount	Method of disposal		
The Company's branch in Taiwan	Fulin Plastic Industry Joint Stock Company	Subsidiary	$119, 656	6.25	$-	-	$46, 053	$-

Note 1: As accounts receivable.

Note 2: Already offset upon working out Consolidated Financial Statements

Fulin Plastic Industry (Cayman) Holding Co., Ltd. and Subsidiaries

The Business Relationship and Transactions by and between Parent Company and Subsidiaries

January 1~December 31, 2018

Table No. IV

Expressed in thousand New Taiwan Dollars

#	Names of transaction parties	Counterparties of transactions	Relationship with transaction counterparties	Facts of transaction			
				Items	Amount	Terms of transaction	Ratio to the aggregate total consolidated revenues or assets %
0	The Company's branch in Taiwan	Fulin Plastic Industry Joint Stock Company	Parent company vs. Subsidiary	Sales revenues	$483, 420	No transaction in a manner same as a non-related party	16.66
0	The Company's branch in Taiwan	Fulin Plastic Industry Joint Stock Company	Parent company vs. Subsidiary	Accounts receivable	119, 656	No transaction in a manner same as a non-related party	5.23
1	Fulin Plastic Industry Joint Stock Company	The Company's branch in Taiwan	Subsidiary vs. Parent company	Advance payment for equipment	23, 338	No transaction in a manner same as a non-related party	1.02

Fulin Plastic Industry (Cayman) Holding Co., Ltd. and Subsidiaries

RELEVANT INFORMATION OF INVESTEES

January 1~December 31, 2018

Table No. V

Expressed in thousand New Taiwan Dollars
(Unless otherwise specified)

Name of Investor	Name of investee	Location	Major business lines	Amounts of initial investment		Shareholding as of end of the year			Interest of the Investee as of end of the year	Investment gain recognized in the year	Remark
				At end of current year	At beginning of current year	Number of shares	Ratio (%)	Book amount			
The Company	Fulin Plastic Industry Joint Stock Company	Vietnam	Production and sales of PVC sponge leather, rubberized fabric and soft casting leather	$506, 500	$353, 000	31, 607, 508	100.00	$869, 999	$169, 455	$169, 455	Note

Note: Already offset upon working out of the consolidated Financial Statements.

IV. Individual Financial Statement Certified by CPAs in Recent Years: Not applicable as the Company provides Consolidated Financial Reports of the parent company and subsidiaries.

V. Impacts of latest financial difficulties encountered by the Company and its associated enterprises on the Company's financial standing as of the day the Annual Report was published and printed: None.

VII. Review and Analysis of Financial Status and Financial Performance and Risk Management

I. Financial Status

Unit: NT$1,000

Item \ Year	2018	2017	Change (Increase or Decrease)	
			Amount	Ratio (%)
Current Assets	1,395,104	982,319	412,785	42.02%
Real Estate, Manufacturing facilities, and Equipment	804,100	350,428	453,672	129.46%
Other Assets	90,832	130,480	(39,648)	-30.39%
Gross Assets	2,290,036	1,463,227	826,809	56.51%
Current Liabilities	922,741	890,092	32,649	3.67%
Non-current Liabilities	249,663	45,890	203,773	444.05%
Gross Liabilities	1,172,404	935,982	236,422	25.26%
Capital Stock	494,000	373,000	121,000	32.44%
Capital Reserve	523,197	214,334	308,863	144.10%
Retained Earnings	321,776	170,929	150,847	88.25%
Other Equity	(221,341)	(231,018)	9,677	-4.19%
Total Shareholders' Equity	1,117,632	527,245	590,387	111.98%
Description of Main Changes: (change ratio exceeds 20% and amount of change exceeds NT$10 million)				

<table>
<tr><th rowspan="2">Year / Item</th><th rowspan="2">2018</th><th rowspan="2">2017</th><th colspan="2">Change (Increase or Decrease)</th></tr>
<tr><th>Amount</th><th>Ratio (%)</th></tr>
<tr><td colspan="5">1. Current Assets: Increased by 42.02% over the last year due to cash increase of NT$425,043 thousand.
2. Real Estate, Manufacturing Facilities, and Equipment: Increased by 129.46% over the last year due to increase of the price of the uncompleted project by NT$410,527 thousand caused by construction of the TPU plant.
3. Other Assets: Decreased by 30.39% from the last year due to decrease of equipment prepayment of NT$30,689 thousand caused by increase of machinery equipment.
4. Total Assets: Increased by 56.51% over the last year due to cash increase of NT$425,043 thousand.
5. Gross Liabilities: Increased by 25.26% over the last year due to increase of long-term bank loans of NT$202,575 thousand.
6. Capital Stock: Changed by 32.44% due to increase of cash investment.
7. Capital Reserve: Increased by 144.1% over the last year due to increase of cash investment and issuance at premium.
8. Retained Earnings: Decreased by 88.25% in 2017 as compared with this year due to issuance of cash dividends of USD15.75 million in 2017.
9. Retained Earnings: Increased by 88.25% over the last year due to no distribution of earnings in 2017.</td></tr>
</table>

II. Operating Results

Unit: NT$1,000

Year / Item	2018	2017	Change (Increase or Decrease)	
			Amount	Ratio (%)
Net Operating Revenue	2,902,091	2,762,409	139,682	5.06%
Operating Costs	2,401,269	2,164,393	236,876	10.94%
Total Operating Profit	500,822	598,016	(97,194)	-16.25%
Operating Expenses	282,813	249,918	32,895	13.16%
Net Operating Profit	218,009	348,098	(130,089)	-37.37%
Non-operating Revenue and Expenditures	(12,296)	(17,093)	4,797	-28.06%
Profit (Loss) Before Tax	205,713	331,005	(125,292)	-37.85%

Income Tax (Expense) Interest	54,866	75,637	(20,771)	-27.46%
Profit (Loss) of the Year	150,847	255,368	(104,521)	-40.93%

Description of Main Changes: (change ratio exceeds 20% and amount of change exceeds NT$10 million)

3. Net Operating Profit: Decreased by 37.37% from the last year due to decrease of gross profiting profit and increase of administration expenses.
4. Net Profit Before Tax: Decreased by 37.85% from the last year due to decrease of net operating profit.
5. Income Tax Expenses: Decreased by 27.46% due to decrease of net profit before tax.
6. Net Profit of the Year: Decreased by 40.92% from the last year due to decrease of net profit before tax.

2. Expected Effects of Sales Data and their Basis on the Future Financial Businesses of the Company, and Countermeasures

The Company establishes the annual budget based on the overall synthetic leather market, expected orders from customers, capacity planning, and other factors. In addition to maintaining a stable long-term cooperation with customers, the Company also regularly develops new products and explores new customers and new markets to continuously expand operating income.

Furthermore, the Company will keep a closer eye on the changes of main material prices, control the stock of raw materials depending on production, and increase purchase quantity when price is low to minimize press generated by price fluctuation. At the same time, the Company improves processes and production services and maintains a closer relationship with customers through providing highly customized products to ensure stable growth of businesses in the future.

III. Cash Flow

(I) Analysis of Cash Flow Changes in Recent Years:

Unit: NT$1,000

Year / Item	2018	2017	Change (Increase or Decrease)	
			Amount	Ratio (%)

Operating Activities	150,601	345,001	(194,400)	-56.35%
Investment Activities	(456,761)	(295,568)	(161,193)	54.54%
Financing Activities	513,051	(256,595)	769,646	-299.95%

Change Analysis:

Cash Flow in Operating Activities: Changed mainly due to increase of profit in the current year.

Cash Flow in Investment Activities: Changed mainly due to increase of investment in plant construction in the current year.

Cash Flow in Financing Activities: Changed mainly due to increase of cash investment in the current year.

(II) Improvement Plan for Liquidity Shortage: No liquidity shortage.

(III) Cash Flow Analysis for the Coming Year:

Unit: NT$1,000

Initial Cash Balance	Net Cash Flow From Operating Activities Throughout the Year	Expected Cash Outflow Throughout the Year	Expected Cash Balance (Shortage) Amount	Remedies for Expected Cash Shortage	
				Investment Plan	Financial Plan
297,457	4,235,640	4,206,874	326,223	—	—

1. Analysis of Cash Flow Changes
   (1) Net cash flow from operating activities were generated from estimated changes of the expected net profit and other operating assets and liabilities of 2019 based on estimated sales volume.
   (2) Net cash outflow from investment activities were generated from procurement of real estate, manufacturing facilities, and equipment in 2019.
   (3) Net cash outflow from financing activities were generated from repayment of loans, payment of cash dividends, and employee compensation.

2. Remedies for Expected Cash Shortage: Not applicable.

IV. Impact of the Major Capital Expenditures in Recent Years on Financial Business

The Company spent NT$219,725 thousand in 2017 on real estate, factory buildings, and equipment mainly to construct the TPU factory and continue to expend machinery equipment as required by the market. The real estate, factory building, and equipment turnover of the Company in the last two years were 5.03 and 10.11 times respectively, and the total asset turnover was 1.55 and 1.88 times respectively. The turnover in these years were stable. Increase of capital expenditure did not generate any adverse effect on the financial business of the Company.

V. Reinvestment Policies in Recent Years, Main Reasons for Profits or Losses, Improvement Plan, and Investment Plan for the Coming Year

(I) Reinvestment Policies in Recent years:

Reinvestment Policies of the Company

The Company currently focuses on investment in basic businesses and is not engaged in any investment in other industries. The investments are carried out by relevant departments in accordance with the *Investment Cycle*, *Procedures for the Acquisition or Disposition of Assets* and other measures in the internal control system for which measures or procedures are approved by the Board of Directors or Shareholders' Meeting.

(II) Main Reasons for Profits or Losses of Reinvestment, Improvement Plan, and Investment Plan for the Coming Year

Unit: NT$1,000

Name	Profit or Loss	Description	Improvement Plan
Fulin Plastic Industry Joint Stock Company	NT$169,455 Thousand Profit	In Good Operating Condition	None

(III) Investment Plan for the Coming Year

The Company's investment plan for the coming year mainly supports customer demands and the growth of ASEAN. Specifically, the Company plans to continuously purchase production equipment for the Vietnam factory and gradually expand its scope of operation depending on the future development.

VI. Analysis of risk management in recent years and in the current year as of the day the Annual Report was published and printed:

(I) Impacts of Changes in the Interest Rate and Exchange Rate and Inflation on the Company's Profit and Loss and Countermeasures in the Future

1. Impacts of Changes in the Interest Rate on the Company's Profit and Loss and Countermeasures in the Future

Unit: NT$1,000

Item		2017	2018
Interest Revenue	Amount	3,754	1,608
	Ratio to the Net Operating Revenue	0.14%	0.06%
	Ratio to the Net Profit Before Tax	1.13%	0.78%
Interest Expense	Amount	24,019	19,206
	Ratio to the Net Operating Revenue	0.87%	0.66%
	Ratio to the Net Profit Before Tax	7.26%	9.34%

The interest revenue and interest expenses in 2017 and 2018 both occupied a small proportion in the net operating revenue and to the net profit before tax. Therefore, the impacts of changes in the interest rate on the Group's profit and loss are limited.

The major capital expenditures of the Group are covered by mid- and long-term funds, while the funds for daily operation are mainly covered by the Group's own funds and short-term bank loans. That is to say that the Group has sufficient funds without operation with borrowed capitals. Therefore, the impacts on the Group from changes in interest rate are not material. However, in the case that the market interest rate significantly fluctuates in the future and it is necessary for the Group to increase the demand for funds, the Group will borrow funds at a fixed or floating interest rate to avoid risk from fluctuation of interest rate in addition to paying a much closer attention to the trend of interest rates. Furthermore, the Group will consider fund raising with other tools in the capital market and increase its own funds to minimize dependence on financial institutions.

3. Changes in Exchange Rate

Unit: NT$1,000

Item		2017	2018
Profit (Loss) on Exchange.	Amount	3,862	1,135
	Ratio to the Net Operating Revenue	0.14%	0.04%
	Ratio to the Net Profit Before Tax	1.17%	0.55%

The Group mainly operates in Vietnam and uses VND and USD as the main currencies in daily operation. The net profits (losses) on exchange in 2017 and 2018 both occupied a small proportion in the net operating revenue and to the net profit before tax. Therefore, the impacts of changes in the exchange rate on the Group's overall profit are not material. The Group is currently faced with no material risk of exchange rate fluctuation, but the financial and accounting department may take the countermeasures below to avoid potential exchange risk and minimize the impacts on profits and losses from exchange rate fluctuation:

A. Maintenance of an appropriate net foreign exchange position by the financial personnel based on their judgment of the exchange rate trend in the future to minimize the impacts on profits of the Group from exchange rate fluctuation.

B. Maintenance of close relations with major banks and supervisors of changes in the foreign exchange market at any time to enable relevant heads to have sufficient knowledge of the trend of exchange rate changes. Adjustment as appropriate to respond to occasional changes of the collection and payment currencies.

3. Inflation

The Group keeps a close eye on the fluctuations of market prices of raw materials and products, establishes detailed plans based on incoming time points of raw materials, maintains good cooperation with customers and suppliers, flexibly adjusts purchase and sales strategies and product structure, and also actively develops diversified markets to spread risks. Therefore, the Group is able to respond to the impacts from inflation or deflation in the future. Up to now, the Group has suffered no material impact from inflation.

(II) Policies to Engage in High-risk and High-leverage Investments, Lending, Endorsement, and Derivatives Trading, Main Reasons for Profits or Losses, and Countermeasures in the Future

1. The Company is engaged in high-risk and high-leverage investments.
2. The Company lent out no funds in 2018 and will comply with relevant decrees of the Financial Supervisory Commission and the *Procedures for Loan Provision* of the Company if it is necessary to lend out any funds.
3. The Company provides endorsement and guarantee for subsidiaries that are under normal financial conditions in accordance with relevant decrees of the Financial Supervisory Commission and the *Procedures for Endorsement and Guarantee* of the Company.
4. The Company was engaged in financial derivatives trading in the 1st quarter of 2019 in accordance with *Procedures for the Acquisition or Disposition of Assets*. The Company was not engaged in financial derivatives trading in 2018.

(III) Research and Development Plan for the Future and Expected Research and Development Expenses to be Invested:

Unit: NT$1,000

Name	Content	Expected Research and Development Expenses	Expected Time of Completion
TPU Product	1. Research and development of new products through calendaring. 2. Application of TPU to products with high elasticity and transparency. 3. Application of foaming TPU to shoe materials and TPU BASE.	About 3,000	By the End of 2019
Aqueous PU Product	1. Development of solvent-free PU aimed at environmental protection. 2. Applications in shoes and leather handbags.	About 8,000	By the End of 2019

(IV) Impacts of Changes in Major Domestic and International Policies and Laws on the Company's Financial Performance and Countermeasures

The Company was registered in the Cayman Islands. The branch was established in Taiwan and the principle place of operation was set up in Vietnam. The Group handles business in accordance with relevant regulations in the local country. As of the day the prospectus was published and printed, the financial performance of the Company had suffered no material impact from changes in major domestic and international policies and laws. In the future the management of the Company will pay attention to the development trend of policies and changes in laws of the local country, consult relevant experts if necessary, and take appropriate countermeasures to satisfy the demands of Company operation.

(V) Impacts of Changes in Scientific Technologies on the Company's Financial Performance and Countermeasures

The products produced by the Group are mature and used extensively. Therefore, the impact from the industry cycle is not obvious. In addition to catering to market preferences and flexibly planning market strategies, the Company also continuously invests human resources in improvement of product quality and processes. The Company closely corporates with customers to understand the latest market venation and keeps an eye on changes in demand for relevant technologies and products in the industry to improve market competitiveness and maintain the central position of the Company in the industry. As of the day the prospectus was published and printed, the Company's financial performance had suffered no material impact from changes in technologies or the industry.

(VI) Impacts of Changes in Corporate Image on Corporate Crisis Management and Countermeasures

The Group sticks to ethical and steady management. Ever since incorporation, it has been actively strengthening internal management, improving quality and efficiency, continuously introducing talents, consolidating the strength of the management team, paying back operating results to the shareholders and the public, and performing its due social responsibilities. As of the day the Annual Report was published and printed, the Company has been faced with no crisis arising from changes in corporate image.

(VII) Expected Benefits and Possible Risks From Merger and Acquisition: None.

(VIII) Expected Benefits and Possible Risks From Expansion of Factory Buildings

In response to the continuous growth of the operation scale, the Group started to construct new environmentally-friendly TPU (Thermoplastic Urethane) and PU (Poly Urethane) factories in the 3rd quarter of 2017. The main structures will be completed in the 3rd quarter of 2018 and are expected to be formally put into trial production in the 4th quarter of 2019. After completed, these new factories will help the Company to improve the capability of new products, strengthen the ability to receive orders of diversified synthetic leather products, enlarge the operation scale, and enhance competitiveness.

As a new member in the PU field, the Company occupies a smaller share of the market than competitors. To deal with the operational risks arising from horizontal competition in the PU field, the Company has implemented the following measures: hiring senior personnel in the PU industry to develop professional PU technologies; defining short-, mid- and long-term market objectives to strive for orders from first-tier sports shoes manufacturers (e.g. NIKE, ADIDAS); and assisting the PU business to expand its market through existing software and hardware resources owned by the PVC business. The relevant measures should bring positive influences to the development of the PU business of the Group.

(IX) Risks Arising From Concentrated Purchase or Sales

In recent years and the current year as of the day the prospectus was published and printed, the Company has never been faced with concentrated purchase or sales.

(X) Effects and Risks Arising From Significant Transfer or Replacement of the Stock Rights of Directors, Supervisors, or Major Shareholders Holding More Than 10% of Shares: None.

(XI) Effects and Risks Arising From Changes of Management Rights

The shareholding ratios of all directors and supervisors of the Company comply with legal regulations and the management is committed to operational performance improvement and maximization of shareholder's interest, generating positive effects on management rights and operation.

(XII) Litigation and Non-litigation:

Major lawsuits and non-lawsuits or administrative disputes with a finalized verdict or ongoing proceedings that involve the Company, the Company's directors, supervisors, general managers, actual person in charge, and shareholders holding more than 10% of all shares, and the associated companies shall be listed. If the results are likely to have significant impacts on shareholders' equity or prices of securities, the facts, target value, and start date of the litigation, main clients involved, and handling status as of the day the Annual Report was published and printed shall be disclosed: None.

(XIII) Other Major Risks:

1. Raw material procurement is likely to be affected by fluctuation of the global oil price.

The Group is mainly engaged in the production and sales of tapes, latex leathers, soft leathers, and other PVC leathers, and is in the downstream of the plasticizing industry. The raw materials mainly used for production by the Company are downstream products of the ethylene-product of light oil cracking. The industry depends on the PVC, DOP, and other plasticizing materials to a large extent. These materials are subject to a huge effect from the oil and chemical markets and allow a relatively small space for negotiation. Therefore, their supply and price are under a significant risk of fluctuation. The Group can minimize the burden of material supply through recycling leftover materials, but original plastics are still the most important raw material of the Group for production. Therefore, the production and operation costs of the Group will increase as the price of plastics increases with oil prices. Currently, in order to maintain stable product quality, the Group mainly purchases materials from large manufacturers in Taiwan and other overseas regions. The delivery term and price will be affected by the supply of major international material manufacturers.

Countermeasures:

A. Keep an eye on the fluctuation of material prices and purchase materials at a low price as appropriate.

The Company has a huge demand for PVC materials. Therefore, the purchase department will keep any eye on the fluctuation of material prices and increase purchase quantity in the case of low material price to decrease the overall purchase cost. Furthermore, PVC materials have a long shelf life and their relevant products are extensively used in the downstream, bringing more customers and orders to the Group. Therefore, PVC materials have a high turnover in the Group, generating no worry of excess or expiry.

B. Adjust sales price through negotiation with customers.

The trading market and quotation system of crude oil are open and mature, so its price fluctuations are transparent and relevant information is easy to get. The market condition of relevant raw materials in the downstream of crude oil (e.g. PVC powder) is easily available to traders.

Therefore, during negotiation with customers over the sales price of products based on fluctuation of raw material prices, mutual agreement is easily achieved due to open prices to maintain due profit of the Company.

2. Labor costs in Vietnam are increasing.

The Socialist Republic of Vietnam originally boasted such advantages as a sufficient labor force and low salary which are the main attractions to foreign-funded enterprises. However, after entry into the World Trade Organization (WTO) in 2007, the government of Vietnam has been committed to perform its commitment upon entry to minimize the gap and achieve consistent salary by 2012 between domestic enterprises and foreign-funded enterprises". Therefore, the basic labor salary in Vietnam has been growing over the last 10 years. In 2013, the government enacted a new labor law which expressly requires protection of labor rights and continuous increase of basic salary and social insurance, medical insurance, and unemployment insurance expenses. From 2018, foreigners working in Vietnam who obtain a work license, license for practicing, or practicing certificate from the competent authorities in Vietnam are included in the compulsory social insurance.

Countermeasures:

In response to the requirement of the government to increase the labor cost year by year, the Company accordingly increases employee salary and relevant insurance expenses, as well as attracts and retains outstanding employees via a salary slightly higher than the basic level, mainly in consideration of the difficulties for local employees to cultivate technical and professional capacities. Talent cultivation and retainment are crucial for enterprise growth. The pressure on labor costs may be relieved through continuous development of new customers and expansion of domestic and foreign markets to make sure that the Company can gradually grow on the existing basis to improve profits, increase employee salary and welfare, and share with employees the operating results. This is the operating strategy adopted by the Company over the years.

3. Chinese traders cut down prices to grab the market, resulting in fierce market competition.

The PVC leather industry is a typical traditional industry and the production technologies in the industry are mature. In addition, the barrier to enter the industry is lower than that of the technology industry. Therefore, there are a huge quantity of operators in the industry, resulting in fierce market competition. Chinese traders grab the market through cutting down prices to win more customers and orders.

Countermeasures:

A. Remain committed to maintenance of product quality and large-scale productivity output.

The management team of the Group has been developing the PVC leather business in Vietnam for more than 20 years. In addition to introduction of outstanding plasticizing experience from Taiwan into Vietnam, the team has also developed multiple customers with long-term and stable cooperation and successively obtained new customers due to good public praise among downstream customers. The Group is capable of helping customers develop PVC leather materials of necessary specifications and ensuring satisfaction of quality requirements of various specifications and the order quantity and delivery term required by customers, which is crucial for continuous growth and expansion. Consequently, the Group was certified by well-known international leather product manufacturers (COACH and MICHAEL KORS) and became their long-term supplier. Therefore, it is indispensable for the Group to be committed to maintenance of product quality and large-scale productivity output when faced with the fierce competition in the PVC leather market.

B. No random adjustment of product prices or participation in price wars.

The product quality and productivity of the Group are preferred by customers and the Group is confident about the products produced thereby. Except for a drop of main production materials which allows negotiation on price decrease with the downstream customers and other substantial factors, the Group does not randomly adjust product prices. If the Company cuts down prices to compete with Chinese traders grabbing the market, the profitability of the Company will be damaged, On the contrary, properly maintaining product prices to reflect quality, stability, and excellence can also achieve market segregation over the long term.

VII. Other Important Matters: None

VIII. Special Notes

I. Information About Associated Enterprises

(I) Consolidated Business Report

1. Profile of Associated Enterprises

(1). Organizational Chart of Associated Enterprises: Refer to II. Company Profile.

(2) Profile of Associated Enterprises

December 31, 2018 Unit: NT$1,000

Name of Enterprise	Date of Incorporation	Address	Paid-in Capital	Main Items of Operation
Fulin Plastic Industry Joint Stock Company Branch	July 12, 1997	Km9, Pham Van Dong Street, Hai Thanh Ward, Durong Kinh, Haiphong	506,500	Production and sales of latex leather, tape, and soft leather.

(3) Associated Enterprises Having a Control or Affiliation Relationship With the Company Under Paragraph III of Article 369 of the Company Act: None.

(4) Information of Directors, Supervisors, and Managers of the Associated Enterprises

December 31, 2018

Name of Enterprise	Title	Name or Representative	Shareholding: Number of Shares	Shareholding: Shareholding Ratio
Fulin Plastic Industry Joint Stock Company Branch	Chairman	Travel International Corp.	31,607,528	99.999994%
		Representative: Wang Yuan-Lin		
	Director	Huang Chia-Lung	1	0.000003%
	Director	Hu Nai-ren	1	0.000003%
	Independent Director	Huang Chun-Chin	-	-

2. Operation Overview of Associated Enterprises

December 31, 2018 Unit: NT$1,000

Name of Enterprise	Capital	Total Assets	Total Liabilities	Net Value	Operating Revenue	Operating Profit	Profits and Losses of the Current Year (After Tax)	Earnings per Share (NT$/After Tax)
Fulin Plastic Industry Joint Stock Company Branch	506,500	2,065,430	1,195,431	869,999	2,902,091	234,211	169,455	3.35

(II) Consolidated Financial Statements of Associated Enterprises: Refer to P111~P194

(III) Relations Report: None.

II. Private Placement Securities in the Most Recent Year and as of the Day the Annual Report was Published and Printed: None.

III. Holding or Disposal of the Company's Shares by its Subsidiaries in the Most Recent Year and as of the Day the Annual Report was Published and Printed: None.

IV. Other Matters Requiring Supplementary Information: None.

V. Matters With Significant Impacts on Shareholders' Equity or Security Prices in Recent Years and the Current Year as of the Day the Annual Report was Published and Printed: None.

VI. Description of the Major Differences From the National Provisions Regarding Protection of Shareholder Equity:

Major Items Related to Protection of Shareholder Equity	**Reasons for Issuance of the Memorandum of Association and Articles of Incorporation and Differences**
1. The Shareholders' Meeting shall be convened in the Republic of China. In the case of any Shareholder Meeting to be convened beyond the Republic of China, it shall be declared to the Taiwan Stock Exchange for approval within two days after the decision is passed by the Board of Directors or the shareholders obtain the license from competent authorities. 2. Shareholders who have been holding more than 3% of the total outstanding shares for more than a year may also request the Board of Directors call for an interim Shareholders' Meeting with written proposals and reasons. The shareholders may call for the Meeting with the license from the competent authorities if no notice of Meeting is	1. As the Company Law of the Cayman Islands includes no special provision regarding a Shareholders' Meeting convened by a shareholder, Article 19.6 of the Articles of Incorporation does not require the shareholders to obtain the license from the competent authorities before calling for the meeting. 2. As the shareholders need not to obtain the license from the competent authorities in the Cayman Islands before independently convening a Shareholders' Meeting in the Republic of China, Article 19.6 of the Articles of Incorporation only requires the shareholders obtain approval from the Taipei Exchange or Taiwan Stock Exchange (as the case may be) in advance instead of the requirement that "it shall be declared to the Taiwan Stock Exchange for

Major Items Related to Protection of Shareholder Equity	Reasons for Issuance of the Memorandum of Association and Articles of Incorporation and Differences
issued by the Board of Directors within fifteen days following submission of the request.	approval within two days after the decision is passed by the Board of Directors or the shareholders obtain the license from the competent authorities". This has no substantial effect on the shareholders' equity in the Republic of China.
1. In Shareholders' Meetings of the Company's, the shareholders shall exercise voting right in writing or electronically. If the Company is included in "the companies of which the shareholders shall exercise voting rights electronically", the Company shall regard electronic means as one of the manners to exercise voting rights 2. In any Shareholders' Meeting convened outside the Republic of China, the shareholders shall be able exercise voting rights in writing or electronically. 3. Exercise of voting rights in writing or electronically shall be stated in the notice of the Shareholders' Meeting. Shareholders exercising their voting rights in writing or electronically shall be considered to have attended the Shareholders' Meeting in person, but they shall be considered to waive their rights on amendments to the incidental motions and the original proposal in the Meeting.	In respect to the exercise of voting rights in writing or electronically, the Company Law of the Cayman Islands includes no provision as to if the shareholders exercising voting rights in writing or electronically can be regarded as being personally present at the Meeting, and attorneys in the Cayman Islands have found no relevant case. Article 25.4 of the Articles of Incorporation state that "if any shareholder exercises its voting right in writing or electronically in a Shareholders' Meeting, it shall be regarded to authorize the Chairman of the Meeting as its agent to exercise its voting rights in the manner as indicated in writing or electronically. The Chairman of the Meeting shall not be entitled to the voting rights of the shareholder in respect to any matter not mentioned by the shareholder in writing or electronically, and/or any amendment proposed in the Meeting to the original proposal. To clarify, the shareholder exercising voting rights in the manner stated above shall be considered to have waived voting rights in respect to any amendment proposed in the Meeting to the incidental

Major Items Related to Protection of Shareholder Equity	Reasons for Issuance of the Memorandum of Association and Articles of Incorporation and Differences
	motion and/or original proposal." Article 26.3 of the Articles of Incorporation specifies that the voting rights exercised by the Chairman of a Shareholders' Meeting as stated above shall not be limited to 3% of the total voting right of outstanding shares.
In the Shareholders' Meetings regarding the following major motions, shareholders representing more than 2/3 of outstanding shares shall be present and the motions shall be adopted only when more than 1/2 of the shareholders present vote for them. If the total shareholding of the shareholders present is below the ratio stated above, shareholders representing more than 1/2 of outstanding shares shall be present and the motions shall be adopted only when more than 2/3 of the shareholders present vote for them: 1. Conclusion, amendment, or termination of contracts regarding lease of all businesses, agency operation, or frequent joint operation with other persons, transfer of all or main businesses or properties, and acceptance of all businesses or properties of other persons which generates significant effects on the operation of the Company; 2. Amendment to the Articles of Incorporation;	1.In respect to the resolutions of Shareholders' Meetings, in addition to ordinary resolutions and supermajority resolutions under the Common Law, Article 1.1 of the Articles of Incorporation also states special resolutions defined under the Company Law of the Cayman Islands. A special resolution refers to a resolution passed by the shareholders present that represent at least 2/3 of the total voting rights in a Shareholders' Meeting attending personally by shareholders with voting rights, or agencies exercising voting rights through power of attorney, or representatives legally authorized by institutional shareholders or non-individual shareholders. 2. In accordance with the Company Law of the Cayman Islands, the following matters shall be decided through a special resolution: (1) Amendment to the Articles of Incorporation: In accordance with the laws of the Cayman Islands, amendment to the

Major Items Related to Protection of Shareholder Equity	Reasons for Issuance of the Memorandum of Association and Articles of Incorporation and Differences
3. Any amendment to the Articles of Incorporation which damages the rights of special shareholders and is required to be decided in a meeting of special shareholders; 4. Apportion of all or part of the dividends and bonuses through issuance of new shares; 5. Dissolution, combination, or division.	Articles of Incorporation shall be decided through a special resolution. Therefore, the resolution threshold in Article 12.1 of the Articles of Incorporation is not changed to a supermajority resolution under the national laws as required by the checklist for items regarding protection of shareholders' equity. In addition, in accordance with Article 13 of the Articles of Incorporation, any revision or amendment to thereto, if damaging the priority of any class of share, shall be approved by a special resolution, as well as the special resolution passed by the meeting of shareholders holding such damaged shares. (2) Dissolution: In accordance with laws of Cayman Islands, the voluntary liquidation and dissolution of the Company due to inability of repay the debt due shall be decided by a resolution of the Shareholders' Meeting, provided, however, that the voluntary liquidation and dissolution due to any other reason shall be decided by a special resolution defined by the Company Law of the Cayman Islands. Therefore, the resolution threshold in

Major Items Related to Protection of Shareholder Equity	Reasons for Issuance of the Memorandum of Association and Articles of Incorporation and Differences
	Article 12.4 of the Articles of Incorporation is not changed to a supermajority resolution under the national laws as required by the checklist for items regarding protection of shareholders' equity. (3) Combination: As there is a compulsory provision regarding a resolution on "combination defined by the laws of the Cayman Islands" in the Company Law of the Cayman Islands, Article 12.3 of the Articles of Incorporation specify that "combination (except for mergers and/or combination defined by the Company Law of the Cayman Islands which require only a special resolution" shall be passed through a supermajority resolution. The items above are different from the checklist for items regarding protection of shareholders' equity in that the matters requiring a supermajority resolution in the checklist are divided in the Articles of Incorporation into matters requiring a supermajority resolution and matters requiring a special resolution. This difference is generated due to laws of the Cayman Islands and the Articles of Incorporation dividing the matters requiring supermajority resolution in the checklist into matters requiring a

Major Items Related to Protection of Shareholder Equity	Reasons for Issuance of the Memorandum of Association and Articles of Incorporation and Differences
	supermajority resolution and matters requiring a special resolution. Therefore, these provisions generate a limited effect on shareholders' equity.
1. The supervisors of the Company, if any, shall be elected by the Shareholders' Meeting, of which at least one must have a domicile in a foreign country. 2. The term of office of the supervisors shall not exceed three years, but they may be reelected. 3. The Board of Directors shall convene an interim Shareholders' Meeting to elect supervisors within sixty days if they are all dismissed. 4. The supervisors shall supervise the business operation of the Company and have the right to investigate the business and financial status of the Company, review the account books, and request the Board of Directors or managers provide a report at any time. 5. The supervisors shall review the forms prepared and submitted by the Board of Directors and report their opinions to the Shareholders' Meeting. 6. The supervisors are in charge of review and may appoint accountants and attorneys on behalf of the Company. 7. The supervisors may attend the Shareholders' Meetings to present	"Supervisor" is not defined in the Company Law of the Cayman Islands. The issuing Company has set up an Audit Committee and does not appoint any supervisors. Therefore, the Articles of Incorporation do not include any provision regarding supervisors.

Major Items Related to Protection of Shareholder Equity	Reasons for Issuance of the Memorandum of Association and Articles of Incorporation and Differences
opinions. The supervisors shall require the Board of Directors or directors to stop an act that is in violation of decrees, the Articles of Incorporation, or resolutions of the Shareholders' Meetings, if any. 8. The supervisors shall not exercise supervision right individually. 9. The supervisors shall not at the same time be directors, managers, or other personnel of the Company.	
1. Shareholders holding more than 3% of the outstanding shares for more than one year may request of the supervisors in writing to file a lawsuit for the Company against the directors. The Taipei District Court shall have jurisdiction over the first instance. 2. In the case that the supervisors fail to file a lawsuit for the Company within thirty days following receipt of the request, the shareholders may file a lawsuit for the Company. The Taipei District Court shall have jurisdiction over the lawsuit.	"Supervisor" and any equivalent position are not defined in the laws of the Cayman Islands. The Company has set up an Audit Committee and does not appoint any supervisor. Therefore, the Articles of Incorporation do not include any provision regarding supervisors. By reference to Article 214 of the Company Law of the Republic of China regarding requests by minority shareholders for submission of a lawsuit against directors, Article 48.3 of the Articles of Incorporation specifies that "To the extent permitted by the laws of the Cayman Islands, shareholders holding more than 3% of the outstanding shares of the Company for more than one year may : (a) request of the Board of Directors in writing to authorize independent directors of the Audit Committee to file a lawsuit for the Company against directors. The Taipei District Court shall have jurisdiction over the

Major Items Related to Protection of Shareholder Equity	Reasons for Issuance of the Memorandum of Association and Articles of Incorporation and Differences
	first instance; or (b) request the independent directors of the Audit Committee to file a lawsuit for the Company against directors. The Taipei District Court shall have jurisdiction over the first instance. Within 30 days following receipt of the request submitted under (a) or (b) above, if (i) the Board of Directors receiving the request fails to authorize independent directors of the Audit Committee or the independent directors of the Audit Committee authorized by the Board of Directors fail to file a lawsuit under (a); or (ii) the independent directors of the Audit Committee receiving the request fail to file a lawsuit under (b), the shareholders may file a lawsuit for the Company against directors to the extent permitted by the laws of the Cayman Islands. The Taipei District Court shall have jurisdiction over the lawsuit." Attorneys in Cayman Islands offer the following reminders in respect to the provisions above: The Company Law of the Cayman Islands does not include any special provision which permits minority shareholders to submit a derivative suit against directors to the courts in the Cayman Islands. The Articles of Incorporation are not a contract between shareholders and directors, but an agreement between shareholders and the Company. Therefore, the attorneys hold that

Major Items Related to Protection of Shareholder Equity	Reasons for Issuance of the Memorandum of Association and Articles of Incorporation and Differences
	directors cannot be restricted by the provision in the Articles of Incorporation that permits minority shareholders to file a derivative suit against directors. However, under the Common Law, all shareholders (including minority shareholders) have the right to file a derivative suit (including a suit against directors), regardless of their shareholding ratio or the period of shareholding. After the shareholders file the suit, whether to proceed with the suit shall be decided by the court in the Cayman Islands. Specifically, the Articles of Incorporation permit minority shareholders (or shareholders with the necessary shareholding ratio or period of shareholding) to file a derivative suit against directors on behalf of the Company, but whether to proceed with the suit shall be decided by the court in the Cayman Islands. In accordance with relevant judgments of the Cayman Islands Grand Court, the court in the Cayman Islands approves the proceeding of derivative suits when it believes and accepts that the claims submitted by the plaintiff on behalf of the Companyare apparently substantive, the illegal acts declared by the plaintiff are incurred by controllers of the Company, and the controllers can make the Company not file a suit against them. The court in the Cayman Islands will make decisions based on individual cases (the court may refer to the

Major Items Related to Protection of Shareholder Equity	Reasons for Issuance of the Memorandum of Association and Articles of Incorporation and Differences
	Articles of Incorporation which, however, are not a crucial factor). In accordance with the laws of the Cayman Islands, the Board of Directors (not individual directors) shall make decisions on behalf of the Company. Therefore, the directors shall authorize any director by resolution of the Board of Directors to file a suit against other directors on behalf of the Company. The Company Law of the Cayman Islands does not expressly authorize shareholders to request the directors to decide on special matters through a resolution of the Board of Directors, but is does not prohibit the Articles of Incorporation from including any provision regarding the standing orders of the Board of Directors (including any provision regarding calling for Board Meetings).
1. The directors shall perform businesses faithfully and perform the duty of care of a good administrator, and be liable for any loss of the Company due to any violation thereof. The Shareholders' Meeting may decide that the Company owns the gains from such performance if it is for the directors themselves or other persons. 2. The directors and the Company shall be jointly liable for any damage to other persons due to violation of decrees during performance of businesses.	It is specified in Article 48.4 of the Articles of Incorporation that "Without prejudice to and violation of the general liabilities of the directors to the Company and the shareholders under the Common Law principles and laws of the Cayman Islands, the directors shall perform businesses faithfully and perform the duty of care of a good administrator, and be liable for any loss of the Company due to violation thereof to the maximum extent permitted by law. In the case that any director violates the specifications above to seek benefits for itself or other persons, the

Major Items Related to Protection of Shareholder Equity	Reasons for Issuance of the Memorandum of Association and Articles of Incorporation and Differences
3. The managers and supervisors of the Company shall assume the same liability for damage as the directors.	Company shall take all appropriate acts and steps upon approval by the ordinary resolution of a Shareholders' Meeting and transfer all benefits to the Company to the maximum extent permitted by law. If the Company is liable for any indemnity or damage to any person due to violation by any director of any law or order during performance of businesses, the director and the Company shall be jointly liable for the indemnity or damage. If the director needs not to be jointly liable with the Company for any reason, the director shall indemnify the Company against any loss due to violation of responsibilities. The managers shall assume the same liability for damage as the directors." Attorneys in the Cayman Islands offer the following reminders in respect to the provisions above: The liabilities of the directors to the Company under the laws of the Cayman Islands may be generally divided into liabilities under the Common Law (i.e. professional competence, care, and diligence) and the duty of loyalty. The directors also have legal liabilities under laws and are liable for a third person (e.g. creditor) under certain circumstances. If the Company becomes insolvent or is suspected to be insolvent, the directors shall consider the interests of creditors during performance of liabilities.

Major Items Related to Protection of Shareholder Equity	Reasons for Issuance of the Memorandum of Association and Articles of Incorporation and Differences
	The Articles of Incorporation constitute an agreement between the shareholders and the Company and the directors are not concerned. Therefore, all rights to claim indemnities from the directors due to violation of due liabilities thereof shall be specified in service contracts. Under the laws of the Cayman Islands, managers or supervisors do not generally assume the same liabilities to the Company or shareholders as the directors. Managers or supervisors are authorized to represent the senior management and therefore assume the same liabilities to the Company or shareholders as the directors. To avoid doubt, companies in the Cayman Islands generally specify the liabilities and duties of the managers or supervisors thereto and to the shareholders in the service contracts. Likewise, the Articles of Incorporation constitute an agreement between the shareholders and the Company and the managers or supervisor are not concerned. Therefore, all rights to claim indemnities from the managers or supervisor due to violation of due liabilities thereof shall be specified in service contracts. In addition, the attorneys in the Cayman Islands doubt the enforceability of the provision that directors' benefits shall be regarded as gains of the Company as it is uncertain and too general. For example, if it

Major Items Related to Protection of Shareholder Equity	Reasons for Issuance of the Memorandum of Association and Articles of Incorporation and Differences
	shall be finally decided by the court whether the directors have violated the liabilities and how to define benefits (and the period of benefits). Attorneys in the Cayman Islands hold that this Article does not restrict the directors' liabilities and the directors shall assume the legal liabilities under the laws of the Cayman Islands, liabilities under the Common Law, and the duty of loyalty.

Fulin Plastic Industry (Cayman) Holding Co., Ltd.
Internal Control System Statement

Date: March 16, 2019 AD

It is hereby stated below based on the results of self-evaluation on the Company's internal control system of 2018 AD:

I. The Company understands that establishing, enforcing, and maintaining an internal control system are the responsibility of the Company's Board of Directors and managers and has such a system in place already. It is meant to reasonably ensure fulfillment of the operational effect and efficiency (including profits, performance, and protection of asset security), reliability, timelessness and transparency of financial reports, and compliance with applicable laws and regulations.

II. The internal control system has its inherited restrictions that cannot be overcome with improved design. An effective internal control system can only reasonably ensure the fulfillment of the three goals stated above and its effectiveness may change as the environment or situation changes. There is a self-surveillance mechanism however, built inside the internal control system of the Company that helps the Company take corrective action against confirmed deficiencies.

III. The Company determines the effectiveness of the design and implementation of its internal control system in accordance with the items in the *Governing Regulations for Public Company's Establishment of Internal Control System* (hereinafter referred to as the "Governing Regulations") that are related to the effectiveness of internal control systems. The items adopted in the Governing Regulations for determining the internal control system are the five constitutional elements of the internal control system divided according to the management and control process: 1. control environment; 2. risk assessment; 3. control process; 4. information and communication; and 5. supervision. Each element further encompasses several items. Please refer to the "Governing Regulations" for details.

IV. The Company has adopted the above-mentioned determining items and evaluated the design and effectiveness of its internal control system.

V. Pursuant to the results of the above-mentioned evaluation, the Company is of the view that the design and implementation of its internal control system as of December 31, 2018 AD (including its supervision and management of subsidiaries), including its reflection of the extent by which the operating effects and efficiency goals are fulfilled, reliability of financial reports, and compliance with relevant laws and regulations, are such that it is effective and capable of reasonably ensuring that the aforementioned goals can be achieved.

VI. To satisfy the demand for review of internal control items, the Company, in accordance with Article 25 of the Governing Regulations and Article 4 of the Administrative Measures of the Taiwan Stock Exchange for Foreign Issuers After IPO, has appointed CPAs to audit the internal control system related to the period stated above and the reliability of external financial reports and guarantee of asset security (prevent assets from unauthorized acquisition, use or disposal). As stated above, the system has been effectively designed and implemented and is free from any major deficiency that affects the recording, processing, summarizing, and reporting of financial information and any other major deficiency that affects the asset safety, causing unauthorized acquisition, use, or disposal of the assets.

VII. This Statement constitutes a major part of the Company's Annual Report and prospectus and is made available to the public. The Company shall be legally liable under Articles 20, 32, 171, and 174 of the Securities and Exchange Act for any unlawful aspects such as falsehood or concealment of facts in relation to the aforesaid statement.

VIII. It is hereby stated that this Statement was approved at the meeting of the Company's Board of Directors on March 16, 2019 AD with ___ director(s) expressing dissent out of the seven directors present. The remaining directors all agreed to this Statement.

Fulin Plastic Industry (Cayman) Holding Co., Ltd.

Chairman: Wang Yuan-Lin   Signature and Seal

General Manager: Huang Cheng-Hung   Signature and Seal

Fulin Plastic Industry (Cayman) Holding Co., Ltd.
Audit Report for the Internal Control System

We have audited the attached Statement of Fulin Plastic Industry (Cayman) Holding Co., Ltd. dated on March 16, 2019 that the design and implementation of the internal control system related to external financial reports and asset safety guarantee was effective as of December 31, 2018. It is the responsibility of the management to maintain an effective internal control system and evaluate its effectiveness. We are responsible for provision of opinions about the effectiveness of the internal control system and the Statement above.

We planned and implemented the audit in accordance with the Governing Regulations for Public Company's Establishment of Internal Control System and generally accepted auditing standards to reasonably confirm if the internal control system maintains effectiveness in all major aspects. This audit includes understanding the internal control system, evaluating the process adopted by the management to evaluated effectiveness of the system, testing and evaluating effectiveness of system design, and implementation and other audit procedures we considered as necessary. We believe that this audit can provide reasonable support to our opinions.

Any internal control system has inherent restrictions. Therefore, the internal control system of Fulin Plastic Industry (Cayman) Holding Co., Ltd. stated above may fail to prevent or detect any existing error or fraud. In addition, the future environment may change and degree of compliance with the internal control system may decrease. Consequently, the internal control system effective during the current period may not be effective in the future.

In our opinions, as determined in accordance with the items in the *Governing Regulations for Public Company's Establishment of Internal Control System* that are related to the effectiveness of the internal control system, the design and implementation of the internal control system related to external financial reports and asset safety guarantee of Fulin Plastic Industry (Cayman) Holding Co., Ltd. maintained effective in all major aspects as of December 31, 2018, and the Statement of Fulin Plastic Industry (Cayman) Holding Co., Ltd. dated on March 16, 2019 that the design and implementation of the internal control system related to external financial reports and asset safety guarantee is proper in all major aspects.

Deloitte Taiwan

CPA: Wu Chiu-Yen

CPA: Kung Chun-Chi

March 22, 2019 AD

Fulin Plastic Industry (Cayman) Holding Co., Ltd.

Person in Charge: