

Stock Code: 1447



LI PENG ENTERPRISE CORPORATION

Handbook of 2022 Annual General Shareholders' Meeting

Date: June 24, 2022

Place: No. 33, Gongye Road, Fangyuan Industrial Zone,
Fangyuan Township, Changhua County
(Nylon General Factory)



LI PENG ENTERPRISE CORPORATION
Handbook of 2022 Annual General Shareholders' Meeting
(Translation)

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Notice to readers

This is a translation of the Handbook of 2022 Annual General Shareholders' Meeting. The translation is for reference only. If there is any discrepancy between the English version and Chinese version, the Chinese version shall prevail.

LI PENG ENTERPRISE CO., LTD.
2022 Annual General Shareholders' Meeting Procedures

1. Commencement of Meeting
2. Chairman's Statement
3. Report Items
4. Matters for Ratification
5. Matters for Discussion
6. Extemporaneous Motion
7. Meeting Adjourned

LI PENG ENTERPRISE CO., LTD.
2022 Annual General Shareholders' Meeting Agenda

Convention Method: Physical shareholders meeting

Time: 2022/ 06/ 24 (Friday), 9 a.m.

Place: No. 33, Gongye Road, Fangyuan Industrial Zone, Fangyuan Township, Changhua County
(Nylon General Factory)

Meeting Procedures

1. Commencement of Meeting (Report on the number of attended shares)
2. Chairman's Statement
3. Report Items:
 - (1) The 2021 business report
 - (2) The 2021 audit committee's audit report
 - (3) Report on Allocation of 2021 Remuneration to Board of Directors and Employees.
4. Matters for Ratification
 - (1) The 2021 business reports and financial statements
 - (2) The 2021 proposals for surplus distribution or loss allowances
5. Matters for Discussion:
 - (1) Amendment to "Article of association"
 - (2) Motion of partial articles amendment of the "Procedures for Asset Acquisition & Disposal"
6. Extemporary Motion
7. Meeting Adjourned

Report Items

I . The 2021 business report

Explanatory Notes: The 2021 business report is as follows.

Business report

1. The 2021 operational performance

(1) Plan execution:

During the outbreak of the epidemic in Taiwan, Li Peng placed its top priority on the health and safety issues of its employees. We strictly complied with the Guidelines for Enterprise Planning of Business Continuity in Response to COVID-19 formulated by the Central Epidemic Command Centre, and implemented responsive preventive measures to ensure normal operation of the Company.

With the widespread use of COVID-19 vaccines, countries have changed their epidemic control policy from prevention to coexistence, and the global economy has begun to recover. Although the surge in international shipping price and problems of port congestion affected international trade to a certain extent, the sales unit has managed to reduce the damage with its strategy. In 2021, the price of crude oil continued to rise, driving up the price of related raw materials and auxiliary materials, which not only benefited the sales of nylon chips and nylon yarn, but also helped our subsidiary, Eton Petrochemical, to achieve positive results in chemical trading, resulting in significant growth of overall corporate revenue.

The 2021 consolidated revenue is NT\$24.252 bill, 78.86% increase than that of 2020. After tax income is NT\$ 276 mil, an increase of 166.56% over 2020. Major products are nylon chips 87,070 tons, nylon yarn 24,608 tons, woven fabric 38,060 thousand yards, knit fabric 935tons, petrochemicals, 542,293 tons.

(2) Budget implementation :

Not available. Our company only set the 2021 internal budget, and did not disclose financial forecasts to the public.

(3) Revenue, expenditure, and profitability analysis :

The 2021 unconsolidated revenue is NT\$ 12.269 billion, after tax income is NT\$ 269 mil, after tax profit margin is 2.19%, earnings per share is NT\$ 0.31. Our company unconsolidated financial income and expense and profitability analysis are as below table.

Unit: Thousand NT\$

Item		2020	2021	Increase (Decrease) Amount and Ratio
Financial income and expense	Operating income	10,369,775	12,268,967	1,899,192
	Operating cost	10,168,838	11,212,329	1,043,491
	Before tax profit	-533,806	325,082	858,888
	Net Income	-412,009	269,155	681,164
Profitability	Return on asset (%)	-2.12	1.69	3.81
	Return on equity (%)	-4.39	2.81	7.20
	Before tax income to paid-in capital ratio (%)	-5.83	3.55	9.38
	Profit margin (%)	-3.97	2.19	6.16
	Earnings per share (NT\$)	-0.48	0.31	0.79

(4) Research and development :

In order to fully implement the plan of circular economy, the Company's direction of research and development focuses on green products, which require reduced energy consumption and greenhouse gas emissions in the manufacturing process. In addition, the CRZ recycling technology, which was joint developed with affiliated companies, has also achieved good results by turning scraps into energy, successfully translating the concept of environmental protection into actual orders and achieving the goal of circular economy. The Company mass manufactured products are as follows:

Type	Application	Specifications
Elastic Nylon Chip/Yarn	Injection grade and fiber grade footwear textile industrial fiber, single fiber	Naturally elastic fiber, elasticity without processing
Modified/Industrial Nylon Chip	Used for upgrading the physical properties of products such as injection grade and extrusion grade, replacing the customer's existing imported materials.	Increase nylon chips' added value, also low gravity specification which are also in line with lightweight concepts and differentiation to the other suppliers.
Film grade Nylon Chip	Improving the physical properties of film products to enhance stability	
Functionalized Monofilament from Nylon Chip	Extrusion grade and fiber grade monofilament, industrial fiber, monofilament	Increase nylon chips' value added and differentiate with the other manufacturers
Transparent Nylon Chip	Injection grade and extruded product physical properties modification use	
Brittle Polyether Chip	Modification of injection-grade and fiber-grade footwear fabric material, industrial fiber, single fiber, and recycled chips	High light transmittance, replacing PET differentiated products, high dyeing and finishing dispersion uniformity, high spinning yield Low viscosity attenuation rate during processing is in line with environmentally friendly recycling purposes
Low dye nylon fiber	High grade knit fabric, sports, leisure	Combined with normal nylon fibers to produce a two-tone nylon processed yarn
Antibacterial nylon yarn		Increase the antibacterial effectiveness after laundering and dyeing
Low moisture absorption nylon yarn		Low moisture absorption and high product size stability
Nylon recycled yarn	Knit fabric textile, sport, leisure	GRS green recycling application

Type	Application	Specifications
Flame retardant nylon yarn	touch fastener, tents	Flame retardant effect
Nylon Chips and Fiber for Electric Vehicles	Used for upgrading the physical properties of products such as injecting grade and extrusion grade, replacing the existing materials chosen by customers.	Increase the added value of nylon chips; the weather resistance and light weight are also consistent with differentiation from other competitors.

2. The 2022 business plan summary

In 2021, at Li Peng, both the workers and the management have been working together in unison to turn the crisis into opportunity during the ravage of global pandemic. This year, the Company has defined our operating policy as the Year of Advancement. With the strong support of R&D, business, and one-stop production services, we continue to optimize production efficiency, utilization, and gross margin. We expect to grow continuously and achieve further success in the future.

Nylon business unit: Understanding the impact of international situations on the supply and demand changes and price fluctuations of raw and auxiliary materials to effectively plan procurement strategies.

Nylon chips: Actively developing and selling products, expanding the scope of application, strengthening manpower integration, and improve production efficiency.

Nylon yarn: Quickly responding to customer needs and continuing to develop differentiated products.

High-end textile business unit: Improving coloring accuracy and upgrading manufacturing process to enhance production efficiency while reducing waste in energy; strengthening brand cooperation, and seeking for new customers.

3. The company's future development strategy under impacts of external environment, legal environment, and overall business environment

In response to the global issue of net-zero carbon emissions, well-known brands have taken the initiatives in advance, requiring supply chain manufacturers to join the ranks of carbon reduction. We have jointly developed a "Green Energy Circular Economy Program" with our affiliated companies, which is a phased approach to energy saving, recycling and green energy development. From the company developed RePET, Ecoya and ReEcoya, to the recent development of Nylon Plus products which are waste recycling and environmental protection products, all have been highly recognized and achieved the phase goals. Libolon Energy Co. LTD. was established with 70% investment from our company, preparing to invest in the green power field of wind power. In the future, the Company will move towards the goal that 100% of the power for production is green energy. Get ready for the future sustainable development of the company!

However, the previous easing of monetary policy due to the epidemic has also become a double-edged sword. At the beginning of the year, the Russian-Ukrainian war created geopolitical tensions, which also led to dramatic fluctuation in the prices of raw materials, energy, agriculture and food. Coupled with the resurgence of the epidemic in China and the lockdown of major cities, this has created a supply chain crisis. All of this has contributed to the worsening of inflation. In

the face of the unstable international situation, we cannot afford to let down our guard. Each department should make good risk assessment and leverage the advantages of vertical integration of affiliated companies to respond to the volatility of the general environment in real time. With continuous improvement, the Company will wait for the opportunity to spread our wings again, soaring high! Finally, I would like to express my deepest gratitude to all shareholders and wish you all good health and all the best

Chairman : KUO SHAO YI Manager : KUO SHAO YI Accounting head : KO PEI CHUN

II. The 2021 audit committee's audit report:

Explanatory Notes: The audit committee's audit review is as follows:

Audit committee's audit report

The audit committee reviewed the business report, the proposal for surplus distribution or loss allowances and the 2021 financial statements which were prepared by the Board of Directors. The financial statements were audited by Deloitte's accountants, Wu, Ker-Chang and Chiu, Ming-Yu and an audit report was issued. It is believed that there is no discrepancy, and they were submitted for revision in accordance with Article 14-4 of the Securities Exchange Act and Article 219 of the Article of association.

Regards,

The company's 2022 regular shareholders' meeting

LI PENG ENTERPRISE CO., LTD.

Audit committee convener : Lin, Yao Chuan

Taiwan, April 26, 2022

III. Report on Allocation of 2021 Remuneration to Board of Directors and Employees.

Explanatory Notes: 2021 employees' remuneration was NT\$ 749,453, directors' remuneration was NT\$ 749,453, and both were distributed by cash.

Matters for Ratification

Item 1

Proposed by the Board of Directors

Proposal: The 2021 business report and financial statements.

Explanatory Notes:

1. The 2021 financial statements audited by Deloitte's accountants Wu, Ker-Chang and Chiu, Ming-Yu together with the business report reviewed by the audit committee with audit reports.
2. The business report, the accountant's audit report and the above-mentioned financial statements are as Attachments 1, p.3~6 and p.12~31.

Resolution :

Item 2

Proposed by the Board of Directors

Proposal: The 2021 proposals for surplus distribution or loss allowances**Explanatory Notes:**

Net profit after tax of 2021 business final accounts was NT\$ 269,155,900, and the statement of 2021 surplus distribution or loss allowances is as follows:

LI PENG ENTERPRISE CO., LTD.
Proposals for surplus distribution or loss allowances
R.O.C 2021

Unit: NT\$

Item	Amount		Note
Accumulated deficit at the beginning of the period		(289,109,598)	
After tax surplus	269,155,900		
Actuarial Gain (Loss) on Defined Benefit Plans	(27,782,412)		
Equity method recognition and disposal of equity instruments measured at fair value through other comprehensive income (loss)	5,239,706		
Net (loss) profit after tax plus non-net (loss) profit after tax items included in retained earnings		246,613,194	
Loss to be made up at the end of period		(42,496,404)	

Chairman : KUO SHAO YI

Manager : KUO SHAO YI

Accounting Head : KO PEI CHUN

Resolution :

Matters for Discussion

Item 1

Proposed by the Board of Directors

Proposal: Amendment of “Articles of Association”

Explanatory Notes:

In accordance to legal regulation and practical needs, Comparative Table for the Current and Amended Articles of Association is as attachment 2, Handbook page 32~38.

Resolution :

Item 2

Proposed by the Board of Directors

Proposal: Motion of partial articles amendment of the “Procedures for Asset Acquisition & Disposal”

Explanatory Notes:

In accordance to legal regulation, Comparative Table for the Current and Amended “Procedures for Asset Acquisition & Disposal” is as attachment 3, Handbook page 39~69.

Resolution :

Extemporaneous Motion

Meeting Adjourned

Attachments 1

Independent Auditor's Report

To Li Peng Enterprise Corporation Limited

Opinion

We have audited the accompanying consolidated financial statements of Li Peng Enterprise Corporation Limited and its subsidiaries (the “Company”), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Company's consolidated financial statements for the year ended December 31, 2021 are stated as follows:

The Authenticity of the sales revenues from the new top 10 major clients of the Nylon products

The Company comprises of nylon department, weaving department, and trading department. Because the nylon product sales revenue accounts for roughly 31% of the operational revenue, and the variations in sales revenue is greater from the top 10 clients of the nylon products, the accountant will list the authenticity of the sales revenues from the new top 10 major clients of the nylon products as the key auditing matter. Please refer to Note 4 in the consolidated financial report for the reference of the related accounting policy concerning income recognition.

Our audit procedures related to the evaluation of the above-mentioned key audit matter, include the understanding and sampling of selected internal control design with effectively execution to have identified the transaction of sales revenue.

Other Matter

The Company had repared the parent company only financial statements of 2021 and 2020 as for reference, provided with auditor's report by the Company's accountants unmodified opinion on the matter.

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

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

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

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement

when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Wu,Ke-Chang and Chiu,Ming-Yu.

Wu, Ke-Chang

Deloitte & Touche
Taipei, Taiwan
Republic of China

Financial Supervisory Commission ROC vetted
Document no. 1000028068

Chiu, Ming-Yu

Deloitte & Touche
Taipei, Taiwan
Republic of China

Financial Supervisory Commission ROC vetted
Document no. 0930160267

March 28, 2022

Li Peng Enterprise Co Ltd and Subsidiaries
Consolidated Balance Sheets
Dec 31, 2020, 2021

Unit : Thousands of NTD

Code	Assets	Dec 31, 2021		Dec 31, 2020	
		金	額 %	金	額 %
	Current Assets				
1100	Cash and cash equivalents (Note 6)	\$ 1,331,196	7	\$ 1,359,763	8
1110	Financial assets at fair value through profit or loss - current (Note 7)	485,362	2	491,974	3
1150	Notes receivable, net (Note 8)	88,906	-	33,170	-
1160	Notes receivable from related parties, net (Note 29)	192,906	1	52,264	-
1170	Accounts receivable, net (Note 8)	2,560,254	13	1,782,834	10
1180	Accounts receivable from related parties, net (Note 29)	159,361	1	161,759	1
1210	Loan to related parties (Note 29)	565,160	3	552,800	3
130X	Inventory (Note 9)	3,158,670	16	2,080,015	12
1410	Prepayments	195,882	1	56,927	-
1476	Other financial assets - current (Note 10 and 30)	214,717	1	174,551	1
1479	Other current assets	17,801	-	5,868	-
11XX	Total current assets	8,970,215	45	6,751,925	38
	Non-current assets				
1510	Financial assets at fair value through profit or loss—non-current (Note 7)	9,902	-	11,825	-
1517	Financial assets at fair value through other comprehensive income—non-current (Note 11)	2,147,276	11	2,358,662	13
1550	Investment adjustments for Using Equity Method (Note 13)	2,626,184	13	2,613,301	15
1600	Property, plant, equipment (Note 14)	5,494,382	28	5,550,279	31
1755	Right of use asset (Note 3 and 15)	977	-	934	-
1780	Other intangible assets (Note 16)	5,352	-	8,055	-
1840	Deferred tax assets (Note 23)	311,341	2	365,958	2
1915	Prepayment for equipment	180,590	1	169,784	1
1990	Other non-current assets	10,578	-	14,084	-
15XX	Total non-current assets	10,786,582	55	11,092,882	62
1XXX	Total Assets	\$ 19,756,797	100	\$ 17,844,807	100
	Liability and Equity				
	Current liability				
2100	Short-term loan (Note 17)	\$ 2,795,000	14	\$ 2,044,000	11
2110	Short-term corporate bonds payable (Note 17)	800,000	4	1,120,000	6
2150	Notes payable	38,370	-	54,765	-
2160	Notes payable – related parties (Note 29)	85,560	-	8,705	-
2170	Accounts payable	2,017,959	10	961,089	5
2180	Accounts payable—related parties (Note 29)	118,828	1	97,135	1
2219	Other payable (Note 29)	773,134	4	472,257	3
2220	Loan from related parties (Note 29)	113,000	1	85,000	1
2230	Current tax liabilities (Note 23)	7,854	-	2,803	-
2250	Current provisions	5,174	-	20,372	-
2280	Lease liability—current (Note 15)	177	-	107	-
2320	Long-term loan due in a year (Note 18)	31,250	-	155,000	1
2399	Other current liability	167,715	1	135,187	1
21XX	Total current liabilities	6,954,021	35	5,156,420	29
	Non-current liability				
2540	Long-term loan (Note 18)	1,793,750	9	1,875,000	11
2570	Deferred income tax liability (Note 23)	146,854	1	146,650	1
2580	Lease liability—non-current (Note 15)	362	-	541	-
2640	Accrued pension liability, net—non-current (Note 19)	256,602	1	235,805	1
2670	Other non-current liability	1,686	-	1,176	-
25XX	Total non-current liabilities	2,199,254	11	2,259,172	13
2XXX	Total liability	9,153,275	46	7,415,592	42
	Equity Attributable to Shareholders of the Parent (Note 20)				
3110	Common stock	9,144,872	46	9,144,872	51
3200	Capital reserve	185,591	1	134,620	1
	Retained earning				
3310	Legal reserve	525,527	3	525,527	3
3320	Special reserve	229,670	1	602,637	4
3350	Accrued loss	(42,496)	-	(662,075)	(4)
3300	Total retained earnings	712,701	4	466,089	3
3400	Other equity	(62,608)	-	168,713	1
3500	Treasury stock	(330,507)	(2)	(432,403)	(3)
31XX	Total Equity to Shareholders of the Parent	9,650,049	49	9,481,891	53
36XX	Non-controlling interests (Note 20)	953,473	5	947,324	5
3XXX	Total equity	10,603,522	54	10,429,215	58
	Total of Liability and Equity	\$ 19,756,797	100	\$ 17,844,807	100

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

Chairman: Kuo, Shao-Yi Manager : Kuo, Shao-Yi Head of Accounting : Ko, Pei-Chun

Li Peng Enterprise Co Ltd and Subsidiaries
Consolidated Statements of Comprehensive Income

Jan 1 to Dec 31, 2020, 2021 Unit : Thousands of NTD
Except loss per share

Code		2021		2020	
		Amount	%	Amount	%
4000	Operating revenue (Note4,21,29)	\$ 24,252,436	100	\$ 13,559,461	100
5000	Operating cost (Note 9, 29)	<u>23,111,115</u>	<u>96</u>	<u>13,324,652</u>	<u>98</u>
5900	Operating margin	1,141,321	4	234,809	2
5910	Unrealized profit on sales to associates	-	-	(313)	-
5920	Realized profit on sales to associates	<u>241</u>	<u>-</u>	<u>72</u>	<u>-</u>
5950	Realized operating margin	<u>1,141,562</u>	<u>4</u>	<u>234,568</u>	<u>2</u>
	Operating expense (Note 29)				
6100	Sales expense	448,261	2	287,097	2
6200	Management expense	227,688	1	195,625	2
6300	R&D expense	109,783	-	112,090	1
6450	Expected credit (gain) loss on reversal of impairment loss	<u>1,433</u>	<u>-</u>	(<u>3,508</u>)	<u>-</u>
6000	Total operating expenses	<u>787,165</u>	<u>3</u>	<u>591,304</u>	<u>5</u>
6900	Operating net profit (loss)	<u>354,397</u>	<u>1</u>	(<u>356,736</u>)	(<u>3</u>)
	Non-operating income and expenses				
7100	Interest income (Note 22, 29)	18,745	-	45,307	-
7010	Other income (Note 22, 29)	51,791	-	124,861	1
7020	Other profit and loss (Note 22, 29)	(58,853)	-	(306,966)	(2)
7050	Finance cost (Note 22)	(41,592)	-	(56,497)	-
7060	Share of profits of associates	<u>17,160</u>	<u>-</u>	<u>17,172</u>	<u>-</u>
7000	Total non-operating income and loss	(<u>12,749</u>)	<u>-</u>	(<u>176,123</u>)	(<u>1</u>)

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Code		2021		2020	
		Amount	%	Amount	%
7900	Net profit (loss) before tax	\$ 341,648	1	(\$ 532,859)	(4)
7950	Income tax (expense) profit (Note 4, 23)	(65,880)	-	118,526	1
8200	Net profit (loss) of the year	275,768	1	(414,333)	(3)
	Other comprehensive income (net)				
8310	Uncategorized items profit and loss :				
8311	Measure on defined benefit plans	(29,263)	-	8,963	-
8316	Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	(349,325)	(1)	703,868	5
8320	Share of other comprehensive gain of associates and joint ventures	38,935	-	125,153	1
8360	Items that may be reclassified subsequently to profit or loss :				
8361	Exchange differences resulting from translation on foreign operations	(13,982)	-	(7,112)	-
8300	Total other comprehensive income of the year	(353,635)	(1)	830,872	6
8500	Total comprehensive income of the year	(\$ 77,867)	-	\$ 416,539	3
	Net profit (loss) attributable to :				
8610	Shareholder of the parent	\$ 269,155	1	(\$ 412,009)	(3)
8620	Non-controlling interests	6,613	-	(2,324)	-
8600		\$ 275,768	1	(\$ 414,333)	(3)
	Comprehensive income attributable to :				
8710	Shareholders of the parent	\$ 15,291	-	\$ 211,682	2
8720	Non-controlling interests	(93,158)	-	204,857	1
8700		(\$ 77,867)	-	\$ 416,539	3
	Earning (loss) per share (Note 24)				
9710	Basic earnings per share	\$ 0.31		(\$ 0.48)	
9810	Diluted earnings per share	\$ 0.31			

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

Chairman: Kuo, Shao-Yi

Manager : Kuo, Shao-Yi

Head of Accounting : Ko, Pei-Chun

Li Peng Enterprise Co Ltd and Subsidiaries
Consolidated Statements of Changes in Equity
Jan 1 to Dec 31, 2020, 2021

Unit : Thousands of NTD

		Equity Attributable to Shareholders of the Parent													
		Others													
		Retained Earning						Foreign Organization	Unrealized gain/loss on financial assets at						
		Share Capital					Unappropriated Earnings (Unappropriated deficit)	Financial Report Exchange difference	Fair value through comprehensive income						
		Share (Thousands)	Amount	Capital Reserve	Legal Reserve	Special Reserve			Using equity method	Using equity method					
Code		Share (Thousands)	Amount	Capital Reserve	Legal Reserve	Special Reserve	(Unappropriated deficit)	Financial Report Exchange difference	Parent company	Subsidiaries	Associates	Treasury Stock	Total	Non- Controlling interests	Total equity
A1	Balance as of Jan 01, 2020	914,487	9,144,872	134,044	525,527	602,637	(248,943)	(24,523)	121,782	(327,584)	(225,776)	(432,403)	9,269,633	730,902	10,000,535
C7	Changes to other capital reserve : Change in associates using equity method	-	-	141	-	-	-	-	-	-	-	-	141	-	141
M7	Changes to equity ownership of subsidiary (Note 25)	-	-	435	-	-	-	-	-	-	-	-	435	11,565	12,000
Q1	Subsidiary and associates' disposal of equity tool through other comprehensive income	-	-	-	-	-	(14,363)	-	-	(6,116)	20,479	-	-	-	-
D1	Net Loss in 2020	-	-	-	-	-	(412,009)	-	-	-	-	-	(412,009)	(2,324)	(414,333)
D3	Other comprehensive income in 2020	-	-	-	-	-	13,240	(7,112)	261,635	235,052	120,876	-	623,691	207,181	830,872
D5	Total comprehensive income in 2020	-	-	-	-	-	(398,769)	(7,112)	261,635	235,052	120,876	-	211,682	204,857	416,539
Z1	Balance as of Dec 31, 2020	914,487	9,144,872	134,620	525,527	602,637	(662,075)	(31,635)	383,417	(98,648)	(84,421)	(432,403)	9,481,891	947,324	10,429,215
B17	Reversal of Special Reserve	-	-	-	-	(372,967)	372,967	-	-	-	-	-	-	-	-
C7	Changes to other capital reserve : Change in associates using equity method	-	-	4,005	-	-	-	-	-	-	-	-	4,005	-	4,005
O1	Subsidiary and associates' disposal of equity tool through other comprehensive income	-	-	-	-	-	5,239	-	-	(2,467)	(2,772)	-	-	-	-
Q1	Cash dividends of the Company received by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(1,200)	(1,200)
D1	Net Profit in 2021	-	-	-	-	-	269,155	-	-	-	-	-	269,155	6,613	275,768
D3	Other comprehensive income in 2021	-	-	-	-	-	(27,782)	(13,975)	(136,312)	(113,249)	37,454	-	(253,864)	(99,771)	(353,635)
D5	Total comprehensive income in 2021	-	-	-	-	-	241,373	(13,975)	(136,312)	(113,249)	37,454	-	15,291	(93,158)	(77,867)
L7	Disposal of the parent company's stock by a subsidiary is regarded as a treasury stock transaction	-	-	44,892	-	-	-	-	-	-	-	68,446	113,338	100,507	213,845
N1	Treasury stock transferred to employees	-	-	2,074	-	-	-	-	-	-	-	33,450	35,524	-	35,524
Z1	Balance as of Dec 31, 2021	914,487	\$ 9,144,872	\$ 185,591	\$ 525,527	\$ 229,670	(\$ 42,496)	(\$ 45,610)	\$ 247,105	(\$ 214,364)	(\$ 49,739)	(\$ 330,507)	\$ 9,650,049	\$ 953,473	\$ 10,603,522

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

Chairman: Kuo, Shao-Yi

Manager : Kuo, Shao-Yi

Head of Accounting : Ko, Pei-Chun

Li Peng Enterprise Co Ltd and Subsidiaries
Consolidated Statements of Cash Flows
Jan 1 to Dec 31, 2020, 2021

Unit : Thousands of NTD

Code		2021	2020
	Cash Flows From Operating Activities		
A10000	Profit (loss) before income tax	\$ 341,648	(\$ 532,859)
A20010	Provided by (used in) operating activities:		
A20100	Depreciation	587,617	617,864
A20200	Amortization	4,349	6,472
A20300	Expected credit (gain) loss on reversal of impairment loss	1,433	(3,508)
A29900	Amortized prepayment	66,928	71,701
A20400	Financial assets and liability at fair value through (profit) or loss	20,136	(29,449)
A20900	Finance costs	41,592	56,497
A21200	Interest income	(18,745)	(45,307)
A21300	Dividend income	(3,107)	(1,738)
A21900	Transfer of treasury stock to employee compensation costs	2,150	-
A22300	Share of income to associates using equity method	(17,160)	(17,172)
A22500	Gain on disposal or retirement of property, plant, equipment	(6,209)	(668)
A23100	Gain on disposal of investment, net	(17,241)	(341)
A23200	Gain on disposal of investments accounted for using equity method, net	-	(51)
A23800	Impairment loss (reversal of impairment loss) on inventory	86,082	(71,402)
A23900	Unrealized profit on sales to associates	(241)	241
A24100	Net gain on foreign exchange	(72,253)	(11,910)
	Changes in operating assets and liabilities		
A31115	Collect financial assets at fair value through profit or loss	9,816	(172,192)
A31130	Accounts receivable	(196,978)	17,354
A31150	Accounts receivable	(762,290)	(67,397)
A31200	Inventory	(1,164,737)	545,361
A31230	Prepayments	(208,867)	(67,940)
A31240	Other current assets	(11,943)	1,945
A31250	Other financial assets	(47,227)	(113,027)
A32130	Notes payable	60,460	(13,694)
A32150	Accounts payable	1,078,297	571,015
A32180	Other accounts payable	310,608	(15,161)
A32200	Current provisions	(15,660)	(1,347)
A32240	Accrued pension liabilities, net	(8,466)	(17,931)
A32230	Other current liability	<u>34,288</u>	<u>(37,244)</u>
A33000	Cash generated from operations	94,280	668,112
A33100	Interest income	17,384	47,131
A33200	Dividend income	3,107	1,738

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Code		2021	2020
A33200	Dividend income from associates	\$ 35,750	\$ 41,872
A33300	Interest payable	(41,923)	(57,308)
A33500	Income tax receive (payable)	<u>5,200</u>	(<u>6,449</u>)
AAAA	Cash inflow from operating activities	<u>113,798</u>	<u>695,096</u>
Cash Flows from Investing Activities			
B00010	Acquisition of financial assets at fair value through other comprehensive income	(164,326)	(49,361)
B00020	Disposal of financial assets at fair value through other comprehensive income	26,387	218,584
B01800	Acquisition of associates	-	(758,415)
B01900	Disposal of associates	-	15,083
B02200	Cash inflow from acquisition of subsidiary, net	-	392
B05900	Decrease (increase) in loan to related parties receivable	1,080	(404,500)
B02700	Acquisition of property, plant, equipment	(554,795)	(245,335)
B02800	Disposal of property, plant, equipment	6,641	1,052
B03800	Increase in refundable deposits	(118)	(1)
B04500	Acquisition of intangible asset	(<u>1,646</u>)	(<u>3,193</u>)
BBBB	Cash outflow from investment activity	(<u>686,777</u>)	(<u>1,225,694</u>)
Cash Flows From Financing Activities			
C00100	Increase (decrease) in short-term loan	751,000	(2,006,000)
C00500	Proceeds from short-term bills payable	(320,000)	500,000
C01600	Lend long-term loan	1,825,000	875,000
C01700	Repay long-term loan	(2,030,000)	(295,000)
C04020	Lease principal repayment	(482)	(463)
C03000	Increase (decrease) in refundable deposits	509	(298)
C03700	Increase (decrease) in loan to related parties receivable	28,000	(35,000)
C05000	Disposal of treasury stock	213,845	-
C05100	Treasury stock transferred to employee	33,374	-
C05800	Changes to non-controlling interests	(<u>1,200</u>)	<u>12,000</u>
CCCC	Cash inflows (outflows) from financing activities	<u>500,046</u>	(<u>949,761</u>)
DDDD	Effect of exchange rate on cash or cash equivalents	<u>44,366</u>	<u>7,000</u>
EEEE	Net Decrease in Cash and Cash Equivalents	(28,567)	(1,473,359)
E00100	Balance of cash and cash equivalents, beginning of the year	<u>1,359,763</u>	<u>2,833,122</u>
E00200	Balance of cash and cash equivalents, end of the year	<u>\$ 1,331,196</u>	<u>\$ 1,359,763</u>

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

Chairman: Kuo, Shao-Yi Manager : Kuo, Shao-Yi Head of Accounting : Ko, Pei-Chun

Independent Auditors' Report

To Li Peng Enterprise Corporation Limited

Opinion

We have audited the accompanying individual financial statements of Li Peng Enterprise Corporation Limited (the “Company”), which comprise the individual balance sheets as of December 31, 2021 and 2020, and the individual statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the individual financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the individual financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the individual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Company's parent only financial statements for the year ended December 31, 2021 are stated as follows :

The Authenticity of the sales revenues from the new top 10 major clients of the Nylon products

The Company comprises of nylon department, weaving department, and trading department. Because the nylon product sales revenue accounts for roughly 62% of the operational revenue, and the variations in sales revenue is greater from the top 10 clients of the nylon products, the accountant will list the authenticity of the the sales revenues from the new top 10 major clients of the nylon products as the key auditing matter. Please refer to Note 4 in the individual financial report for the reference of the related accounting policy concerning income recognition.

Our audit procedures related to the evaluation of the above-mentioned key audit matter, include the understanding and sampling of selected internal control design with effectively execution to have identified the transaction of sales revenue.

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

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

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

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Individual Financial Statements

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

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:

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Wu, Ke-Chang and Chiu, Ming-Yu.

Wu, Ke-Chang

Deloitte & Touche
Taipei, Taiwan
Republic of China

Financial Supervisory Commission ROC vetted
Document no. 1000028068

Chiu, Ming-Yu

Deloitte & Touche
Taipei, Taiwan
Republic of China

Financial Supervisory Commission ROC vetted
Document no. 0930160267

March 28, 2022

Li Peng Enterprise Co Ltd
Individual Balance Sheets
December 31, 2020 to 2021

Unit : Thousands of NTD

Code	Assets	December 31, 2021		December 31, 2020	
		Amount	%	Amount	%
	Current Assets				
1100	Cash and cash equivalents (Note 6)	\$ 1,279,090	7	\$ 926,455	5
1110	Financial assets at fair value through profit or loss (Note 7)	50,092	-	55,979	-
1150	Notes receivable (Note 8)	88,906	-	33,170	-
1160	Notes receivable – related parties (Note 29)	192,906	1	52,264	-
1170	Accounts receivable (Note 8)	1,063,602	6	1,301,064	8
1180	Accounts receivable – related parties (Note 29)	192,154	1	611,603	4
1210	Loan to related parties (Note 29)	902,087	5	597,329	4
130X	Inventory (Note 9)	3,088,472	17	1,994,434	12
1410	Prepayments	63,170	-	51,630	-
1476	Other financial assets - current (Note 10, 29)	994,553	5	458,987	3
1479	Other current assets	17,887	-	5,827	-
11XX	Total current assets	<u>7,932,919</u>	<u>42</u>	<u>6,088,742</u>	<u>36</u>
	Non-current assets				
1510	Financial assets at fair value through profit or loss – non-current (Note 7)	9,902	-	11,825	-
1517	Financial assets at fair value through other comprehensive income- non-current (Note 11)	810,698	4	947,010	6
1550	Investment adjustments for Using Equity Method (Note 12)	4,016,737	22	3,979,609	23
1600	Property, plant, equipment (Note 13)	5,465,726	29	5,518,193	32
1755	Right of use asset (Note 14)	538	-	720	-
1780	Other intangible assets (Note 15)	5,352	-	8,055	-
1840	Net deferred tax assets (Note 23)	311,310	2	365,891	2
1915	Prepayment for equipment	180,136	1	169,784	1
1990	Other non-current assets	466	-	3,318	-
15XX	Total non-current assets	<u>10,800,865</u>	<u>58</u>	<u>11,004,405</u>	<u>64</u>
1XXX	Total Assets	<u>\$ 18,733,784</u>	<u>100</u>	<u>\$ 17,093,147</u>	<u>100</u>
	Liability and Equity				
	Current liability				
2100	Short-term loan (Note 16)	\$ 2,795,000	15	\$ 2,044,000	12
2110	Short-term corporate bonds payable (Note 16)	800,000	4	1,120,000	7
2150	Notes payable	38,370	-	54,765	-
2160	Notes payable – related parties (Note 29)	85,560	-	8,705	-
2170	Accounts payable	1,139,194	6	789,047	5
2180	Accounts payable – related parties (Note 29)	110,584	1	56,451	-
2219	Other payable (Note 17, 29)	1,433,345	8	752,603	5
2280	Lease liability – current (Note 14)	177	-	107	-
2220	Loan from related parties (Note 29)	281,000	2	230,000	1
2250	Current provisions	5,174	-	20,372	-
2320	Long-term loan due in a year (Note 18)	31,250	-	155,000	1
2399	Other current liability	165,309	1	121,505	1
21XX	Total current liabilities	<u>6,884,963</u>	<u>37</u>	<u>5,352,555</u>	<u>32</u>
	Non-current liability				
2580	Lease liability – non-current (Note 14)	362	-	541	-
2540	Long-term loan (Note 18)	1,793,750	9	1,875,000	11
2570	Deferred income tax liability (Note 23)	146,840	1	146,650	1
2640	Accrued pension liability – non-current (Note 19)	256,602	1	235,805	1
2670	Other non-current liability	1,218	-	705	-
25XX	Total non-current liabilities	<u>2,198,772</u>	<u>11</u>	<u>2,258,701</u>	<u>13</u>
2XXX	Total Liability	<u>9,083,735</u>	<u>48</u>	<u>7,611,256</u>	<u>45</u>
	Equity (Note 20)				
3110	Common stock	9,144,872	49	9,144,872	53
3200	Capital reserve	185,591	1	134,620	1
	Retained earning				
3310	Legal reserve	525,527	3	525,527	3
3320	Special reserve	229,670	1	602,637	4
3350	Accrued loss	(42,496)	-	(662,075)	(4)
3300	Total retained earnings	<u>712,701</u>	<u>4</u>	<u>466,089</u>	<u>3</u>
3400	Other equity	(62,608)	-	168,713	1
3500	Treasury stock	(330,507)	(2)	(432,403)	(3)
3XXX	Total Equity	<u>9,650,049</u>	<u>52</u>	<u>9,481,891</u>	<u>55</u>
	Total of Liability and Equity	<u>\$ 18,733,784</u>	<u>100</u>	<u>\$ 17,093,147</u>	<u>100</u>

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

Chairman: Kuo, Shao-Yi Manager : Kuo, Shao-Yi Head of Accounting : Ko, Pei-Chun

Li Peng Enterprise Co Ltd
Individual Statements of Comprehensive Income
Jan 1 to Dec 31 2020, 2021

Unit: Thousands of NTD,
Except loss per share

Code		2021		2020	
		Amount	%	Amount	%
4000	Operating revenue (Note 21, 29)	\$ 12,268,967	100	\$ 10,369,775	100
5000	Operating cost (Note 9, 29)	<u>11,212,329</u>	<u>91</u>	<u>10,168,838</u>	<u>98</u>
5900	Operating margin	1,056,638	9	200,937	2
5910	Unrealized sales (profit) loss	72	-	(464)	-
5920	Realized sales (loss) profit	<u>320</u>	<u>-</u>	(<u>4,240</u>)	<u>-</u>
5950	Realized operating margin	<u>1,057,030</u>	<u>9</u>	<u>196,233</u>	<u>2</u>
	Operating expense (Note 29)				
6100	Sales expense	429,995	3	279,412	3
6200	Management expense	188,640	2	167,451	1
6300	R&D expense	109,784	1	112,090	1
6450	Expected credit loss (gain) on reversal of impairment loss	<u>1,419</u>	<u>-</u>	(<u>2,752</u>)	<u>-</u>
6000	Total operating expenses	<u>729,838</u>	<u>6</u>	<u>556,201</u>	<u>5</u>
6900	Operating net profit (loss)	<u>327,192</u>	<u>3</u>	(<u>359,968</u>)	(<u>3</u>)
	Non-operating income and expenses				
7100	Interest income (Note 22, 29)	11,596	-	31,529	-
7010	Other income (Note 22, 29)	44,920	-	121,994	1
7020	Other profit and loss(Note 22)	(62,856)	-	(308,897)	(3)
7050	Finance cost(Note 22, 29)	(42,803)	-	(57,704)	-
7070	Share of profits of subsidiaries and associates	<u>47,033</u>	<u>-</u>	<u>39,240</u>	<u>-</u>
7000	Total non-operating income and loss	(<u>2,110</u>)	<u>-</u>	(<u>173,838</u>)	(<u>2</u>)

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Code		2021		2020	
		Amount	%	Amount	%
7900	Net profit (loss) before tax	\$ 325,082	3	(\$ 533,806)	(5)
7950	Income tax (expense) profit (Note 4, 23)	(<u>55,927</u>)	(<u>1</u>)	<u>121,797</u>	<u>1</u>
8200	Net profit (loss) of the year	<u>269,155</u>	<u>2</u>	(<u>412,009</u>)	(<u>4</u>)
	Other comprehensive income (net)				
8310	Uncategorized items profit and loss:				
8311	Measure on defined benefit plans	(29,263)	-	8,963	-
8316	Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	(136,312)	(1)	261,635	3
8330	Share of other comprehensive gain of subsidiaries and associates	(74,314)	(1)	360,205	3
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences resulting from translation on foreign operations	(13,975)	-	(7,112)	-
8380	Share of other comprehensive gain of subsidiaries and associates	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
8300	Total other comprehensive income of the year	(<u>253,864</u>)	(<u>2</u>)	<u>623,691</u>	<u>6</u>
8500	Total comprehensive income of the year	<u>\$ 15,291</u>	<u>-</u>	<u>\$ 211,682</u>	<u>2</u>
	Earning (loss) per share (Note 24)				
9710	Basic earnings per share	<u>\$ 0.31</u>		(<u>\$ 0.48</u>)	
9810	Diluted earnings per share	<u>\$ 0.31</u>			

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

Chairman: Kuo, Shao-Yi Manager : Kuo, Shao-Yi Head of Accounting : Ko, Pei-Chun

Li Peng Enterprise Co Ltd
Individual Statements of Changes in Equity
Jan 1 to Dec 31, 2020, 2021

Unit : Thousands of NTD

Code		Other Equity Items											
		Retained Earning						Foreign Organization	Financial assets unrealized profit and loss at fair value through other comprehensive income				
		Share Capital		Capital Reserve	Legal Reserve	Special Reserve	Unappropriated Earnings Exchange difference	Financial report Exchange difference	Subsidiary using		Associates using		
Share (Thousands)	Share Capital	Parent Company	Equity Method						Equity Method	Treasury Stock	Total		
A1	Balance as of Jan 01, 2020	914,487	\$ 9,144,872	\$ 134,044	\$ 525,527	\$ 602,637	(\$ 248,943)	(\$ 24,523)	\$ 121,782	(\$ 327,584)	(\$ 225,776)	(\$ 432,403)	\$ 9,269,633
C7	Changes to other capital reserve : Change in associates using equity method	-	-	141	-	-	-	-	-	-	-	-	141
M7	Changes to equity ownership of subsidiary	-	-	435	-	-	-	-	-	-	-	-	435
Q1	Subsidiary and associates' disposal of equity tool through other comprehensive income	-	-	-	-	-	(14,363)	-	-	(6,116)	20,479	-	-
D1	Net Loss in 2020	-	-	-	-	-	(412,009)	-	-	-	-	-	(412,009)
D3	Other comprehensive income in 2020	-	-	-	-	-	13,240	(7,112)	261,635	235,052	120,876	-	623,691
D5	Total comprehensive income in 2020	-	-	-	-	-	(398,769)	(7,112)	261,635	235,052	120,876	-	211,682
Z1	Balance as of Dec 31, 2020	914,487	9,144,872	134,620	525,527	602,637	(662,075)	(31,635)	383,417	(98,648)	(84,421)	(432,403)	9,481,891
B17	Reversal of Special Reserve	-	-	-	-	(372,967)	372,967	-	-	-	-	-	-
C7	Changes to other capital reserve : Change in associates using equity method	-	-	4,005	-	-	-	-	-	-	-	-	4,005
Q1	Associates' disposal of equity tool through other comprehensive income	-	-	-	-	-	5,239	-	-	(2,467)	(2,772)	-	-
D1	Net Profit in 2021	-	-	-	-	-	269,155	-	-	-	-	-	269,155
D3	Other comprehensive income in 2021	-	-	-	-	-	(27,782)	(13,975)	(136,312)	(113,249)	37,454	-	(253,864)
D5	Total comprehensive income in 2021	-	-	-	-	-	241,373	(13,975)	(136,312)	(113,249)	37,454	-	15,291
L7	Disposal of the parent company's stock by a subsidiary is regarded as a treasury stock transaction	-	-	44,892	-	-	-	-	-	-	-	68,446	113,338
N1	Treasury stock transferred to employees	-	-	2,074	-	-	-	-	-	-	-	33,450	35,524
Z1	Balance as of Dec 31, 2021	914,487	\$ 9,144,872	\$ 185,591	\$ 525,527	\$ 229,670	(\$ 42,496)	(\$ 45,610)	\$ 247,105	(\$ 214,364)	(\$ 49,739)	(\$ 330,507)	\$ 9,650,049

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

Chairman: Kuo, Shao-Yi Manager : Kuo, Shao-Yi Head of Accounting : Ko, Pei-Chun

Li Peng Enterprise Co Ltd
Individual Statements of Cash Flows
Jan 1 to Dec 31, 2020, 2021

Unit : Thousands of NTD

Code		2021	2020
	Cash Flows From Operating Activities		
A10000	Profit (loss) before income tax	\$ 325,082	(\$ 533,806)
A20010	Provided by (used in) operating activities:		
A20100	Depreciation	584,279	614,708
A20200	Amortization	4,349	6,405
A20300	Expected credit loss (gain) on reversal of impairment loss	1,419	(2,752)
A29900	Amortized prepayment	66,928	71,701
A20400	Financial assets and liability at fair value through (profit) or loss	7,810	(26,566)
A20900	Finance costs	42,803	57,704
A21200	Interest income	(11,596)	(31,529)
A21300	Dividend income	(842)	(1,555)
A21900	Transfer of treasury stock to employee compensation costs	2,150	-
A22400	Share of income to associates using equity method	(47,033)	(39,240)
A22500	Gain on disposal of property, plant, equipment	(6,209)	(668)
A23200	Gain on disposal of investments accounted for using equity method, net	-	(51)
A23800	Impairment loss (reversal of impairment loss) on inventory	86,082	(71,083)
A24000	Realized profit on sales to subsidiaries and associates	(392)	4,704
A24100	Gain on foreign exchange, net	(83,024)	(8,665)
A30000	Changes in operating assets and liabilities		
A31130	Notes receivable	(196,978)	1,512
A31150	Accounts receivable	685,752	280,928
A31200	Inventory	(1,180,120)	601,139
A31230	Prepayment	(80,850)	(67,341)
A31240	Other current assets	(12,075)	2,192
A31250	Other financial assets	(539,262)	(388,322)
A32130	Notes payable	60,460	(13,695)
A32150	Accounts payable	402,929	374,405
A32180	Other payables	690,472	269,304
A32200	Current provisions	(15,660)	(1,347)
A32240	Accrued pension liabilities	(8,466)	(17,931)
A32230	Other current liability	<u>45,641</u>	<u>(43,380)</u>
A33000	Cash generated from operations	823,649	1,036,771

(continue in next page)

(continue from last page)

Code		2021	2020
A33100	Interest income	\$ 10,916	\$ 33,262
AC0200	Dividend income	842	1,555
A33200	Dividend income from associates	39,350	41,872
A33300	Interest payable	(43,118)	(58,583)
A33500	Income tax payable	<u>10,052</u>	(<u>4,043</u>)
AAAA	Cash inflow from operating activities	<u>841,691</u>	<u>1,050,834</u>
Cash Flows From Investing Activities			
B00010	Acquisition of financial assets at fair value through other comprehensive income	-	(3,127)
B01800	Acquisition of associates	-	(787,965)
B01900	Disposal of associates	-	15,083
B02700	Acquisition of property, plant, equipment	(554,956)	(244,580)
B02800	Disposal of property, plant, equipment	6,641	1,052
B03800	Increase in refundable deposit	(119)	-
B04500	Acquisition of intangible asset	(1,646)	(3,193)
B04300	Increase in loan to related parties receivable	(<u>288,743</u>)	(<u>617,522</u>)
BBBB	Cash outflow from investment activity	(<u>838,823</u>)	(<u>1,640,252</u>)
Cash Flows From Financing Activities			
C00100	(Decrease) increase in short-term loan	751,000	(2,006,000)
C00500	Proceeds from short-term bills payable	(320,000)	500,000
C01600	Lend long-term loan	1,825,000	875,000
C01700	Repay long-term loan	(2,030,000)	(295,000)
C04020	Lease principal repayment	(106)	(236)
C03000	Increase in refundable deposits received	513	200
C03700	Loan payable to related parties (less) more	51,000	(95,000)
C05100	Treasury stock transferred to employee	<u>33,374</u>	<u>-</u>
CCCC	Cash inflows (outflows) from financing activities	<u>310,781</u>	(<u>1,021,036</u>)
DDDD	Effect of exchange rate on cash or cash equivalents	<u>38,986</u>	<u>10,321</u>
EEEE	Net Increase (Decrease) in Cash and Cash Equivalents	352,635	(1,600,133)
E00100	Balance of cash and cash equivalents, beginning of the year	<u>926,455</u>	<u>2,526,588</u>
E00200	Balance of cash and cash equivalents, end of the year	<u>\$ 1,279,090</u>	<u>\$ 926,455</u>

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

Chairman: Kuo, Shao-Yi Manager : Kuo, Shao-Yi Head of Accounting : Ko, Pei-Chun

Attachments 2

LI PENG ENTERPRISE CO., LTD.

Comparative Table for the Current and Amended Articles of “Article of association”

Current Articles	Amended Articles	Amending Reasons
Article 9: The company’s shareholders meeting is divided into two types: The regular shareholders meeting is held within six months after the end of each fiscal year; The extraordinary shareholders meeting shall be convened in accordance with relevant laws and regulations when necessary.	Article 9: The company’s shareholders meeting is divided into two types: The regular shareholders meeting is held within six months after the end of each fiscal year; the extraordinary shareholders meeting shall be convened in accordance with relevant laws and regulations with necessary. <u>A shareholders’ meeting may be conducted visual communication meeting or other methods announced by central authority.</u>	Follow the regulation amendment
Article 15: There are nine directors (including three independent directors) with a term of three years, and they may be re-elected. The election of directors adopts a candidate nomination system, and the shareholders choose from the list of director candidates.	Article 15: The Company shall have nine <u>to eleven</u> directors (including <u>at least</u> three independent directors), the term of office shall not exceed three years, but he/she may be eligible for re-election. The election of directors adopts a candidate nomination system, and the shareholders choose from the list of director candidates.	In accordance to practical needs, it was amended.
Article 31: This charter was established on August 11, 1975 The first amendment was made on March 28, 1976 . . . The thirty-third amendment was made on August 18, 2021	Article 31: This Article was established on August 11, 1975 The first amendment was made on March 28, 1976 . . . The thirty-third amendment was made on August 18, 2021 <u>The thirty-fourth amendment was made on June 24, 2022</u>	Add amendment date and number of amendment times

LI PENG ENTERPRISE CO., LTD. Article of association

Chapter I General Principles

- Article 1 The company was organized in accordance with the provisions of the Company Act and was named LI PENG ENTERPRISE CO., LTD.
- Article 2 The Company's businesses are as follows :
1. A101020 Growing of Crops.
 2. A102060 Food Dealers.
 3. A401020 Raising of Livestock and Poultry.
 4. C301010 Spinning of Yarn.
 5. C302010 Weaving of Textiles.
 6. C305010 Printing, Dyeing, and Finishing.
 7. C306010 Wearing Apparel.
 8. C399990 Other Textile and Products Manufacturing.
 9. C601990 Other Paper Products Manufacturing.
 10. C701010 Printing.
 11. C702010 Plate Making Industry.
 12. C801100 Synthetic Resin and Plastic Manufacturing.
 13. D101050 Combined Heat and Power.
 14. D101060 self-usage power generation equipment utilizing. renewable energy industry.
 15. F104110 Wholesale of Cloths, Garments, Shoes, Hats, Umbrellas and Clothing Accessories.
 16. F113010 Wholesale of Machinery.
 17. F114010 Wholesale of Motor Vehicles.
 18. F114030 Wholesale of Motor Vehicle Parts and Motorcycle Parts, Accessories.
 19. F201010 Retail Sale of Agricultural Products.
 20. F204110 Retail Sale of Cloths, Garments, Shoes, Hats, Umbrellas and Clothing Accessories.
 21. F213080 Retail Sale of Machinery and Tools.
 22. F214010 Retail Sale of Motor Vehicles.
 23. F214030 Retail Sale of Motor Vehicle Parts and Motorcycle Parts, Accessories.
 24. F301020 Supermarkets.
 25. G202010 Parking Area Operators.
 26. H701040 Specific Area Development.
 27. H701060 New Towns, New Community Development.
 28. I301010 Information Software Services.
 29. I301030 Electronic Information Supply Services.
 30. IZ99990 Other Industrial and Commercial Services.

- 31. J701020 Amusement Parks.
- 32. J701040 Recreational Activities Venue.
- 33. J801030 Athletics and Recreational Sports Stadium.
- 34. JA01010 Automobile Repair.
- 35. JE01010 Rental and Leasing.
- 36. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

- Article 2-1 The company's investment in other businesses is not subject to the total investment restrictions of the Company Law.
- Article 3 The company set up a head office in Taipei City, and if necessary, through the resolution of the board of directors, it may establish branches at home and abroad, and depending on the business or investment relationship or inter-industry needs, external guarantees.
- Article 4 The company's announcement method shall be handled in accordance with Article 28 of the Company Law.

Chapter II Shares

- Article 5 The total capital is rated at twelve billion New Taiwan dollars, divided into 1.2 billion shares, each with a denomination of ten New Taiwan dollars per share, and is issued in multiples. Unissued shares are authorized to be issued by the board of directors based on actual needs.
- Article 6 The transfer to employees at a price lower than the average price of the actual shares bought back should be submitted to the latest shareholders meeting to represent more than half of the total issued shares before the transfer, and with more than two-thirds of the voting rights of present shareholders agree.
- Article 7 The stocks shall be issued through book entry system instead of issuing printing stocks according to laws and regulations; the same applies to the issuance of other securities.
- Article 8 Changes to the record in the shareholder register shall not be made within 60 days before the regular shareholders meeting, 30 days before the extraordinary shareholders meeting, or within 5 days before the base date of the company's decision to distribute dividends, bonuses or other benefits.

Chapter III Shareholders' Meeting

- Article 9 The company's shareholders meeting is divided into two types: The regular shareholders meeting is held within six months after the end of each fiscal year; The extraordinary shareholders meeting shall be convened in accordance with relevant laws and regulations when necessary.
- Article 9-1 The company's shareholders meeting should be convened 30 days before, and the convening of the extraordinary shareholders meeting should be held 15 days before. The date, place and reason for the meeting should be notified to all shareholders and announced.

The notice of the convening of the shareholders meeting may be carried out electronically if the shareholders agree.

- Article 10 When a shareholder is unable to attend the shareholders meeting for some reason, a letter of attorney issued by the company shall be issued, stating the scope of authorization, and signing and sealing to entrust an agent to attend the meeting.
- Article 10-1 The chairman of the shareholders meeting shall be the chairman of the board of directors. If the chairman is absent, the vice chairman shall act as the deputy chairman of the board of directors when there is a vice chairman; When the vice chairman is also absent for some reason, the chairman shall appoint a director to act as his agent; If the chairman of the board does not appoint a person, one of the directors will recommend each other as an agent; If it is convened by a convener other than the board of directors, the chairman shall be the convener. If there are two or more conveners, one of the other conveners shall be elected.
- Article 11 Shareholders of the company have one voting right per share; however, those who are restricted or have no voting rights listed in Paragraph 2, Article 179 of the Company Law shall not be subject to this restriction.
- Article 12 The resolutions of the shareholders' meeting shall be attended by shareholders representing more than half of the total number of shares issued, unless otherwise provided by relevant laws and regulations, and shall be executed with the approval of more than half of the voting rights of the shareholders present. When the number of shareholders present is less than the amount specified in the preceding paragraph, it is understood that the relevant provisions of the Company Law shall be followed.
- Article 13 The resolutions of the shareholders' meeting shall be recorded in the minutes, which shall be signed or sealed by the chairman, and the minutes shall be distributed to all shareholders within 20 days after the meeting.
- The production and distribution of the proceedings can be done electronically, and the method of distribution can be announced.
- The minutes of the proceedings should record the year, month, day, venue, chairman's name and resolution method of the meeting, and should record the essentials and results of the proceedings.
- The minutes of the proceedings, the attendance card of the attending shareholders, and the proxy attendance letter of attorney shall be properly kept in accordance with the regulations of the competent authority.
- Article 14 The shareholders' meeting may check the schedules and reports of the audit committee submitted by the board of directors, and decide on the distribution of surplus or compensation of losses.

Chapter IV Directors and Supervisors

- Article 15 There are nine directors (including three independent directors) with a term of three years, and they may be re-elected. The election of directors adopts a candidate nomination system, and the shareholders choose from the list of director candidates.
- Article 16 The directors organize the board of directors. Two-thirds or more of the directors present and more than half of the directors' present agree to elect one of them as the chairman of the board, and a vice chairman may be appointed by the directors in the same way to perform all the affairs of the company. The president represents the company externally.

- Article 17 When the vacancy of directors reaches one-third or all independent directors are dismissed, the board of directors shall convene an interim meeting of shareholders within 60 days to elect them.
- Article 18 When the chairman of the board asks for leave or is unable to exercise his powers for some reason, his agency shall be handled in accordance with Article 208 of the Company Law.
- When a director entrusts other directors to attend a meeting as an agent, he shall issue a power of attorney each time and list the authorized scope of the reason for the convening.
- The notice of the convocation of the board of directors can be notified in writing, fax, e-mail, etc.
- When the board of directors is meeting, if a video conference is used, the directors who participate in the meeting on the video screen shall be deemed to have attended the meeting in person.
- Article 19 The resolution of the board of directors, unless otherwise stipulated by the Company Law, should be attended by more than half of the directors, and more than half of the directors present should agree to it.
- Article 20 Delete
- Article 21 Delete
- Article 22 Delete
- Article 23 Delete
- Article 24 Delete
- Article 25 The remuneration of the chairman and directors shall be authorized by the board of directors to determine the extent of their participation in the operation of the company and the value of their contribution to the usual standards of the industry.

Chapter V Managers

- Article 26 The company may have one general manager and several managers, and their appointment, dismissal and remuneration shall be handled in accordance with the relevant provisions of the Company Law.

Chapter VI Accounting

- Article 27 At the end of each fiscal year, the board of directors shall prepare: (1) Business report (2) Financial statements (3) Proposals for surplus distribution or loss allowances, etc. After 30 days before the meeting of the regular shareholders meeting, it is submitted to the audit committee for verification, and then submitted to the regular shareholders meeting to request recognition.
- Article 28 If there is a profit in the year, at least 2% should be allocated for employee compensation, and no more than 5% for directors' compensation. However, when there are accumulated losses, the compensation amount shall be reserved, and then the remuneration of employees and directors shall be allocated in accordance with the aforementioned proportion. The remuneration of employees shall be determined by the board of directors in stock or cash, and the payment objects may include employees of affiliated companies who meet the conditions set by the board of directors.

Article 29 If there is a surplus in the annual final accounts, the accumulated losses shall be made up first, and then 10% shall be allocated as the statutory surplus reserve according to law; However, when the statutory surplus reserve has reached the total paid-in capital, it is exempted to continue to be listed. The special surplus reserve shall be allocated or transferred in the second time according to laws or regulations or regulations of the competent authority. If there is a balance, add the accumulated undistributed surplus at the beginning of the period as the distributable surplus, and allocate 0% to 100% of the distributable surplus, which shall be distributed after the board of directors drafts a distribution proposal and submits it to the shareholders meeting for resolution. Among the shareholder dividends decided by the board of directors, the cash dividend shall not be less than 5% of the total dividends. However, if the cash dividend per share does not reach NT\$0.1, it may be paid as a stock dividend.

Due to the changeable industrial environment and the development of diversification, the board of directors may change the payment of stock dividends in accordance with the capital budget and capital status.

Chapter VII Supplementary Provisions

Article 30 Matters not stipulated in this Articles of Association shall be handled in accordance with the Company Law and relevant laws and regulations.

Article 31 This charter was established on August 11, 1975
The first amendment was made on March 28, 1976
The second amendment was made on December 6, 1976
The third amendment was on June 30, 1981
The fourth amendment was on July 26, 1981
The fifth amendment was on August 10, 1985
The sixth amendment was made on July 8, 1987
The seventh amendment was made on July 8, 1988
The eighth amendment was made on June 15, 1990
The ninth amendment was on April 18, 1991
The tenth amendment was on March 23, 1992
The eleventh amendment was made on May 20, 1993
The twelfth amendment was made on April 28, 1994
The thirteenth amendment was made on May 9, 1995
The fourteenth amendment was made on May 7, 1997
The fifteenth amendment was on April 23, 1998
The sixteenth amendment was made on May 27, 1999
The seventeenth amendment was made on April 26, 2000
The eighteenth amendment was on June 13, 2001
The nineteenth amendment was on June 12, 2002
The twentieth amendment was on June 3, 2004
The twenty-first amendment was made on June 10, 2005
The twenty-second revision was made on June 14, 2006
The twenty-third revision was on June 15, 2007
The twenty-fourth amendment was made on June 15, 2007
The twenty-fifth amendment was made on June 17, 2010

The twenty-sixth amendment was on June 6, 2012
The twenty-seventh amendment was on June 13, 2000
The twenty-eighth amendment was on June 11, 2013
The twenty-ninth amendment was on June 10, 2015
The thirtieth amendment was on June 8, 2016
The thirty-first amendment was made on June 12, 2018
The thirty-second amendment was made on June 18, 2020.
The thirty-third amendment was made on August 18, 2021

LI PENG ENTERPRISE CO., LTD.

Chairman KUO, SHAO-YI

Attachments 3

LI PENG ENTERPRISE CO., LTD.

Comparative Table for the Current and Amended Articles of “Procedures for Asset Acquisition & Disposal”

Current Articles	Amended Articles	Amending Reasons
<p>Article 4: Definition of terms</p> <p>1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.</p> <p>2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.</p> <p>3. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.</p> <p>5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.</p>	<p>Article 4: Definition of terms</p> <p>1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.</p> <p>2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.</p> <p>3. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.</p> <p>5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.</p>	<p>Follow the regulation amendment</p>

Current Articles	Amended Articles	Amending Reasons
<p>6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.</p>	<p>6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.</p> <p>7. Investment professional: Refers to <u>financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business, futures commission merchants operating proprietary trading business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, that are lawfully incorporated and are regulated by the competent financial authorities of the jurisdiction where they are located.</u></p> <p>8. Securities exchange: "<u>Domestic securities exchange</u>" refers to the Taiwan Stock Exchange Corporation; "<u>foreign securities exchange</u>" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.</p> <p>9. Over-the-counter venue ("OTC venue", "OTC"): "<u>Domestic OTC venue</u>" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "<u>foreign OTC venue</u>" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.</p>	
<p>Article 6: Appraisal report or opinion from an accountant, lawyer or securities underwriter. The professional appraiser and its appraisers, accountants, lawyers or securities underwriters shall meet the following requirements:</p> <p>1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision</p>	<p>Article 6: Appraisal report or opinion from an accountant, lawyer or securities underwriter. The professional appraiser and its appraisers, accountants, lawyers or securities underwriters shall meet the following requirements:</p> <p>1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision</p>	<p>Follow the regulation amendment</p>

Current Articles	Amended Articles	Amending Reasons
<p>does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</p> <p>2. May not be a related party or de facto related party of any party to the transaction.</p> <p>3. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.</p> <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</p> <p>1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</p> <p>2. When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</p> <p>3. They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</p> <p>4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.</p>	<p>does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</p> <p>2. May not be a related party or de facto related party of any party to the transaction.</p> <p>3. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.</p> <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with <u>self-regulatory code subordinated trade associations and</u> the following:</p> <p>1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</p> <p>2. When <u>conducting</u> a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</p> <p>3. They shall undertake an item-by-item evaluation of the <u>adequacy</u> and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</p> <p>4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is <u>appropriate and</u> reasonable, and that they have complied with applicable laws and regulations.</p>	
<p>Article 9: Procedures for acquiring or disposing of real property, equipment or its right to use assets</p> <p>1. Evaluation and operating procedures Follow the internal control system real estate, plant and equipment cycle procedures. Except for transactions with domestic government agencies, self-local construction, lease construction, or acquisition and disposal of equipment for business use or its right to use assets, the transaction amount reaches 20% of the company's paid-in capital or NT\$300 million</p>	<p>Article 9: Procedures for acquiring or disposing of real property, equipment or its right to use assets</p> <p>1. Evaluation and operating procedures Follow the internal control system real estate, plant and equipment cycle procedures. Except for transactions with domestic government agencies, self-local construction, lease construction, or acquisition and disposal of equipment for business use or its right to use assets, the transaction amount reaches 20% of the company's paid-in capital or NT\$300 million</p>	<p>Follow the regulation amendment</p>

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<p>or more, the appraisal report issued by the professional appraiser should be obtained before the occurrence of the fact and meet the following requirements:</p> <p>A. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.</p> <p>B. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>C. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal <u>in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF)</u> and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>a. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>b. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>D. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p> <p>2. Procedures for determining trading conditions and authorization limits</p> <p>The current value of the announcement, the</p>	<p>or more, the appraisal report issued by the professional appraiser should be obtained before the occurrence of the fact and meet the following requirements: :</p> <p>A. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.</p> <p>B. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>C. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>a. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>b. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>D. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p> <p>2. Procedures for determining trading conditions and authorization limits</p> <p>The current value of the announcement, the</p>	

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<p>assessed value, the actual transaction price of the neighboring real estate, etc. should be referred to, and the transaction conditions and transaction prices should be determined to prepare an analysis report, or choose one of them by inquiry, price comparison, price negotiation or bidding. If the transaction amount exceeds NT\$500 million, it must be reported to the board of directors for approval.</p> <p>3. Execution unit</p> <p>After the approval is submitted in accordance with the approval authority, the use and management department is responsible for execution.</p>	<p>assessed value, the actual transaction price of the neighboring real estate, etc. should be referred to, and the transaction conditions and transaction prices should be determined to prepare an analysis report, or choose one of them by inquiry, price comparison, price negotiation or bidding. If the transaction amount exceeds NT\$500 million, it must be reported to the board of directors for approval</p> <p>3. Execution unit</p> <p>After the approval is submitted in accordance with the approval authority, the use and management department is responsible for execution.</p>	
<p>Article 10: Procedures for obtaining or disposing of securities investment</p> <p>1. Evaluation and operating procedures</p> <p>Handle in accordance with internal control system investment cycle operation If the transaction amount reaches 20% of the company's paid-in capital or NT\$300 million or more, the accountant should be consulted for opinions on the reasonableness of the transaction price before the fact. <u>If an accountant needs to use an expert report, it shall be handled in accordance with the Auditing Standards Bulletin No. 20 issued by the Accounting Research and Development Foundation.</u> However, if the securities have a public quotation in an active market or otherwise stipulated by the FSC, this restriction is not applicable.</p> <p>2. Procedures for determining trading conditions and authorization limits Unless the securities have a public quotation in an active market, or the Financial Regulatory Commission provides otherwise, the most recent financial statement of the target company that has been verified by an accountant or reviewed by the accountant shall be taken as a reference for assessing the transaction price before the occurrence of the fact.</p> <p>The cumulative transaction of the same target holds a net position of more than NT\$300 million, which must be reported to the board of directors for approval.</p> <p>3. Execution unit</p> <p>After the approval is submitted in accordance with the approval authority, the financial unit is responsible for execution.</p>	<p>Article 10: Procedures for obtaining or disposing of securities investment</p> <p>1. Evaluation and operating procedures</p> <p>Conducting in accordance with internal control system and investment cycle operation. If the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$ 300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).</p> <p>2. Procedures for determining trading conditions and authorization limits Unless the securities have a public quotation in an active market, or the Financial Regulatory Commission provides otherwise, the most recent financial statement of the target company that has been verified by an accountant or reviewed by the accountant shall be taken as a reference for assessing the transaction price before the occurrence of the fact.</p> <p>The cumulative transaction of the same target holds a net position of more than NT\$300 million, which must be reported to the board of directors for approval.</p> <p>3. Execution unit</p> <p>After the approval is submitted in accordance with the approval authority, the financial unit is responsible for execution.</p>	Follow the regulation amendment

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<p>Article 11: Procedures for obtaining or disposing of intangible assets or their right to use assets or membership certificates</p> <p>1. Evaluation and operating procedures Handle in accordance with the internal control system fixed assets circulation procedures. The transaction amount reaches 20% of the company's paid-in capital or NT\$300 million or more, except for transactions with domestic government agencies, the accountant should be consulted for opinions on the reasonableness of the transaction price <u>before the fact accountants shall also comply with the provisions of the Auditing Standards Bulletin No. 20 issued by the Accounting Research and Development Foundation.</u></p> <p>2. Procedures for determining trading conditions and authorization limits (1) Intangible assets or their right to use assets: Should refer to expert evaluation reports or fair market prices to determine transaction conditions and transaction prices. If the transaction amount exceeds NT\$50 million, it must be reported to the board of directors for approval. (2) Membership card: Should refer to the fair market price, determine the trading conditions and transaction prices. If the transaction amount exceeds NT\$10 million, it must be reported to the board of directors for approval.</p> <p>3. Execution unit After the approval is submitted in accordance with the approval authority, the user and management unit is responsible for execution.</p>	<p>Article 11: Procedures for obtaining or disposing of intangible assets or their right to use assets or membership certificates</p> <p>1. Evaluation and operating procedures Handle in accordance with the internal control system fixed assets circulation procedures. The transaction amount reaches 20 percent of the Company's paid-in capital or NT\$ 300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.</p> <p>2. Procedures for determining trading conditions and authorization limits (1) Intangible assets or their right to use assets: Should refer to expert evaluation reports or fair market prices to determine transaction conditions and transaction prices. If the transaction amount exceeds NT\$50 million, it must be reported to the board of directors for approval. (2) Membership card: Should refer to the fair market price, determine the trading conditions and transaction prices. If the transaction amount exceeds NT\$10 million, it must be reported to the board of directors for approval.</p> <p>3. Execution unit After the approval is submitted in accordance with the approval authority, the user and management unit is responsible for execution.</p>	<p>Follow the regulation amendment</p>
<p>Article 14: Procedures for dealing with related party transactions</p> <p>1. When acquiring or disposing of assets with related parties, in addition to handling relevant resolution procedures and evaluating the reasonableness of transaction conditions in accordance with the provisions of this processing procedure, those whose transaction amount reaches more than 10% of the company's total assets shall also obtain a professional Appraisal report or accountant's opinion issued by the appraiser. When judging whether the transaction object is a related party, in addition to paying attention to its legal form,</p>	<p>Article 14: Procedures for dealing with related party transactions</p> <p>1. When acquiring or disposing of assets with related parties, in addition to handling relevant resolution procedures and evaluating the reasonableness of transaction conditions in accordance with the provisions of this processing procedure, those whose transaction amount reaches more than 10% of the company's total assets shall also obtain a professional Appraisal report or accountant's opinion issued by the appraiser. When judging whether the transaction object is a related party, in addition to paying attention to its legal form,</p>	<p>Follow the regulation amendment</p>

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<p>the substantive relationship should also be considered.</p> <p>2. Evaluation and operating procedures</p> <p>Acquire or dispose of real property or its right to use assets from related parties, or acquire or dispose of real property or its right to use assets with related parties other than assets, and the transaction amount reaches 20% of the company's paid-in capital and 10% of total assets or NT\$300 million or more, except for the purchase and sale of domestic government bonds, bonds subject to repurchase or sell-back conditions, purchase or repurchase of money market funds issued by domestic securities investment trust enterprises, the following materials shall be <u>submitted to the approval of more than one-half of all members of the audit committee and</u> approval by the board of directors before the transaction contract and payment can be signed:</p> <ol style="list-style-type: none"> 1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets. 2. The reason for choosing the related party as a transaction counterparty. 3. With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Subparagraphs (1) to (4) of Paragraph 3 of this Article. 4. The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party 5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization. 6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with Item 1 of this Article. 7. Restrictive covenants and other important stipulations associated with the transaction. <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 17 Paragraph 2 herein, and "within the preceding year" as used</p>	<p>the substantive relationship should also be considered.</p> <p>2. Evaluation and operating procedures</p> <p>When a public company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$ 300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors:</p> <ol style="list-style-type: none"> 1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets. 2. The reason for choosing the related party as a transaction counterparty. 3. With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Subparagraphs (1) to (4) of Paragraph 3 of this Article. 4. The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party 5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization. 6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with Item 1 of this Article. 7. Restrictive covenants and other important stipulations associated with the transaction. <p>With respect to the types of transactions listed below, when to be conducted between the company and its parent or subsidiaries, or between its subsidiaries in which it directly or</p>	

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<p>herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors need not be counted toward the transaction amount.</p> <p>With respect to the types of transactions listed below, when to be conducted between the company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the company's board of directors may pursuant to this process and delegate the board chairman to decide such matters when the transaction is within 10% of the net value of the most recent financial statement and have the decisions subsequently submitted to and ratified by the next board of directors meeting:</p> <ol style="list-style-type: none"> 1. Acquisition or disposal of equipment or right-of-use assets thereof held for business use. 2. Acquisition or disposal of real property right-of-use assets held for business use. <p>In the board of directors' discussion, the board of directors shall take into full consideration each director's opinions. If a director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p>The paragraph 2 requires recognition by one-half or more of all audit committee members and then submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article 7, paragraphs 3 and 4.</p> <p>3. Evaluation of the reasonableness of transaction costs</p> <ol style="list-style-type: none"> 1. Acquirement of real property or right-of-use 	<p>indirectly holds 100 percent of the issued shares or authorized capital, the company's board of directors may pursuant to this process and delegate the board chairman to decide such matters when the transaction is within 10% of the net value of the most recent financial statement and have the decisions subsequently submitted to and ratified by the next board of directors meeting:</p> <ol style="list-style-type: none"> 1. Acquisition or disposal of equipment or right-of-use assets thereof held for business use. 2. Acquisition or disposal of real property right-of-use assets held for business use. <p>In the board of directors' discussion, the board of directors shall take into full consideration each director's opinions. If a director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p>The paragraph 2 requires recognition by one-half or more of all audit committee members and then submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article 7, paragraphs 3 and 4.</p> <p><u>If the Company or a subsidiary thereof that is not a domestic public company will have a transaction set out in paragraph 2 and the transaction amount will reach 10 percent or more of the public company's total assets, the public company shall submit the materials in all the subparagraphs of paragraph 1 to the shareholders meeting for approval before the transaction contract may be entered into and any payment made. However, this restriction does not apply to transactions between the public company and its parent company or subsidiaries or between its subsidiaries.</u></p> <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 17 Paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by <u>the shareholders' meeting and</u> the board of directors need not be counted toward the transaction amount.</p> <p>3. Evaluation of the reasonableness of transaction costs</p> <ol style="list-style-type: none"> 1. Acquirement of real property or right-of-use 	

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<p>assets thereof from a related party shall evaluate the reasonableness of the transaction costs by the following means:</p> <p>A. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</p> <p>B. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.</p> <p>2. Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.</p> <p>3. A public company that acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with Subparagraphs (1) and (2) of Paragraph 3 of this Article, shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>4. When acquiring real property or its right to use assets from related parties in accordance with the provisions of paragraphs (1) and (2) of this article, the evaluation results shall be lower than the transaction price, it shall be handled in accordance with the provisions of paragraph (5) of this article. However, it is not limited to those who present objective evidence and obtain specific reasonable</p>	<p>assets thereof from a related party shall evaluate the reasonableness of the transaction costs by the following means:</p> <p>A. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</p> <p>B. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.</p> <p>2. Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.</p> <p>3. A public company that acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with Subparagraphs (1) and (2) of Paragraph 3 of this Article, shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>4. When acquiring real property or its right to use assets from related parties in accordance with the provisions of paragraphs (1) and (2) of this article, the evaluation results shall be lower than the transaction price, it shall be handled in accordance with the provisions of paragraph (5) of this article. However, it is not limited to those who present objective evidence and obtain specific reasonable</p>	

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<p>opinions from the professional appraiser of real estate and the accountant due to the following circumstances:</p> <p>A. If the related party obtains plain or leased land and rebuilds, it may prove that it meets one of the following conditions:</p> <p>(a) The original land is evaluated according to the methods specified in the preceding three paragraphs, and the building is based on the construction cost of the related party plus reasonable construction profit, and the total amount exceeds the actual transaction price. The so-called reasonable construction profit shall be based on the average operating gross profit margin of the construction department of the related party in the last three years or the most recent gross profit margin of the construction industry announced by the Ministry of Finance, whichever is lower</p> <p>(b) Other non-related person transaction cases on other floors of the same target premises or adjacent areas within one year, which areas are similar, and the trading conditions are equivalent after evaluating the reasonable floor or regional price difference that should be in accordance with the practice of real estate buying and selling or leasing.</p> <p>B. Proof of the real estate purchased from the related party or leased to obtain the right to use the real estate, and the transaction conditions are equivalent to and similar in size to other non-related party transaction cases in the neighboring area within one year.</p> <p>The aforementioned “neighboring area transaction cases” shall be based on the principle that the same or adjacent street profile is not more than 500 meters away from the transaction target or the current value of the announcement is similar; If the area is similar, the area of other non-related person transaction cases shall not be less than 50% of the area of the transaction object. The term “one year” is based on the date of the acquisition of the real estate or its right to use assets as the basis, and retrospectively</p>	<p>opinions from the professional appraiser of real estate and the accountant due to the following circumstances:</p> <p>A. If the related party obtains plain or leased land and rebuilds, it may prove that it meets one of the following conditions:</p> <p>(a) The original land is evaluated according to the methods specified in the preceding three paragraphs, and the building is based on the construction cost of the related party plus reasonable construction profit, and the total amount exceeds the actual transaction price. The so-called reasonable construction profit shall be based on the average operating gross profit margin of the construction department of the related party in the last three years or the most recent gross profit margin of the construction industry announced by the Ministry of Finance, whichever is lower</p> <p>(b) Other non-related person transaction cases on other floors of the same target premises or adjacent areas within one year, which areas are similar, and the trading conditions are equivalent after evaluating the reasonable floor or regional price difference that should be in accordance with the practice of real estate buying and selling or leasing.</p> <p>B. Proof of the real estate purchased from the related party or leased to obtain the right to use the real estate, and the transaction conditions are equivalent to and similar in size to other non-related party transaction cases in the neighboring area within one year.</p> <p>The aforementioned “neighboring area transaction cases” shall be based on the principle that the same or adjacent street profile is not more than 500 meters away from the transaction target or the current value of the announcement is similar; If the area is similar, the area of other non-related person transaction cases shall not be less than 50% of the area of the transaction object. The term “one year” is based on the date of the acquisition of the real estate or its right to use assets as the basis, and retrospectively</p>	

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<p>calculated one year in the past.</p> <p>5. If the real property or its right to use assets is obtained from a related party, if the evaluation result is lower than the transaction price in accordance with the third paragraph (1) to (4) of this article, the following matters shall be handled. If a special surplus reserve is set forth in accordance with the following provisions, the assets purchased or leased at a high price shall be recognized as a loss in value or disposition or termination of the lease, or appropriate compensation or restoration, or there may be other evidence to confirm that there is nothing unreasonable, and the special surplus reserve can only be used after the approval of the financial management committee.</p> <p>A. The company shall set aside the special surplus reserve in accordance with the difference between the transaction price of the real estate or its right-of-use asset and the estimated cost in accordance with the provisions of Article 41, Paragraph 1, of the Securities Exchange Law, and shall not distribute or transfer capital to allotment.</p> <p>B. Independent directors shall be handled in accordance with Article 218 of the Company Act.</p> <p>C. The handling of the aforementioned points 1 and 2 should be reported to the shareholders meeting, and the details of the transaction should be disclosed in the annual report and public prospectus.</p> <p>6. Obtaining real estate or its right to use assets from related parties, in any of the following circumstances, should be handled in accordance with the relevant assessment and operating procedures in paragraph 2 of this article. The provisions of paragraph 3 (1), (2), and (3) of this article regarding the assessment of the reasonableness of transaction costs are not applicable:</p> <p>A. The related party acquires real estate or its right to use assets due to inheritance or gift.</p> <p>B. It has been more than five years since the related party contracted to obtain the real property or its right to use assets.</p> <p>C. Signing a joint construction contract with</p>	<p>calculated one year in the past.</p> <p>5. If the real property or its right to use assets is obtained from a related party, if the evaluation result is lower than the transaction price in accordance with the third paragraph (1) to (4) of this article, the following matters shall be handled. If a special surplus reserve is set forth in accordance with the following provisions, the assets purchased or leased at a high price shall be recognized as a loss in value or disposition or termination of the lease, or appropriate compensation or restoration, or there may be other evidence to confirm that there is nothing unreasonable, and the special surplus reserve can only be used after the approval of the financial management committee.</p> <p>A. The company shall set aside the special surplus reserve in accordance with the difference between the transaction price of the real estate or its right-of-use asset and the estimated cost in accordance with the provisions of Article 41, Paragraph 1, of the Securities Exchange Law, and shall not distribute or transfer capital to allotment.</p> <p>B. Independent directors shall be handled in accordance with Article 218 of the Company Act.</p> <p>C. The handling of the aforementioned points 1 and 2 should be reported to the shareholders meeting, and the details of the transaction should be disclosed in the annual report and public prospectus.</p> <p>6. Obtaining real estate or its right to use assets from related parties, in any of the following circumstances, should be handled in accordance with the relevant assessment and operating procedures in paragraph 2 of this article. The provisions of paragraph 3 (1), (2), and (3) of this article regarding the assessment of the reasonableness of transaction costs are not applicable:</p> <p>A. The related party acquires real estate or its right to use assets due to inheritance or gift.</p> <p>B. It has been more than five years since the related party contracted to obtain the real property or its right to use assets.</p> <p>C. Signing a joint construction contract with</p>	

Current Articles	Amended Articles	Amending Reasons
<p>the related party, or entrusting the related party to construct real estate and obtain the real property from the construction of the land or the lease of the land.</p> <p>D. Acquire real estate use rights assets for business use with parent companies, subsidiaries, or subsidiaries that directly or indirectly hold 100% of the issued shares or total capital.</p> <p>7. The acquisition of real estate or its right to use assets from related parties, if there is other evidence showing that the transaction is not in line with business practices, shall also be handled in accordance with the provisions of paragraph 3 (5) of this article.</p>	<p>the related party, or entrusting the related party to construct real estate and obtain the real property from the construction of the land or the lease of the land.</p> <p>D. Acquire real estate use rights assets for business use with parent companies, subsidiaries, or subsidiaries that directly or indirectly hold 100% of the issued shares or total capital.</p> <p>7. The acquisition of real estate or its right to use assets from related parties, if there is other evidence showing that the transaction is not in line with business practices, shall also be handled in accordance with the provisions of paragraph 3 (5) of this article.</p>	
<p>Article 17: Information disclosure procedures</p> <p>1. Under any of the following circumstances, a public company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:</p> <p>A. Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>B. Merger, demerger, acquisition, or transfer of shares.</p> <p>C. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.</p> <p>D. Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:</p> <p>a. For a public company whose paid-in</p>	<p>Article 17: Information disclosure procedures</p> <p>1. Under any of the following circumstances, a public company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:</p> <p>A. Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>B. Merger, demerger, acquisition, or transfer of shares.</p> <p>C. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.</p> <p>D. Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:</p> <p>a. For <u>a public company</u> whose paid-in</p>	<p>Follow the regulation amendment</p>

Current Articles	Amended Articles	Amending Reasons
<p>capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.</p> <p>b. For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.</p> <p>E. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NT\$500 million.</p> <p>F. Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>a. Trading of domestic government bonds.</p> <p>b. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>2. The amount of transactions above shall be calculated as follows:</p> <p>A. The amount of any individual transaction.</p> <p>B. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.</p> <p>C. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.</p> <p>D. The cumulative transaction amount of acquisitions and disposals (cumulative</p>	<p>capital is less than NT\$ 10 billion, the transaction amount reaches NT\$ 500 million or more.</p> <p>b. For <u>a public company</u> whose paid-in capital is NT\$ 10 billion or more, the transaction amount reaches NT\$ 1 billion or more.</p> <p>E. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NT\$500 million.</p> <p>F. Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>a. Trading of domestic government bonds <u>or foreign government bonds with a rating that is not lower than the sovereign rating of Taiwan.</u></p> <p>b. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>2. The amount of transactions above shall be calculated as follows:</p> <p>A. The amount of any individual transaction.</p> <p>B. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.</p> <p>C. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.</p> <p>D. The cumulative transaction amount of acquisitions and disposals (cumulative</p>	

Current Articles	Amended Articles	Amending Reasons
<p>acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>E. "Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.</p> <p>3. A public company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.</p> <p>4. When a public company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.</p> <p>5. A public company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for 5 years except where another act provides otherwise.</p> <p>6. Where any of the following circumstances occurs with respect to a transaction that a public company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event:</p> <p>A. Change, termination, or rescission of a contract signed in regard to the original transaction.</p> <p>B. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.</p> <p>C. Change to the originally publicly announced and reported information.</p>	<p>acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>E. "Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.</p> <p>3. A public company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.</p> <p>4. When a public company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.</p> <p>5. A public company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for 5 years except where another act provides otherwise.</p> <p>6. Where any of the following circumstances occurs with respect to a transaction that a public company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event:</p> <p>A. Change, termination, or rescission of a contract signed in regard to the original transaction.</p> <p>B. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.</p> <p>C. Change to the originally publicly announced and reported information.</p>	

LI PENG ENTERPRISE CO.,LTD.

Regulations Governing the Acquisition and Disposal of Assets

2019.6.12 (Amended)

Chapter I General Principles

Article 1 Purpose

In order to protect assets and implement information disclosure, this processing procedure is specially formulated.

Article 2: Legal basis

These Regulations are adopted in accordance with the provisions of Article 36-1 of the Securities and Exchange Act and the Financial Supervision and Administration Commission (Hereinafter referred to as the FSC) The relevant provisions of the "Standards for the Acquisition or Disposal of Assets by Public Offering Companies" issued by the letter of the Financial Supervision.

Article 3: Applicable scope of assets

1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
2. Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment.
3. Memberships.
4. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
5. Right-of-use assets.
6. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
7. Derivatives.
8. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
9. Other major assets.

Article 4: Definition of terms

1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.
2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act,

Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.

3. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.

Article 5: The total amount of real estate and its right to use assets or securities obtained by the company and its subsidiaries for non-business use and the limit of individual securities shall be handled in accordance with the following regulations:

1. The total amount of real estate and its right to use assets not for business use shall not exceed 30% of the company's net worth.
2. The total amount of marketable securities shall not exceed 90% of the company's net worth.
3. The amount of individual securities shall not exceed 50% of the company's net worth.

Article 6: Appraisal report or opinion from an accountant, lawyer or securities underwriter. The professional appraiser and its appraisers, accountants, lawyers or securities underwriters shall meet the following requirements:

1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.
2. May not be a related party or de facto related party of any party to the transaction.
3. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.

When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:

1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
2. When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.
3. They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.
4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.

Chapter II Disposition Procedures

Section I Establishment of Disposition Procedures

Article 7: To formulate or amend the procedures for acquiring or disposing of assets, it shall be approved by more than half of all members of the audit committee and approved by the board of directors, and submitted to the shareholders meeting for approval.

When the board of directors discusses, the opinions of independent directors shall be fully considered. If the directors have objections or reservations, they shall be stated in the minutes of the board of directors.

Those without the consent of more than one-half of all members of the audit committee may be agreed by more than two-thirds of all directors, and the resolution of the audit committee shall be stated in the minutes of the board of directors.

All members of the audit committee and all directors are counted based on actual incumbents.

Article 8: When obtaining or disposing of asset transactions and submitting them to the board of directors for discussion, the opinions of independent directors shall be fully considered. If the directors have objections or reservations, they shall be stated in the minutes of the board of directors.

For major asset or derivative commodity transactions, the approval of more than half of all members of the audit committee shall be approved and the board of directors' resolution shall be submitted, and the provisions of paragraphs 3 and 4 of Article 7 shall apply.

Section II Acquisition or Disposal of Assets

Article 9: Procedures for acquiring or disposing of real property, equipment or its right to use assets

1. Evaluation and operating procedures

Follow the internal control system real estate, plant and equipment cycle procedures.

Except for transactions with domestic government agencies, self-local construction, lease construction, or acquisition and disposal of equipment for business use or its right to use assets, the transaction amount reaches 20% of the company's paid-in capital or NT\$300 million or more, the appraisal report issued by the professional appraiser should be obtained before the occurrence of the fact and meet the following requirements:

- A. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.
 - B. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
 - C. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
 - a. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
 - b. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.
 - D. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.
2. Procedures for determining trading conditions and authorization limits
- The current value of the announcement, the assessed value, the actual transaction price of the neighboring real estate, etc. should be referred to, and the transaction conditions and transaction prices should be determined to prepare an analysis report, or choose one of them by inquiry, price comparison, price negotiation or bidding. If the transaction amount exceeds NT\$500 million, it must be reported to the board of directors for approval.
3. Execution unit
- After the approval is submitted in accordance with the approval authority, the use and management department is responsible for execution.

Article 10: Procedures for obtaining or disposing of securities investment

1. Evaluation and operating procedures

Handle in accordance with internal control system investment cycle operation If the transaction amount reaches 20% of the company's paid-in capital or NT\$300 million or more, the accountant should be consulted for opinions on the reasonableness of the transaction price before the fact. If an accountant needs to use an expert report, it shall be handled in accordance with the Auditing Standards Bulletin No. 20 issued by the Accounting Research and Development Foundation. However, if the securities have a

public quotation in an active market or otherwise stipulated by the FSC, this restriction is not applicable.

2. Procedures for determining trading conditions and authorization limits

Unless the securities have a public quotation in an active market, or the Financial Regulatory Commission provides otherwise, the most recent financial statement of the target company that has been verified by an accountant or reviewed by the accountant shall be taken as a reference for assessing the transaction price before the occurrence of the fact.

The cumulative transaction of the same target holds a net position of more than NT\$300 million, which must be reported to the board of directors for approval.

3. Execution unit

After the approval is submitted in accordance with the approval authority, the financial unit is responsible for execution.

Article 11: Procedures for obtaining or disposing of intangible assets or their right to use assets or membership certificates

1. Evaluation and operating procedures

Handle in accordance with the internal control system fixed assets circulation procedures.

The transaction amount reaches 20% of the company's paid-in capital or NT\$300 million or more, except for transactions with domestic government agencies, the accountant should be consulted for opinions on the reasonableness of the transaction price before the fact accountants shall also comply with the provisions of the Auditing Standards Bulletin No. 20 issued by the Accounting Research and Development Foundation.

2. Procedures for determining trading conditions and authorization limits

(1) Intangible assets or their right to use assets: Should refer to expert evaluation reports or fair market prices to determine transaction conditions and transaction prices. If the transaction amount exceeds NT\$50 million, it must be reported to the board of directors for approval.

(2) Membership card: Should refer to the fair market price, determine the trading conditions and transaction prices. If the transaction amount exceeds NT\$10 million, it must be reported to the board of directors for approval.

3. Execution unit

After the approval is submitted in accordance with the approval authority, the user and management unit is responsible for execution.

Article 12: The calculation of the transaction amount from Article 9 to Article 11 shall be carried out in accordance with the provisions of Article 17 Paragraph 2. Moreover, the stated period of one year is based on the date of the transaction facts, retrospectively calculated one year in the past, and the valuation report or accountant's opinion issued by the professional appraisers obtained in accordance with this procedure is exempt from re-entry.

Article 13: Those who obtain or dispose of assets through the auction procedure of the court may replace the appraisal report or accountant's opinion with the certification document issued by the court.

Section III Related Party Transactions

Article 14: Procedures for dealing with related party transactions

1. When acquiring or disposing of assets with related parties, in addition to handling relevant resolution procedures and evaluating the reasonableness of transaction conditions in accordance with the provisions of this processing procedure, those whose transaction amount reaches more than 10% of the company's total assets shall also obtain a professional Appraisal report or accountant's opinion issued by the appraiser. When judging whether the transaction object is a related party, in addition to paying attention to its legal form, the substantive relationship should also be considered.

2. Evaluation and operating procedures

Acquire or dispose of real property or its right to use assets from related parties, or acquire or dispose of real property or its right to use assets with related parties other than assets, and the transaction amount reaches 20% of the company's paid-in capital and 10% of total assets or NT\$300 million or more, except for the purchase and sale of domestic government bonds, bonds subject to repurchase or sell-back conditions, purchase or repurchase of money market funds issued by domestic securities investment trust enterprises, the following materials shall be submitted to the approval of more than one-half of all members of the audit committee and approval by the board of directors before the transaction contract and payment can be signed:

1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
2. The reason for choosing the related party as a transaction counterparty.
3. With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Subparagraphs (1) to (4) of Paragraph 3 of this Article.
4. The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.
5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with Item 1 of this Article.
7. Restrictive covenants and other important stipulations associated with the transaction.

The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 17 Paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors need not be counted toward the transaction amount.

With respect to the types of transactions listed below, when to be conducted between the company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the

company's board of directors may pursuant to this process and delegate the board chairman to decide such matters when the transaction is within 10% of the net value of the most recent financial statement and have the decisions subsequently submitted to and ratified by the next board of directors meeting:

1. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.
2. Acquisition or disposal of real property right-of-use assets held for business use.

In the board of directors' discussion, the board of directors shall take into full consideration each director's opinions. If a director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

The paragraph 2 requires recognition by the supervisors shall first be approved by one-half or more of all audit committee members and then submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article 7, paragraphs 3 and 4.

3. Evaluation of the reasonableness of transaction costs

1. Acquisition of real property or right-of-use assets thereof from a related party shall evaluate the reasonableness of the transaction costs by the following means:

A. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.

B. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.

2. Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.
3. A public company that acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with Subparagraphs (1) and (2) of Paragraph 3 of this Article, shall also engage a CPA to check the appraisal and render a specific opinion.
4. When acquiring real property or its right to use assets from related parties in accordance with the provisions of paragraphs (1) and (2) of this article, the evaluation results shall be lower than the transaction price, it shall be handled in accordance with the provisions of paragraph (5) of this article. However, it is not limited to those who present objective evidence and obtain specific reasonable opinions from the

professional appraiser of real estate and the accountant due to the following circumstances:

A. If the related party obtains plain or leased land and rebuilds, it may prove that it meets one of the following conditions:

(a) The original land is evaluated according to the methods specified in the preceding three paragraphs, and the building is based on the construction cost of the related party plus reasonable construction profit, and the total amount exceeds the actual transaction price. The so-called reasonable construction profit shall be based on the average operating gross profit margin of the construction department of the related party in the last three years or the most recent gross profit margin of the construction industry announced by the Ministry of Finance, whichever is lower.

(b) Other non-related person transaction cases on other floors of the same target premises or adjacent areas within one year, which areas are similar, and the trading conditions are equivalent after evaluating the reasonable floor or regional price difference that should be in accordance with the practice of real estate buying and selling or leasing.

B. Proof of the real estate purchased from the related party or leased to obtain the right to use the real estate, and the transaction conditions are equivalent to and similar in size to other non-related party transaction cases in the neighboring area within one year.

The aforementioned “neighboring area transaction cases” shall be based on the principle that the same or adjacent street profile is not more than 500 meters away from the transaction target or the current value of the announcement is similar; If the area is similar, the area of other non-related person transaction cases shall not be less than 50% of the area of the transaction object. The term “one year” is based on the date of the acquisition of the real estate or its right to use assets as the basis, and retrospectively calculated one year in the past.

5. If the real property or its right to use assets is obtained from a related party, if the evaluation result is lower than the transaction price in accordance with the third paragraph (1) to (4) of this article, the following matters shall be handled. If a special surplus reserve is set forth in accordance with the following provisions, the assets purchased or leased at a high price shall be recognized as a loss in value or disposition or termination of the lease, or appropriate compensation or restoration, or there may be other evidence to confirm that there is nothing unreasonable, and the special surplus reserve can only be used after the approval of the financial management committee.

A. The company shall set aside the special surplus reserve in accordance with the difference between the transaction price of the real estate or its right-of-use asset and the estimated cost in accordance with the provisions of Article 41, Paragraph 1, of the Securities Exchange Law, and shall not distribute or transfer capital to allotment.

B. Independent directors shall be handled in accordance with Article 218 of the Company Act

- C. The handling of the aforementioned points 1 and 2 should be reported to the shareholders meeting, and the details of the transaction should be disclosed in the annual report and public prospectus.
6. Obtaining real estate or its right to use assets from related parties, in any of the following circumstances, should be handled in accordance with the relevant assessment and operating procedures in paragraph 2 of this article. The provisions of paragraph 3 (1), (2), and (3) of this article regarding the assessment of the reasonableness of transaction costs are not applicable:
- A. The related party acquires real estate or its right to use assets due to inheritance or gift.
- B. It has been more than five years since the related party contracted to obtain the real property or its right to use assets.
- C. Signing a joint construction contract with the related party, or entrusting the related party to construct real estate and obtain the real property from the construction of the land or the lease of the land.
- D. Acquire real estate use rights assets for business use with parent companies, subsidiaries, or subsidiaries that directly or indirectly hold 100% of the issued shares or total capital.
7. The acquisition of real estate or its right to use assets from related parties, if there is other evidence showing that the transaction is not in line with business practices, shall also be handled in accordance with the provisions of paragraph 3 (5) of this article.

Section IV Engaging in Derivatives Trading

Article 15: Procedures for obtaining or disposing of derivative commodities

1. Transaction principles and policies

(1) Types of transactions

Refers to forward contracts, option contracts, futures contracts, leveraged margin contracts, exchange contracts, and compound contracts formed by combining the above commodities, whose value is derived from commodities such as assets, interest rates, exchange rates, indices or other interests. The so-called forward contracts do not include insurance contracts, performance contracts, after-sales service contracts, long-term leases and long-term purchase (sales) contracts.

(2) Operation or hedging strategy

The principle of risk diversification should be used to effectively allocate funds and reduce losses.

(3) Division of powers and responsibilities

A. Financial unit

- (a) The actual transaction volume of the hedging operation does not exceed 20% of the net value, and the transaction is approved by the top manager of the finance department. If the transaction exceeds 20% of the net value, it can only be carried out after being approved by the chairman.

- (b) Non-hedging operations should be submitted to the chairman of the board for approval before proceeding.

B. Accounting unit

Responsible for accounting treatment and regular assessment of unrealized gains and losses based on the balance of the positions held by derivative financial commodity exchanges.

(4) Performance evaluation

- A. Whether the risk management used is appropriate and whether it is handled in accordance with the procedures set by the company.
- B. The financial unit shall calculate the profit and loss on the operating part regularly, and submit the relevant information to the accounting unit for review and then forward it to the chairman of the board for review.

(5) Determination of the total contract amount

- 1. The operating limit of a hedging contract shall be limited to its accumulated balance not exceeding 100% of the transaction amount of the hedging position.
- 2. The operating limit of a non-hedging contract is limited to its actual trading volume not exceeding 50% of the net value.

(6) Setting of the upper limit of loss

- 1. The upper limit of the total unrealized loss (net amount after the sum of the profits and losses) shall not exceed one percent of the net value.
- 2. Evaluation of the market price if the holding position has exceeded the loss limit, it should be reported to the board of directors in the near future, and relevant countermeasures should be taken if necessary.

2. Risk management measures

(1) Credit risk management

The object of the transaction should be limited to the bank with which the company has business dealings, and the principle of being able to provide professional information.

(2) Market price risk management

Mainly based on the open foreign exchange market provided by banks.

(3) Liquidity risk management

Financial institutions entrusted with transactions must have sufficient information and the ability to conduct transactions in any market at any time.

(4) Cash flow risk management

Financial units should pay attention to the company's cash flow situation to ensure that there is sufficient cash payment at the time of delivery.

(5) Operational risk management

- 1. Must abide by the authorized quota and operating procedures to avoid operational risks.
- 2. The financial unit is responsible for the operation of derivative products, and its transaction, confirmation and delivery personnel shall not concurrently serve

each other. After the transaction is confirmed, the accounting unit shall obtain a bank statement to verify the transaction situation every month.

- (6) The risk measurement, supervision and control personnel shall belong to different departments from the personnel mentioned in the preceding paragraph, and shall report to the board of directors or to high-level executives who are not responsible for making decisions on transactions or positions.

(7) Legal risk management

The documents signed with the bank should be formally signed after communicating with the legal staff to avoid risks.

3. Internal audit system

Auditors should regularly understand the adequacy of the internal control of derivative financial commodity transactions, and check the compliance of financial and accounting units with the processing procedures for derivative commodity transactions on a monthly basis, analyze the transaction cycle, and prepare audit reports. If a major violation is found, the independent directors shall be notified in writing.

4. Regular assessment methods and handling of abnormal situations

The positions held should be evaluated at least once a week, but if the business needs to be processed for hedging transactions, it should be evaluated at least twice a month, and the evaluation report should be sent to a senior executive authorized by the board of directors. If there is any abnormality in the evaluation report, it should be reported to the board of directors immediately and appropriate measures should be taken.

5. Supervision and management principles of the board of directors

- (1) Designated high-level executives should always pay attention to the supervision and control of derivative commodity transaction risks.
- (2) Regularly assess whether the performance of engaging in derivative commodity transactions conforms to the established business strategy and whether the risks assumed are within the scope of the company's tolerance.

6. Senior executives authorized by the board of directors shall manage derivative commodity transactions in accordance with the following principles

- (1) Regularly assess whether the risk management measures currently in use are appropriate and do so in accordance with the "Public Offering Company's Assets Obtaining or Disposing of Assets" and this procedure.
- (2) Supervise the transaction and profit and loss situation, and when any abnormality is found, it shall take necessary response measures and report to the board of directors immediately. The board of directors shall have independent directors present and express their opinions.

7. When engaging in derivative commodity transactions, those who authorize relevant personnel in accordance with the provisions of this procedure shall report to the latest board of directors afterwards.

8. When engaging in derivative commodity transactions, a reference book shall be established, and the type and amount of derivative commodity transactions engaged in, the date of approval of the board of directors, and the fourth and fifth paragraphs of the

second paragraph and the sixth paragraph of this article shall be prudent. Details of the evaluation items will be posted in the reference book for future reference.

9. Subsidiaries of the company engaged in derivative financial product transactions shall also be handled in accordance with the provisions of this processing procedure, but the overall transactional operating position is not subject to the upper limit, but the total transactional operating position of the parent and child shall not exceed the total transactional operating position. The upper limit is the principle.

Section V Mergers and Consolidations, Splits, Acquisitions, and Assignment of Shares

Article 16: Handling procedures for mergers, divisions, acquisitions or share transfers in accordance with the law

1. Evaluation and operating procedures

- (1) Conducting of a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by a public company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the public company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.
- (2) A public company participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in paragraph 1 of the preceding Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.
- (3) Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.

2. Other matters needing attention

(1) Board date

1. A company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another

act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

2. A company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

(2) Commitment of confidentiality beforehand

Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.

(3) Principles for the change of the conversion ratio or purchase price

Except for the following circumstances, it shall not be changed arbitrarily, and the change shall be stipulated in the contract:

1. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.
2. An action, such as a disposal of major assets, which affects the company's financial operations.
3. An event, such as a major disaster or major change in technology, which affects shareholder equity or share price.
4. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
5. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
6. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

(4) The content of the contract

To participate in a merger, division, acquisition or share transfer, the contract should specify the rights and obligations of the participating company, and should specify the following:

1. Handling of breach of contract.
2. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
3. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
4. The manner of handling changes in the number of participating entities or companies.

5. Preliminary progress schedule for plan execution, and anticipated completion date.
6. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.

- (5) When the number of companies participating in a merger, division, acquisition, or share transfer changes

After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.

- (6) If the transaction partner involved in the merger, division, acquisition or share transfer is a non-public company, an agreement shall be signed with it. And in accordance with the Paragraph of this article: Subparagraph (1) the date of the board of directors, Subparagraph (2) Prior Confidentiality Commitment, Subparagraph (5) Changes in the number of companies involved in mergers, divisions, acquisitions or share transfers, Subparagraph (7) Participate in the preservation of merger, division, acquisition or share transfer data, Subparagraph (8) Participate in the declaration of merger, division, acquisition or share transfer, and handle the requirements of subparagraph (9).

- (7) When participating in a merger, division, acquisition, or share transfer, the following information shall be made into a complete written record and kept for five years for inspection:

1. Basic personnel information: including all persons participating in the merger, division, acquisition, or share transfer plan or execution of the plan before the news is released, their job title, name, ID number, and passport number if they are foreigners.
2. Date of important matters: including the date of signing the letter of intent or memorandum, entrusting financial or legal counsel, signing the contract and the board of directors.
3. Important documents and minutes: including plans for mergers, divisions, acquisitions or share transfers, letters of intent or memorandums, important contracts and minutes of board meetings, etc.

- (8) When participating in a merger, division, acquisition or share transfer, within two days from the day when the board of directors' resolution is passed, the data of items 1 and 2 of paragraph (7) shall be used in the Internet information system in accordance with the prescribed format, and report to the Financial Management Committee for future reference.

- (9) If the transaction partner involved in a merger, division, acquisition or share transfer is a company that is not listed or whose stock is traded at the business premises of a securities firm, an agreement shall be signed with it, and in accordance with paragraphs (7) and (8) Regulations apply.

Chapter III Public Disclosure of Information

Article 17: Information disclosure procedures

1. Under any of the following circumstances, a public company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:
 - A. Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
 - B. Merger, demerger, acquisition, or transfer of shares.
 - C. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.
 - D. Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:
 - a. For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.
 - b. For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.
 - E. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NT\$500 million.
 - F. Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:
 - a. Trading of domestic government bonds.
 - b. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

2. The amount of transactions above shall be calculated as follows:
 - A. The amount of any individual transaction.
 - B. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.
 - C. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.
 - D. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.
 - E. "Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.
3. A public company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.
4. When a public company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.
5. A public company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for 5 years except where another act provides otherwise.
6. Where any of the following circumstances occurs with respect to a transaction that a public company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event:
 - A. Change, termination, or rescission of a contract signed in regard to the original transaction.
 - B. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
 - C. Change to the originally publicly announced and reported information.

Chapter IV Additional Provisions

Article 18: Control procedures for the acquisition or disposal of assets by subsidiaries:

1. The acquisition or disposal of assets by a subsidiary company shall be handled in accordance with the parent company's "procedures for the acquisition or disposal of assets" unless otherwise provided by relevant laws and regulations.

2. If the subsidiary is not a domestic public offering company, and there are circumstances that should be announced and declared, the announcement and declaration shall be made by the company.
3. In the declaration standard of the subsidiary, the "requirement of reaching the company's paid-in capital or total assets" is based on the company's paid-in capital or total assets.
4. The internal auditor of the subsidiary company shall audit the acquisition or disposal of assets processing procedures and their implementation at least quarterly, and make a written record. If a major violation is found, they shall immediately notify the company's audit unit in writing, and the company's audit unit shall report the written information is sent to the independent directors.
5. When the company's auditors conduct audits to subsidiaries in accordance with the annual audit plan, they should also understand the implementation of the subsidiary's acquisition or disposal of assets processing procedures, and if any deficiencies are found, they should continue to track their improvement and prepare a follow-up report to the board of directors.

Article 19: The 10% of total assets in this processing procedure shall be calculated based on the total assets in the most recent individual or individual financial report specified in the financial report preparation standards of the securities issuer.

If the company shares have no denomination or the denomination per share is not NT\$10, the transaction amount of 20% of the paid-in capital in this processing procedure is calculated based on the 10% equity attributable to the owner of the parent company; The transaction amount stipulated in this processing procedure with a paid-in capital of NT\$10 billion is calculated based on the equity of NT\$20 billion attributable to the owner of the parent company.

Article 20: Penalties

Employees of the company who undertake to obtain or dispose of assets in violation of the provisions of this processing procedure shall be punished according to the severity of the circumstances in accordance with the company's regulations.

Article 21: The 10% of total assets in this processing procedure shall be calculated based on the total assets in the most recent individual or individual financial report specified in the financial report preparation standards of the securities issuer.

Article 22: If there are any uncovered matters in this processing procedure, it shall be handled in accordance with relevant laws and regulations.

Attachments 4

LI PENG ENTERPRISE CO., LTD. **Rules of Procedure for Shareholders Meetings**

Amended on 2021.03.29

- Article 1 The company's shareholders' meeting is conducted in accordance with these rules.
- Article 2 The "shareholders" mentioned in these rules refer to the shareholders themselves and their agents and solicitors as regulated by the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies".
- Article 3 Shareholders attending the shareholders meeting should present their attendance sign card or other attendance certificates to complete the procedures for attending the shareholders meeting; and should bring the original identification documents or other certification documents approved by the company, so that the staff can check it when necessary before going through the attendance. The number of attending shares shall be calculated based on the attendance card or other attendance certificates that have completed attendance procedures, plus the number of shares exercising voting rights electronically.
- Article 4 The place of the shareholders meeting shall be at the place where the company operates and suitable for the meeting of shareholders. The start time of the meeting shall not be earlier than nine o'clock in the morning or later than three o'clock in the afternoon.
- The registration area should be clearly marked, and there should be adequate staff at the venue, and the attendance procedures for shareholders should be handled at least 30 minutes before the start of the meeting; However, in the event of sudden force majeure, it is not subject to this limitation, and the situation should be eliminated as soon as possible, or other countermeasures should be adopted to accept shareholders to attend the shareholders meeting.
- Relevant personnel who need to participate in and assist in the convening of the shareholders' meeting, if they are shareholders, may not be restricted by the announced time for attendance procedures.
- Article 5 Unless otherwise provided by law or regulation, this Corporation's shareholders meetings shall be convened by the board of directors.
- If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the directors to act as chair, or, if there are no directors, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the directors or the directors shall select from among themselves one person to serve as chair.
- Article 6 This Corporation may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.
- Article 7 Regarding the process of the shareholders meeting, the company shall record or record the entire process and keep it for at least one year.

Article 8 At the appointed meeting time, with the attendance of shareholders representing more than half of the total issued shares, the chair shall call the meeting to order. If the meeting time has passed but no shareholders representing more than half of the total issued shares are present, the chairman may announce the postponement. If the quorum is not met after two postponements but with the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175 of the Company Act with the approval of more than half of the voting rights of the shareholders present.

When the shareholders' meeting being a tentative resolution in the preceding paragraph, if the total number of shares represented by the shareholders present is sufficient to represent more than half of the total number of issued shares, the chairman may declare a formal meeting at any time and submit the tentative resolutions that have been made to the meeting again for voting.

Article 9 If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda. After reaching the time for the announced shareholders' meeting, it cannot be changed without a resolution of the shareholders meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the board of directors.

Article 10 When this Corporation holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means.

A shareholder exercising voting rights by electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting.

Shareholders who exercise their voting rights electronically and have not revoked their expressions of intent two days before the shareholders' meeting can still attend the shareholders' meeting to participate in the proposal and voting of the interim motion, but they cannot propose amendments to the original proposal and can no longer exercise their voting rights.

Article 11 Before speaking, an attending shareholder must specify on a speaker's slip the shareholder account number and name, and his/her subject of the speech. The order in which shareholders speak will be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

Article 12 Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

Article 13 When a legal person is entrusted to attend the shareholders meeting, the legal person may only appoint one representative to attend.

- Article 14 After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.
- Article 15 When the chairman considers that the discussion of the proposal has reached the point where it can be voted, he may announce the cessation of the discussion and put it to the vote.
- Article 16 Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of this Corporation. The results of the voting shall be announced on-site at the meeting, and with a record made of the vote.
- Article 17 When a meeting is in progress, the chair may announce a break based on time considerations.
- Article 18 The voting of the proposal shall be passed with the approval of more than half of the voting rights.
A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.
- Article 19 Shareholders may not participate in the voting when they have their own interests in matters of the meeting that may be harmful to the interests of the company and shall not act on behalf of other shareholders to exercise their voting rights.
- Article 20 The resolutions of the shareholders' meeting shall not be included in the total number of issued shares for the number of shares of non-voting shareholders. The number of shares for which voting rights cannot be exercised in the preceding article shall not be counted as the number of voting rights of shareholders present.
- Article 21 When there are amendments or alternatives to the same motion, the chairman shall determine the order of voting in accordance with the original motion. If one of the bills has been passed, the other bills are deemed to be rejected and there is no need to vote again.
- Article 22 The chairman may direct pickets, security personnel or staff to help maintain order in the venue.
- Article 23 The resolutions of the shareholders' meeting shall be recorded in the minutes, signed or stamped by the chairman, and distributed to all shareholders within 20 days after the meeting. The distribution of the minutes shall be made by public announcement.
The minutes of the proceedings should record the year, month, day, venue, chairman's name and resolution method of the meeting, and should record the essentials and results of the proceedings.
The minutes of the proceedings, the attendance card of the attending shareholders, and the proxy attendance letter of attorney shall be properly kept in accordance with the regulations of the competent authority.
- Article 24 These Rules, and any amendments hereto, shall be implemented after adoption by Board of Directors.
Matters not stipulated in this rule shall be handled in accordance with the company law.

Attachments 5

Li Peng Enterprise Co., Ltd all directors' shareholdings

As of the closing date: 2022, April 26

Position	Name	Shareholding by the closing date	Explanation
Chairman	KUO SHAO YI	9,584,819	<p>1. The total number of issued shares of the company as of the closing date is 914,487,242 shares.</p> <p>2. Pursuant to Article 26, the Securities and Exchange Act, and "The regulation of publicly revealing equity percentage of the company's directors, supervisors and implementation inspection, the total number of directors' shareholding must be at least 29,263,591 shares.</p> <p>3. All directors of the company actually hold 201,536,051 shares, which has reached the regulated threshold.</p>
Director	LEALEA ENTERPRISE CO., LTD Representative: TUNG MIN HSIUNG	145,353,853	
Director	LI MOU INVESTMENT CO., LTD Representative: KUO SU JEN	34,177,995	
Director	SHUN YU INVESTMENT CO., LTD Representative: KUO KO CHUNG	11,991,397	
Director	CHEN PING HUANG	27,343	
Director	KUO CHI KANG	400,644	
Independent Director	LIN YAO CHUAN	0	
Independent Director	KAO CHENG SHANG	0	
Independent Director	LEE SU CHIN	0	
TOTAL		201,536,051	

