

Stock Code: 5519

**Long Da Construction & Development  
Corporation  
Handbook for the 2022 Annual Meeting of  
Shareholders**

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# **Long Da Construction & Development Corporation**

## **2022 Annual Meeting of Shareholders**

### **Meeting Procedure**

- I. Call for Meeting
- II. Chairperson's speech
- III. Reports
- IV. Ratifications
- V. Discussions
- VI. Special Motions
- VII. Meeting Ends

# **Long Da Construction & Development Corporation**

## **2022 Annual Meeting of Shareholders**

### **Meeting Agenda**

Time: 10:30 am on June 7, 2022 (Tuesday)

Location: 26F-2, No. 6, Minquan 2nd Road, Qianzhen District, Kaohsiung City

Convening method: Physical shareholders' meeting

#### **I. Reports**

- (I) The Company's 2021 Business Report
- (II) The Audit Committee's review report on the Company's statements for 2021
- (III) Distribution of employee remunerations and director remunerations in 2021
- (IV) Report on distribution of cash dividends for 2021.
- (V) Report on the first secured ordinary corporate bonds issuance in 2021

#### **II. Ratifications**

- (I) Business report and financial statements for 2021
- (II) Earning distribution for 2021

#### **III. Discussions**

- (I) Revising parts of the "Articles of Incorporation"
- (II) Amendment to parts of the "Acquisition or Disposal of Assets"

## Processing Procedures"

IV. Special Motions

V. Meeting Ends

## «Reports»

### Proposal 1

Proposal: The Company's 2021 Business Report

Description: For the 2021 Business Report, see Attachment 1 of this Handbook.

### Proposal 2

Proposal: The Audit Committee's review report on the Company's statements for 2021

Description: The Company's 2021 statements have been reviewed by the Audit Committee and the Audit Committee has issued an review report. Please refer to Attachment 2 of the Handbook.

### Proposal 3

Proposal: Distribution of employee remunerations and director remunerations in 2021

Description:

- I. According to Article 27 of the Articles of Incorporation of the Company: If the Company shows profits in the annual settlement, the losses should be compensated first. If there is still a surplus, 2% to 4% of the remainder should be allocated for employee remuneration and no more than 4% of directors' remuneration should be allocated.
- II. After deliberation by the Remuneration Committee and the Board of Directors, the allocation of employee compensation and directors' compensation for 2021 is as follows:
  1. Employee remunerations 4%: NT\$31,860,113, distributed in

cash.

2. Director remunerations 3%: NT\$23,895,085, distributed in cash.

#### Proposal 4

Proposal: Report on distribution of cash dividends for 2021.

Description:

- I. According to Article 27-1, Paragraph 3 of the Articles of Incorporation of the Company: The Board of Directors is authorized to distribute all or part of the dividends and bonuses in cash by special resolution and report to the shareholders meeting.
- II. The Company resolved on March 17, 2022, to distribute cash dividends of about NT\$2.0 per share, totaling NT\$438,394,360. This distribution of cash dividends is made by use of the distribution ratio to the dollar (NT\$), rounded down to the dollar, and the total amount of the fraction of the dollar is distributed and transferred to other income of the Company.
- III. The proposal has been approved by the Board of Directors and the Board of Directors has been authorized to set another ex-dividend base date and process dividend distribution matters. If the dividend ratio changes due to subsequent changes in the number of outstanding shares of the Company, the Chairman is also authorized to handle relevant matters.

#### Proposal 5

Proposal: Report on the first secured ordinary corporate bonds issuance in 2021

Description:

- I. The Company issued the first secured ordinary corporate bonds in 2021, worth NT\$499,000,000, using repayment of bank loans. On January 5, 2022, declaration was effected and

filed in accordance with Zheng-Gui-Zhai-Zi No. 11000145331 of the Taipei Exchange, and has been traded on the Taipei Exchange from January 12, 2022.

- II. For the conditions of the first secured ordinary corporate bonds issuance in 2021, see Appendix 3 of this Handbook.



## «Ratifications»

Proposal 1 (Submitted by the Board of Directors)

Proposal: Acknowledgment of the Company's 2021 business report and financial statements.

Description:

- I. The Company's 2021 financial statements have been reviewed by accountants Calvin Chen and Mink Hu from Ernst & Young.
- II. Please refer to Attachment 1 of this Handbook for the Company's 2021 business report. Please refer to Attachment 4 of this Handbook for the auditor's report and financial statements.

Resolution:

Proposal 2 (Submitted by the Board of Directors)

Proposal: Approval of the Company's 2021 earnings distribution proposal.

Description:

- I. Review of the Company's Earnings Distribution Table for 2021 has been completed by the Audit Committee and approved by the Board of Directors.
- II. For the proposed earnings distribution table, see Attachment 5 of this Handbook.

Resolution:

## **«Discussions»**

Proposal 1 (Submitted by the Board of Directors)

Proposal: Amendments to parts of the "Articles of Incorporation" are hereby submitted for resolution.

Description: Pursuant to the amendment to Article 172-2 of the Company Act and the Company's business needs, it is proposed to amend some articles of the Company's Articles of Incorporation. A detailed comparison table of the amended articles is provided in Attachment 6.

Resolution:

Proposal 2 (Submitted by the Board of Directors)

Proposal: Amendments to parts of the "Acquisition or Disposal of Assets Processing Procedures" are hereby submitted for resolution.

Description: In accordance with Article 36-1 of the Securities and Exchange Act and the "Procedure Regulations Governing the Acquisition and Disposal of Assets by Public Companies" announced by the Financial Supervisory Commission, some of the provisions of the Company's "Acquisition or Disposal of Assets Processing Procedures" have been amended; see Attachment 7.

Resolution:

## **«Special Motions»**

## Attachment 1: The Company's 2021 business report

The operating income of the Company's final accounts for 2021 was approximately NT\$4,740,983,000, and the operating income of the final accounts for 2020 was NT\$3,409,980,000, representing an increase of approximately NT\$1,331,003,000, or an increase of 39.03%. The net profit after tax in the final accounts for 2021 is about NT\$608,495,000, and the net profit after tax in the final accounts for 2020 is about NT\$453,710,000, representing an increase of about NT\$154,785,000, or an increase of about 34.12%. The basic after-tax earnings per share based on the Company's profit in 2021 is NT\$2.73.

### (I) Operating results in 2021 unit: Thousand NT\$

Item	Actual number for 2021	Actual number for 2020	Growth rate (%)
Operating revenue	4,740,983	3,409,980	39.03%
Gross profit	1,083,113	702,161	54.25 %
Operating profit	738,332	515,407	43.25%
Comprehensive income	608,495	453,710	34.12%

### (II) Financial Status and Profitability

Item		2021	2020
ROA %		6.49	5.58
ROE %		13.34	10.56
Issued capital ratio %	Operating profit	33.68	23.51
	Net profit before tax	33.79	24.55
Net profit ratio %		12.63	13.29
Current earnings per share (NT\$)		2.73	2.07

Long Da Construction & Development Corporation

Chairperson of the  
Board: Chen, Wu-  
Tsung

Manager: Hung, Mao-  
Yuan

Head of Accounting:  
Feng, Shu-Chin

## **Attachment 2: Audit Committee's Review Report**

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

The Board of Directors has prepared and submitted the 2021 Business Report, Financial Statements, and various documents, of which the financial statements have been audited by the CPAs Calvin Chen and Mink Hu of Ernst & Young and an Audit Report is submitted. The above-mentioned business report, financial statement and earnings distribution proposal have been checked by the Audit Committee and no discrepancies have been found. The report is prepared in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

To  
Long Da Construction & Development Corporation  
2022 Annual Meeting of Shareholders

Long Da Construction & Development Corporation  
Audit Committee convener: Lin Xiangkai

March 17, 2022

**Attachment 3: Long Da Construction & Development Corporation  
first secured ordinary corporate bonds issuance in 2021**

Item	P11 Long-Da 1 (Bond Code: B85702)	
Date of issuance (processing)	January 12, 2022	
Face value of issuance	NT\$1,000,000	
Place of issuance and trading (Note 2)	Not applicable	
Price of issuance	Issued in full according to face value	
Total amount	NT\$499,000,000	
Interest rate	Fixed annual interest rate of 0.68%	
Term	5 years Maturity date: January 12, 2027	
Guarantee institution	Mega International Commercial Bank Co., Ltd.	
Trustee	JihSun International Commercial Bank Co., Ltd.	
Underwriting institution	Taiwan Cooperative Securities Co. Ltd.	
Certifying attorney	Attorney Ya-wen Chiu of Far East Law Offices	
Certified accountants	Ernst & Young CPA Calvin Chen	
Repayment method	One-time repayment on maturity	
Outstanding principal	NT\$499,000,000	
Terms of redemption or early repayment	Not applicable	
Restrictive clauses (Note 3)	None	
The credit rating institution's name, date of rating, and corporate bond rating results	Not applicable	
Other rights attached	Amount converted to ordinary (exchange or subscription) shares, global depository receipts, or other marketable securities as of the date of this annual report	Not applicable
	Issuance and conversion (exchange or subscription) method	Not applicable
Issuance and conversion, exchange or subscription methods, and the condition of issuance that may dilute share equity and affect equity rights for the existing shareholders		Not applicable
Name of the commissioned custodian institution for the exchange bid		None

Note 1: Information current as of April 15, 2022.

Note 2: Entered in if foreign government bonds

Note 3: Such as restricting the distribution of cash dividends, foreign investment, or requiring the maintenance of a certain proportion of assets, etc.

## **Attachment 4: Auditor's Report and Individual Financial Statements for 2021**

Independent auditor's report

To Long Da Construction & Development Corporation:

### **Auditor's opinion**

We have audited the individual balance sheets of Long Da Construction & Development Corporation as at December 31, 2021 and 2020, and the individual statements of comprehensive income, the individual statements of changes in equity, and the individual cash flow statements from January 1 to December 31, 2021 and 2020.

In our opinion, all material disclosures of the individual financial statements mentioned above were prepared in compliance with Regulations Governing the Preparation of Financial Reports by Securities Issuers, and presented a fair view of the financial position of Long Da Construction & Development Corporation as at December 31, 2021 and 2020, and individual business performance and cash flows for the periods January 1 to December 31, 2021 and 2020.

### **Basis of auditor's opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards. The accountant's responsibilities under these standards will be further explained in the accountant's responsibility section for reviewing individual financial statements. In accordance with the professional ethics of accountants, the personnel subject to independence regulations of the accountant's accounting firm have maintained independence from Long Da Construction & Development Corporation and performed the other responsibilities stipulated by the regulations. The accountant believes that sufficient and appropriate audit evidence has been obtained as a basis for expressing the auditor's opinions.

### **Key audit items**

Key audit items refer to the most important items in the audit of Long Da Construction & Development Corporation's 2021 individual financial statements based on the professional judgment of the accountant. These matters have been responded to in the process of auditing individual financial statements as a whole and forming auditor's opinions. The accountant does not express opinions on the individual matters separately. The key audit items are as follows:

## Evaluation of inventories

Long Da Construction & Development Corporation has a net inventory of NT\$8,758,071,000 as of December 31, 2021, accounting for approximately 79% of total assets, which is significant to the financial statements. Inventories are mainly composed of land for construction, buildings under construction, and buildings for sale. Due to the characteristics of the industry, these products are unique, regional, and immovable, and are vulnerable to changes to government policies, government promotion of public project plans and regulations. The impact of changes may cause inventory prices to fluctuate easily, and it is not easy to determine the net realizable value. Therefore, the accountant decided to include this as a key audit item.

The audit procedures of the accountant include (but are not limited to), considering that the sales price is easily affected by changes in external market factors, and inquiring about the selling price of neighboring areas or the selling price of sold units to assess whether there is a price drop. The reduction of inventory value is evaluated based on the comparison between the actual sales price and the original inventory cost of buildings and land for sale. Review the market analysis and comparative information of newly acquired land for development to assess whether the net realizable value of the inventory is fairly expressed.

The accountant also considers the appropriateness of the disclosure of inventories in Note 5 and Note 6.4 of the individual financial statements.

## **Responsibilities of management and governance units towards individual financial statements**

The management's responsibility is to prepare individual financial statements that are properly expressed in accordance with the securities issuer's financial report preparation standards, and to maintain the necessary internal controls related to the preparation of individual financial statements to ensure that individual financial statements do not include false expressions due to fraud or errors.

When preparing individual financial statements, the management's responsibilities also include assessing the ability of Long Da Construction & Development Corporation to continue operations, disclose related matters, and continue the adoption of the accounting basis for operations, unless the management intends to liquidate Long Da Construction & Development Corporation or cease operations, or if there is no practical and feasible plan other than liquidation or suspension of operations.

The governance unit (including the audit committee) of Long Da Construction & Development Corporation is responsible for supervising the financial reporting process.

## **The accountant's responsibility for auditing individual financial statements**

The purpose of this accountant's audit of individual financial statements is to obtain reasonable assurance as to whether the individual financial statements as a whole contain any material misrepresentations due to fraud or errors, and to issue an audit report. Reasonable certainty is a high degree of certainty, but the audit carried out in accordance with generally

accepted auditing standards cannot guarantee that misrepresentations in individual financial statements will be detected. Misrepresentation may result from fraud or errors. If the individual amounts or total amounts that are falsely expressed can reasonably be expected to affect the economic decisions made by the users of individual financial statements, they are considered to be significant.

The accountant uses professional judgment and maintains professional suspicion when conducting audits in accordance with generally accepted auditing standards. The accountant also performs the following tasks:

1. Identify and evaluate the risks of material misrepresentation of individual financial statements due to fraud or errors. Design and implement appropriate countermeasures for the assessed risks. Obtain sufficient and appropriate audit evidence as a basis for expressing the auditor's opinions. Because fraud may involve collusion, forgery, deliberate omission, false statements or violations of internal control, the risk of not detecting a major false expression caused by fraud is higher than that caused by error.
2. To obtain the necessary understanding of the internal controls related to the audit, in order to design the appropriate audit procedures under the circumstances. However, the purpose is not to express an opinion on the effectiveness of the internal controls of Long Da Construction & Development Corporation.
3. Evaluate the suitability of the accounting policies adopted by the management and the reasonableness of accounting estimates and related disclosures.
4. Based on the obtained audit evidence, the conclusion is drawn on the suitability of the management's use of the continuing operation accounting basis and whether there is a significant uncertainty in the event or situation that may cause major doubts related to the ability of Long Da Construction & Development Corporation to continue its operation. If the accountant believes that there are significant uncertainties in these events or circumstances, they must remind the users of individual financial statements in the audit report to pay attention to the relevant disclosures in the individual financial statements, or amend the audit opinions when such disclosures are inappropriate. The accountant's conclusion is based on the audit evidence obtained as of the date of the audit report. However, future events or circumstances may cause Long Da Construction & Development Corporation to no longer have the ability to continue operations.
5. Evaluate the overall expression, structure and content of individual financial statements (including relevant notes), and whether individual financial statements are appropriate to express relevant transactions and events.

The matters communicated between the accountant and the governance unit include the planned audit scope and time, as well as major audit findings (including significant deficiencies in internal controls identified during the audit process).

The accountant also provides the governance unit with a statement that the personnel of the accountant's affiliated firm subject to independence regulations have complied with the statement of independence of the accountant's professional ethics, and communicates with the governance unit all relationships that may be considered to affect the independence of the accountant and



other matters (including related protective measures).

Based on the matters communicated with the governance unit, the accountant decided the key audit items for the review of the 2021 individual financial statements of Long Da Construction & Development Corporation. The accountant has stated these matters in the audit report, unless the law does not allow specific matters to be disclosed publicly, or in very rare cases, the accountant decides not to communicate specific matters in the audit report, because the negative effects of this communication can be reasonably expected to be greater than the benefits to public interest.

Ernst & Young

The competent authority approves the publishing of the company's financial report

Audit Document No.: FSC Certificate VI No. 0970038990

FSC Review No. 1010045851

Calvin Chen

Accountant:

Mink Hu

March 17, 2022

Long Da Construction & Development Corporation  
Individual balance sheet  
December 31, 2020 and 2021

unit: NT\$ thousand

Assets			Decembere 31, 2021		Decembere 31, 2020	
Code	Accounting item	Notes	Amount	%	Amount	%
<b>Current assets</b>						
1100	Cash and cash equivalents	IV/VI.1	\$798,403	7	\$460,485	5
1140	Contract assets - current	IV/VI.18	78,761	1	133,176	2
1150	Net notes receivable	IV/VI.2	950	0	1,209	0
1170	Net accounts receivable	IV/VI.3	130,875	1	110,711	1
1180	Accounts receivable - net amount for related parties	IV/VI.3/VII	9,124	0	4,957	0
1320	Inventory	IV/VI.4/VIII	8,758,071	79	7,465,467	80
1410	Advance payments	VI.5	425,154	4	265,392	3
1476	Other financial assets	VIII	16,858	0	18,812	0
1479	Other current assets		157,278	2	110,665	1
11xx	Total current assets		<u>10,375,474</u>	<u>94</u>	<u>8,570,874</u>	<u>92</u>
<b>Non-current assets</b>						
1550	Investments recognized under the equity method	IV/VI.6	10,346	0	13,186	0
1600	Real estate, factories and equipment	IV/VI.7/VIII	59,094	0	48,686	1
1755	Right-of-use assets	IV/VI.20	501	0	101	0
1760	Net amount of investment real estate	IV/VI.8/VIII	553,161	5	552,934	6
1801	Intangible assets	IV/VI.9	564	0	722	0
1840	Deferred income tax assets	IV/VI.24	5,797	0	8,820	0
1900	Other non-current assets	IV/VI.10	65,130	1	118,310	1
15xx	Total non-current assets		<u>694,593</u>	<u>6</u>	<u>742,759</u>	<u>8</u>
1xxx	Total assets		<u>\$11,070,067</u>	<u>100</u>	<u>\$9,313,633</u>	<u>100</u>
<b>Liabilities and equity</b>			<b>Decembere 31, 2021</b>		<b>Decembere 31, 2020</b>	
Code	Accounting item	Notes	Amount	%	Amount	%
<b>Current liabilities</b>						
2100	Short-term borrowings	IV/VI.11	\$650,000	6	\$210,000	2
2110	Short-term notes and bills payable	IV/VI.12	229,873	2	—	—
2130	Contract liabilities - current	IV/VI.18	375,249	3	366,034	4
2150	Notes payable		35,974	0	91,474	1
2170	Accounts payable		732,165	7	660,449	7
2180	Accounts payable - related parties	VII	1,269	0	720	0
2200	Other accounts payable		100,015	1	71,990	1
2230	Current income tax liabilities	IV	116,507	1	61,478	1
2250	Liability provisions - current	IV/VI.13	15,645	0	11,253	0
2280	Lease liabilities - current	IV/VI.20	406	0	103	0
2300	Other current liabilities		24,528	0	16,248	0
2322	Current portion of long-term borrowings	IV/VI.15	665,521	6	65,908	1
21xx	Total current liabilities		<u>2,947,152</u>	<u>26</u>	<u>1,555,657</u>	<u>17</u>
<b>Non-current liabilities</b>						
2527	Contract liabilities - non-current	IV/VI.18	131,468	1	141,538	1
2540	Long-term bank borrowings	IV/VI.15	3,394,868	31	3,221,802	35
2570	Deferred income tax liabilities	IV/VI.24	576	0	1,144	0
2580	Lease liabilities - non-current	IV/VI.20	103	0	—	—
2600	Other non-current liabilities		1,894	0	13,426	0
25xx	Total non-current liabilities		<u>3,528,909</u>	<u>32</u>	<u>3,377,910</u>	<u>36</u>
2xxx	Total liabilities		<u>6,476,061</u>	<u>58</u>	<u>4,933,567</u>	<u>53</u>
<b>Equity</b>						
31xx	Equity					
3100	Capital Stock					
3110	Ordinary share capital	IV/VI.17	2,191,972	20	2,191,972	24
3200	Capital surplus		50,614	0	50,614	0
3300	Retained earnings					
3310	Legal reserve		555,907	5	510,591	6
3350	Undistributed earnings		1,782,276	17	1,623,667	17
	Total retained earnings		<u>2,338,183</u>	<u>22</u>	<u>2,134,258</u>	<u>23</u>
3400	Other equity		13,237	0	3,222	0
3xxx	Total equity		<u>4,594,006</u>	<u>42</u>	<u>4,380,066</u>	<u>47</u>
	Total liabilities and equity		<u>\$11,070,067</u>	<u>100</u>	<u>\$9,313,633</u>	<u>100</u>

(Please refer to the appendix in individual financial statements)

Chairperson of the Board: CHEN,WU-TSUNG

Manager: HUNG,MAO-YUAN

Head of Accounting: FENG,SHU-CHIN

Long Da Construction & Development Corporation  
Statement of Individual Comprehensive Income  
January 1 to December 31, 2020 and 2021

unit: NT\$ thousand

Code	Accounting item	Notes	2021		2020	
			Amount	%	Amount	%
4000	Operating revenue	IV/VI.18/VII	\$4,740,983	100	\$3,409,980	100
5000	Operating cost	IV/VI.21	(3,657,870)	(77)	(2,707,819)	(80)
5900	Gross profit		1,083,113	23	702,161	20
6000	Operating expenses	IV/VI.21				
6100	Promotion expenses		(205,766)	(4)	(68,352)	(2)
6200	Management expenses		(139,015)	(3)	(118,402)	(3)
	Total operating expenses		(344,781)	(7)	(186,754)	(5)
6900	Operating profit		738,332	16	515,407	15
7000	Non-operating income and expenses	IV/VI.22				
7100	Interest income		192	0	174	0
7010	Other income		7,222	0	38,322	1
7020	Other profits and losses		154	0	(133)	(0)
7050	Financial costs		(2,311)	(0)	(2,777)	(0)
7060	Share of profits/losses on equity-accounted associated co	IV/VI.6	(2,841)	(0)	(12,859)	(0)
	Total non-operating income and expenses		2,416	0	22,727	1
7900	Net profit before tax		740,748	16	538,134	16
7950	Income tax (expense)	IV/VI.24	(142,041)	(3)	(85,075)	(3)
8000	Net profit from continuing operations		598,707	13	453,059	13
8200	Net profit		598,707	13	453,059	13
8300	Other comprehensive income	VI.23				
8310	Items that will not be reclassified to profit or loss					
8311	Number of remeasurements of defined benefit plans		(283)	(0)	128	0
8349	Income tax related to items that will not be reclassified		56	0	(26)	(0)
8360	Items that may be reclassified to profit or loss					
8361	Exchange differences arising from the translation of the financial statements of foreign operations		12,519	0	686	0
8399	Income tax related to items that may be reclassified to profit or loss		(2,504)	(0)	(137)	(0)
	Other comprehensive income (net income after tax)		9,788	0	651	0
8500	Total comprehensive income		\$608,495	13	\$453,710	13
	Earnings per share (NT\$)					
9750	Basic earnings per share	IV/VI.25	\$2.73		\$2.07	
9850	Diluted earnings per share		\$2.71		\$2.05	

(Please refer to the appendix in individual financial statements)

Chairperson of the Board: CHEN,WU-TSUNG

Manager: HUNG,MAO-YUAN

Head of Accounting: FENG,SHU-CHIN

Long Da Construction & Development Corporation  
Statement of changes in individual equities  
2021 and January 1 to December 31, 2020

unit: NT\$ thousand

Code	Item	Capital Stock			Retained earnings		Other equity items	Total equity
		Ordinary share capital	Certificates of bond-to-stock conversion	Capital surplus	Legal reserve	Undistributed earnings	Exchange differences arising from the translation of the financial statements of foreign operations	
		3100	3130	3200	3310	3350	3410	3XXX
A1	Balance as of January 1, 2020	\$2,089,051	84,354	\$51,357	\$461,664	\$1,515,349	\$2,673	\$4,204,448
	Earning distribution for 2019							
B1	Allocation to legal reserve	—	—	—	48,927	(48,927)	—	—
B5	Cash dividends of common stock	—	—	—	—	(295,916)	—	(295,916)
	Changes in other capital surplus							
	Produced by issuance of convertible corporate bonds to recognize equity components-stock options	—	—	(663)	—	—	—	(663)
C5								
D1	Profits from January 1 to December 31, 2020	—	—	—	—	453,059	—	453,059
D3	Other comprehensive income from January 1 to December 31, 2020	—	—	—	—	102	549	651
D5	Total comprehensive income	—	—	—	—	453,161	549	453,710
I1	Conversion of convertible bonds	102,921	(84,354)	(80)	—	—	—	18,487
Z1	Balance as of December 31, 2020	\$2,191,972	\$—	\$50,614	\$510,591	\$1,623,667	\$3,222	\$4,380,066
A1	Balance as of January 1, 2021	\$2,191,972	\$—	\$50,614	\$510,591	\$1,623,667	\$3,222	\$4,380,066
	Earning distribution for 2020							
B1	Allocation to legal reserve	—	—	—	45,316	(45,316)	—	—
B5	Cash dividends of common stock	—	—	—	—	(394,555)	—	(394,555)
D1	Profits from January 1 to December 31, 2021	—	—	—	—	598,707	—	598,707
D3	Other comprehensive income from January 1 to December 31, 2021	—	—	—	—	(227)	10,015	9,788
D5	Total comprehensive income	—	—	—	—	598,480	10,015	608,495
Z1	Balance as of December 31, 2021	\$2,191,972	\$—	\$50,614	\$555,907	\$1,782,276	\$13,237	\$4,594,006

(Please refer to the appendix in individual financial statements)

Chairperson of the Board: CHEN,WU-TSUNG

Manager: HUNG,MAO-YUAN

Head of Accounting: FENG,SHU-CHIN

Long Da Construction & Development Corporation  
Individual cash flow statement  
2021 and January 1 to December 31, 2020

unit: NT\$ thousand

Code	Item	2021	2020	Code	Item	2021	2020
		Amount	Amount			Amount	Amount
AAAA	Cash flow of operating activities:			BBBB	Cash flow of investing activities:		
A10000	Profit before tax of this period	\$740,748	\$538,134	B02700	Acquisition of real estate, factories and equipment	(13,456)	(586)
A20000	Adjusted items:			B02800	Disposal of real estate, factories and equipment	342	9
A20010	Revenues and expenses:			B04500	Acquisition of intangible assets	(230)	(766)
A20100	Depreciation	20,634	20,946	B05400	Acquisition of investment properties	-	(431)
A20200	Amortized expenses	6,774	7,766	B06600	Reduction of other financial assets	1,954	63,570
A20400	Net income (profit) from financial assets and liabilities at fair value th	-	(1,163)	B06700	Increase of other non-current assets	-	(60,220)
A20900	Interest expenses	2,311	2,777	B06800	Decrease of other non-current assets	53,180	-
A21200	Interest income	(192)	(174)	B06800	Net cash inflow from investing activities	41,790	1,576
A22300	Share of profits/losses on equity-accounted associated companies	2,841	12,859	BBBB			
A22500	Loss from disposal and write offs of real estate, factories and equipme	(154)	8		Cash flow from financing activities:		
				CCCC	Increase in short-term borrowings	440,000	60,000
A30000	Changes in operating activities related asses/liabilities:			C00500	Increase in short-term notes and bills payable	229,873	-
A31130	Decrease (increase) in notes receivable	259	(1,126)	C00600	Decrease in short-term notes and bills payable	-	(167,539)
A31150	(Increase) decrease in accounts receivable	(20,164)	47,119	C01300	Repayment of corporate bonds	-	(300,000)
A31160	Accounts receivable - related parties (increase)	(4,167)	(1,556)	C01600	Borrowing long-term borrowings	1,536,868	1,233,576
A31125	Decrease (increase) in contract assets	54,415	(28,845)	C01700	Repayment of long-term borrowings	(764,189)	(648,891)
A31200	Inventory (increase)	(1,233,772)	(375,385)	C04020	Repayment of lease principal	(411)	(411)
A31230	Decrease (increase) in advance payments	(166,148)	(266,835)	C04300	Increase in other non-current liabilities	1,092	-
A31240	(Increase) decrease in other current assets	(46,613)	1,685	C04400	Decrease in other non-current liabilities	-	(745)
A32125	(Decrease) increase in other contract assets	(855)	305,081	C04500	Distribution of cash dividends	(394,555)	(295,916)
A32130	(Decrease) increase in notes payable	(55,500)	26,142	C05600	Interest paid	(77,548)	(63,033)
A32150	Increase in accounts payable	71,716	24,847	CCCC	Net cash inflow (outflow) from financing activities	971,130	(182,959)
A32160	Increase (decrease) in accounts payable-Related parties	549	(1,594)				
A32180	Increase (decrease) in other payables	26,846	(2,847)	DDDD	Effects of exchange rate fluctuations on cash and cash equivalents	13,821	906
A32230	Increase (decrease) in other current liabilities	12,672	(2,235)				
A32240	Net defined benefit liabilities increase (decrease)	(12,907)	(4,020)	EEEE	Net increase in cash and cash equivalents	337,918	75,691
A33000	Cash inflow (outflow) generated from operations	(600,707)	301,584	E00100	Opening balance of cash and cash equivalents	460,485	384,794
A33100	Interest received	192	174	E00200	Closing balance of cash and cash equivalents	\$798,403	\$460,485
A33500	Income tax paid	(88,308)	(45,590)				
AAAA	Net cash inflow (outflow) from operating activities	(688,823)	256,168				

(Please refer to the appendix in individual financial statements)

Chairperson of the Board: CHEN, WU-TSUNG

Manager: HUNG, MAO-YUAN

Head of Accounting: FENG, SHU-CHIN

## Attachment 5: Earnings Distribution Table

Long Da Construction & Development Corporation

2021

### Earnings Distribution Table

unit: NT\$

Item	Amount
Opening balance	1,183,795,818
Minus: Actuarial profits and losses (Note 1)	226,648
Plus: After-tax net profit of the current year	598,706,653
Minus: Legal reserve (Note 2)	59,848,001
Distributable earnings	1,722,427,822
Distribution items	
Cash dividends (approximately NT\$2 per share) (Note 3, Note 4)	438,394,360
Closing undistributed earnings	1,284,033,462

Note 1: Actuarial profits and losses on defined benefits plans for 2021

Note 2: For the earnings distribution in the financial statements, "total amount of net profit for the period plus other items added to the current year's undistributed earnings" shall be used as the basis for the legal reserve.

Note 3: As of the closing date on April 9, 2022, the number of outstanding shares of the Company is 219,197,180 shares.

Note 4: According to the provisions of Article 66-9 of the Income Tax Act, priority will be given to the distribution of dividends from the 2021 earnings of profit-making enterprises

Chairperson of the  
Board: Chen, Wu-  
Tsung

Manager: Hung, Mao-  
Yuan

Head of Accounting:  
Feng, Shu-Chin

**Attachment 6: Comparison Table of the "Articles of Incorporation"  
Before and After Revision**

Amended articles	Existing articles	Description
<p>Article 15-1. <u>When the Company's shareholders' meeting is held, it may be held by video conference or other methods announced by the central competent authority.</u></p>	<p>None</p>	<p>I. This is a new article. II. The amendment to Article 172-2 of the Company Act was promulgated on December 29, 2021. Paragraph 1 of the article stipulates that the Company's Articles of Incorporation shall specify that when the shareholders' meeting is held, it may be held by video conference or other methods announced by the central competent authority.</p>
<p>(Article 25-1 has been deleted)</p>	<p><u>Article 25-1.</u> <u>The Company may hire important staff and consultants through a resolution of the Board of Directors.</u></p>	<p>Deleted according to the Company's current operating procedures.</p>
<p>Article 30. <u>The thirty-second amendment was made on June 7, 2022.</u></p>	<p>Article 30. Paragraph 1 (omitted).</p>	<p>Added amendment date.</p>

## Attachment 7: Comparison Table of the "Acquisition or Disposal of Assets Processing Procedures" Before and After Revision

Amended articles	Existing articles	Description
<p>Article 5. (Investment Scope and Amount)</p> <p>The respective quotas for the Company and its subsidiaries to obtain the abovementioned assets are determined as follows:</p> <p>Asset quotas for the acquisition or disposal by the Company of real estate, equipment, or right-of-use assets thereof for business use: According to actual need.</p> <p>Asset quotas for the acquisition or disposal by the Company of real estate, equipment, or right-of-use assets thereof for non-business use: Must not exceed 20% of the Company's paid-in capital.</p> <p>Limits on the total investment in securities and individual securities of the Company: Total investment shall not exceed 100% of the Company's paid-in capital, and the investment limit for individual securities shall not exceed 50% of the Company's paid-in capital.</p> <p>Asset quotas for the acquisition or disposal by subsidiaries of real estate, equipment, or right-of-use assets thereof for business use: According to actual need.</p> <p>Asset quotas for the acquisition or disposal by subsidiaries of real estate, equipment, or right-of-use assets thereof for non-business use: Must not exceed 20% of the subsidiary's paid-in capital.</p> <p>Limits on the total investment in securities and individual securities of the subsidiary:</p>	<p>Article 5. (Investment Scope and Amount)</p> <p>The respective quotas for the Company and its subsidiaries to obtain the abovementioned assets are determined as follows:</p> <p>Asset quotas for the acquisition or disposal by the Company of real estate, equipment, or <u>other</u> right-of-use assets thereof for business use: According to actual need.</p> <p>Asset quotas for the acquisition or disposal by the Company of real estate, equipment, or <u>other</u> right-of-use assets thereof for non-business use: Must not exceed 20% of the Company's paid-in capital.</p> <p>Limits on the total investment in securities and individual securities of the Company: Total investment shall not exceed 100% of the Company's paid-in capital, and the investment limit for individual securities shall not exceed 50% of the Company's paid-in capital.</p> <p>Asset quotas for the acquisition or disposal by subsidiaries of real estate, equipment, or <u>other</u> right-of-use assets thereof for business use: According to actual need.</p> <p>Asset quotas for the acquisition or</p>	<p>I. The word "other" has been deleted in reference to the provisions of Regulations Governing the Acquisition and Disposal of Assets by Public Companies</p> <p>II. Other right-of-use assets, such as: Relevant regulations on securities, membership, and intangible assets have been specified in other provisions of the procedures.</p> <p>III. The amended provisions will limit the scope to refer solely to the right-of-use itself of the assets acquired or disposed (e.g.: land superficies and easements, etc.).</p>



Amended articles	Existing articles	Description
<p>Total investment shall not exceed 100% of the subsidiary's paid-in capital, and the investment limit for individual securities shall not exceed 50% of the subsidiary's paid-in capital.</p>	<p>disposal by subsidiaries of real estate, equipment, or <u>other</u> right-of-use assets thereof for non-business use: Must not exceed 20% of the subsidiary's paid-in capital.</p> <p>Limits on the total investment in securities and individual securities of the subsidiary: Total investment shall not exceed 100% of the subsidiary's paid-in capital, and the investment limit for individual securities shall not exceed 50% of the subsidiary's paid-in capital.</p>	
<p>Article 6. (Experts must not be related parties)</p> <p>Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</p> <p>I. 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</p>	<p>Article 6. (Experts must not be related parties)</p> <p>Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</p> <p>I. 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,</p>	<p>I. Amendments to some articles pursuant to the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p> <p>II. Considering that the work performed by experts to issue appraisal reports or reasonableness opinions is not auditing work of financial reports, the wording "examining" a case is revised to "executing" a case.</p> <p>III. Taking into account the actual evaluation situation of the sources of data, the parameters, and the information</p>

Amended articles	Existing articles	Description
<p>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>II. May not be a related party or de facto related party of any party to the transaction.</p> <p>III. 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 <u>with the legal regulations of the respective industry association</u> as in the following:</p> <p>I. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</p> <p>II. When <u>executing</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>III. They shall undertake an item-by-item evaluation of the <u>appropriateness</u> and</p>	<p>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.</p> <p>II. May not be a related party or de facto related party of any party to the transaction.</p> <p>III. 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>I. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</p> <p>II. When <u>examining</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</p>	<p>used by external experts, the text of Paragraph 2, Subparagraphs 3 and 4 are revised to be in accord with the actual situation.</p>

Amended articles	Existing articles	Description
<p>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>IV. 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 reasonable</u>, and that they have complied with applicable laws and regulations.</p>	<p>related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</p> <p>III. They shall undertake an item-by-item evaluation of the <u>comprehensiveness, accuracy</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>IV. 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 <u>and accurate</u>, and that they have complied with applicable laws and regulations.</p>	

Amended articles	Existing articles	Description
<p>Article 7. (Processing Procedures for Acquiring or Disposing of Real Property, Equipment, or Right-of-Use Assets Thereof)</p> <p>I. Assessment and Operating Procedures</p> <p>Assessment and operating procedures of the Company's acquisition or disposal of real estate, equipment, or right-of-use assets thereof shall be handled in accordance with the Company's internal control system and real estate, factory, and equipment cycle procedures. However, business related to (commissioned) construction on Company land, (commissioned) construction on leased land, and joint construction shall be handled in accordance with the land development procedures.</p> <p>II. Procedure for Determining Transaction Conditions and Authorized Amounts</p> <p>(I) When acquiring or disposing of real estate or right-of-use assets thereof, as well as business related to (commissioned) construction on Company land, (commissioned) construction on leased land, and joint construction, the announced current value, appraised value, actual transaction price of neighboring real estate, etc., are referenced to determine the</p>	<p>Article 7. (Processes for Acquiring or Disposing of Real Property, Equipment, or <u>Other</u> Right-of-Use Assets Thereof)</p> <p>I. Assessment and Operating Procedures</p> <p>Assessment and operating procedures of the Company's acquisition or disposal of real estate, equipment, or <u>other</u> right-of-use assets thereof shall be handled in accordance with the Company's internal control system and real estate, factory, and equipment cycle procedures. However, business related to (commissioned) construction on Company land, (commissioned) construction on leased land, and joint construction shall be handled in accordance with the land development procedures.</p> <p>II. Procedure for Determining Transaction Conditions and Authorized Amounts</p> <p>(I) When acquiring or disposing of real estate, <u>equipment</u>, or <u>other</u> right-of-use assets thereof, as well as business related to self (commissioned)-construction on self-owned land, self (commissioned)-construction on leased land, and joint construction, the</p>	<p>I. The word "other" has been deleted in reference to the provisions of Regulations Governing the Acquisition and Disposal of Assets by Public Companies</p> <p>II. For simplified processing procedures for acquiring or disposing of real estate, the approval of the Chairman must be obtained for amounts of NT\$500 million or less. For simplified processing procedures for acquiring or disposing of real estate, the approval of the General Manager must be obtained for amounts of NT\$3 million or less and do not need to be reported to the Board of Directors; the approval of the Chairman must be obtained for amounts of NT\$500 million or less and must be reported to the Board of Directors.</p> <p>III. The Company's</p>

Amended articles	Existing articles	Description
<p>transaction conditions and transaction price, and an analysis report is prepared and submitted to the Chairman. <u>Except in the circumstance in item 1 of Subparagraph 4 of this Article in which the approval of the Board of Directors must first be obtained, if the amount is NT\$500 million (inclusive) or less, it shall be approved by the Chairman and subsequently reported to the most recent Board of Directors meeting; for amounts exceeding NT\$500 million, they must be approved or ratified by the Board of Directors.</u></p> <p>(II) <u>For acquisition or disposal of real estate, equipment, or right-of-use assets thereof, one method must be chosen among price inquiry, price comparison, negotiation or bidding; if the amount is less than NT\$50 million (inclusive), it should be approved according to the authorization method of approval by each level of authority. If the amount is over NT\$3 million but equal to or less than NT\$500 million (inclusive), an analysis report is prepared and submitted to the Chairman</u></p>	<p>announced current value, appraised value, actual transaction price of neighboring real estate, etc., are referenced to determine the transaction conditions and transaction price, and an analysis report is prepared and submitted to the Chairman and subsequently <u>submitted and reported to and passed by</u> the most recent Board of Directors meeting.</p> <p>(II) With respect to the Company's acquisition or disposal of assets that is subject to the approval of the Board of Directors under the company's procedures or other laws or regulations, it must be approved by one half of the members of the Audit Committee. If approval of more than half of all Audit Committee members is not obtained, the procedures may be implemented if approved by more than two-thirds of all Directors, and the resolution of the Audit Committee shall be recorded in the minutes of</p>	<p>acquiring or disposing of real estate uses a specified price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors.</p> <p>According to the terminological definition of real estate appraisal rules, "specified price" refers to marketable real estate, and is based on the value formed under specific conditions and expressed in a monetary amount.</p> <p>IV. Deleted text stating that accountants should follow the Statement of Auditing Standards.</p> <p>V. Considering the demand for actual work time, Subparagraph 5 is amended to relax the time limit for obtaining an accountant's opinion to within two weeks from the date of</p>

Amended articles	Existing articles	Description
<p><u>for approval, and subsequently reported to the most recent Board of Directors meeting. Those exceeding NT\$500 million must be approved or ratified by the Board of Directors.</u></p> <p>(III) With respect to the Company's acquisition or disposal of assets that is subject to the approval of the Board of Directors under the company's procedures or other laws or regulations, it must be approved by one half of the members of the Audit Committee. If approval of more than half of all Audit Committee members is not obtained, the procedures may be implemented if approved by more than two-thirds of all Directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting.</p> <p>III. Implementation Unit</p> <p>When the Company acquires or disposes of real estate, equipment, or right-of-use assets thereof, it shall submit for approval in accordance with approval authority stipulated in the paragraph. The using department and the management department are responsible for the implementation, while the</p>	<p>the Board of Directors meeting.</p> <p>III. Implementation Unit</p> <p>When the Company acquires or disposes of real estate, equipment, or <u>other</u> right-of-use assets thereof, it shall submit for approval in accordance with approval authority stipulated in the paragraph. The using department and the management department are responsible for the implementation, while the Construction Division is responsible for the implementation of self (commissioned)-construction on self-owned land, self (commissioned)-construction on leased land, and joint construction.</p> <p>IV. Appraisal Report of Real Estate, Equipment, or <u>Other</u> Right-of-Use Assets Thereof</p> <p>In acquiring or disposing of real estate, equipment, or <u>other</u> right-of-use assets thereof where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a domestic government agency, (commissioned) construction on</p>	<p>obtaining the appraisal report.</p> <p>VI. Considering that the amounts of acquisition or disposal of assets for which chairmen of other listed companies are authorized to make are more than NT\$500 million or more (such as: the authorized amount of Kings Group is NT\$1 billion, and the authorized amount of Yungshin Construction is NT\$1.5 billion), based on the Company's current assets of about NT\$10 billion, the authorized amount of NT\$500 million is thus still considered reasonable.</p> <p>VII. Considering that the land price in the market is on a sharp rise at present, the upper limit of the authorized amount is adjusted to strengthen the decision-making</p>

Amended articles	Existing articles	Description
<p>Construction Division is responsible for the implementation of (commissioned) construction on Company land, (commissioned) construction on leased land, and joint construction.</p> <p>IV. Appraisal Report of Real Estate, Equipment, or Right-of-Use Assets Thereof</p> <p>In acquiring or disposing of real estate, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a domestic government agency, (commissioned) construction on Company land, (commissioned) construction on leased land, and joint construction, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report (Attachment 1 to the regulations governing items to be recorded in the appraisal report) prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>(I) Where due to special circumstances it is necessary to give a limited price, <u>specified price</u>, or special</p>	<p>Company land, (commissioned) construction on leased land, and joint construction, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report (Attachment 1 to the regulations governing items to be recorded in the appraisal report) prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>(I) Where due to special circumstances it is necessary to give a limited 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>(II) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be</p>	<p>efficiency of acquisition and disposal of land assets.</p>

Amended articles	Existing articles	Description
<p>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>(II) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>(III) Where any one 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 to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>1. Where the</p>	<p>obtained.</p> <p>(III) 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) and</u> render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>1. Where the discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>2. Where the discrepancy between the appraisal</p>	



Amended articles	Existing articles	Description
<p>discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>2. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>(IV) 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>(V) Where a public company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.</p> <p>V. If the construction business of the Company cannot obtain the appraisal report immediately in accordance with</p>	<p>results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>(IV) 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>(V) Where a public company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.</p> <p>V. If the construction business of the Company cannot obtain the appraisal report immediately in accordance with the provisions of the preceding subparagraph due to the need of business confidentiality, it shall obtain the appraisal report within two weeks from the date of the occurrence of</p>	

Amended articles	Existing articles	Description
<p>the provisions of the preceding subparagraph due to the need of business confidentiality, it shall obtain the appraisal report within two weeks from the date of the occurrence of the fact, and obtain the accountant's opinion described in item 3 of the preceding subparagraph <u>within two weeks from the date of obtaining the appraisal report.</u></p>	<p>the fact <u>and</u> obtain the accountant's opinion described in item 3 of the preceding subparagraph.</p>	
<p>Article 8. (Investment Processing Procedures for the Acquisition or Disposal of Securities)</p> <p>I. Assessment and Operating Procedures The assessment and operating procedures for the purchase and sale of long-term and short-term securities of the Company shall be handled in accordance with the Company's internal control system investment cycle.</p> <p>II. Procedure for Determining Transaction Conditions and Authorized Amounts (I) The purchase and sale of securities on the centralized exchange market or the business office of a securities firm shall be determined by the responsible unit based on judgment through</p>	<p>Article 8. (Investment Processing Procedures for the Acquisition or Disposal of Securities)</p> <p>I. Assessment and Operating Procedures The assessment and operating procedures for the purchase and sale of long-term and short-term securities of the Company shall be handled in accordance with the Company's internal control system investment cycle.</p> <p>II. Procedure for Determining Transaction Conditions and Authorized Amounts (I) The purchase and sale of securities on the centralized exchange market or the business office of a securities</p>	<p>I. Amendments to some articles pursuant to the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p> <p>II. Deleted text stating that accountants should follow the Statement of Auditing Standards.</p>

Amended articles	Existing articles	Description
<p>market research.</p> <p>(II) For the purchase and sale of securities not on the centralized exchange market or the business office of a securities firm, the Company shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price; also to be considered are its net worth per share, profitability, and future development potential, etc.</p> <p>(III) With respect to the Company's acquisition or disposal of securities that is subject to the approval of the Board of Directors under the company's procedures or other laws or regulations, it must be approved by one half of the members of the Audit Committee. If approval of more than half of all Audit Committee members is not obtained, the procedures may be implemented if approved by more than two-thirds of all Directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting.</p>	<p>firm shall be determined by the responsible unit based on judgment through market research.</p> <p>(II) For the purchase and sale of securities not on the centralized exchange market or the business office of a securities firm, the Company shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price; also to be considered are its net worth per share, profitability, and future development potential, etc.</p> <p>(III) With respect to the Company's acquisition or disposal of securities that is subject to the approval of the Board of Directors under the company's procedures or other laws or regulations, it must be approved by one half of the members of the Audit Committee. If approval of more than half of all Audit</p>	

Amended articles	Existing articles	Description
<p>III. Implementation Unit</p> <p>When the Company invests in long-term and short-term securities, it shall be subject to the approval authority of the Company, and the financial department shall be responsible for their implementation.</p> <p>IV. Obtain expert opinion</p> <p>(I) Where the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, 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. This requirement does not apply, however, to securities with publicly quoted prices from an active market, or where other regulations of the competent authority prevail.</p> <p>(II) Where a public company acquires or disposes of securities through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.</p>	<p>Committee members is not obtained, the procedures may be implemented if approved by more than two-thirds of all Directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting.</p> <p>III. Implementation Unit</p> <p>When the Company invests in long-term and short-term securities, it shall be subject to the approval authority of the Company, and the financial department shall be responsible for their implementation.</p> <p>IV. Obtain expert opinion</p> <p>(I) Where the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, 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; <u>if the CPA requires the use of an expert report as evidence, the CPA shall comply with the provisions of Statement</u></p>	

Amended articles	Existing articles	Description
	<p><u>of Auditing Standards No. 20 published by the ARDF.</u></p> <p>This requirement does not apply, however, to securities with publicly quoted prices from an active market, or where other regulations of the competent authority prevail.</p> <p>(II) Where a public company acquires or disposes of securities through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.</p>	
<p>Article 9. (Processing Procedures for Acquiring or Disposing of Memberships or Intangible Assets or Right-of-Use Assets Thereof)</p> <p>I. Assessment and Operating Procedures</p> <p>Assessment and operating procedures of the Company's acquisition or disposal of memberships or intangible assets or right-of-use assets thereof shall be handled in accordance with the Company's internal control system and real estate, factory, and equipment cycle procedures applied mutatis mutandis.</p>	<p>Article 9. (Processing Procedures for Acquiring or Disposing of Memberships or Intangible Assets or Right-of-Use Assets Thereof)</p> <p>I. Assessment and Operating Procedures</p> <p>Assessment and operating procedures of the Company's acquisition or disposal of memberships or intangible assets or right-of-use assets thereof shall be handled in accordance with the Company's internal control system and real estate, factory, and</p>	<p>I. Amendments to some articles pursuant to the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p> <p>II. Deleted text stating that accountants should follow the Statement of Auditing Standards.</p> <p>III. Uniform writing method. Paragraph not numbered;</p>

Amended articles	Existing articles	Description
<p>II. Procedure for Determining Transaction Conditions and Authorized Amounts</p> <p>(I) When acquiring or disposing of memberships, the fair market price is referenced to determine the transaction conditions and transaction price, and an analysis report is prepared and submitted to the Chairman. If the amount is less than NT\$3 million, it must be approved by the Chairman and reported to and passed by the most recent Board of Directors meeting. Those exceeding NT\$3 million must be approved by the Board of Directors.</p> <p>(II) When acquiring or disposing intangible assets or the right-of-use assets thereof, the expert assessment report or fair market price is referenced to determine the transaction conditions and transaction price, and an analysis report is prepared and submitted to the Chairman. If the amount is under NT\$20 million, it must be approved by the Chairman and subsequently reported to the most recent Board of Directors meeting. Those exceeding NT\$20 million must be approved by the Board of Directors.</p> <p>(III) Where the Company acquires or disposes of memberships,</p>	<p>equipment cycle procedures applied mutatis mutandis.</p> <p>II. Procedure for Determining Transaction Conditions and Authorized Amounts</p> <p>(I) When acquiring or disposing of memberships, the fair market price is referenced to determine the transaction conditions and transaction price, and an analysis report is prepared and submitted to the Chairman. If the amount is less than NT\$3 million, it must be approved by the Chairman and reported to and passed by the most recent Board of Directors meeting. Those exceeding NT\$3 million must be approved by the Board of Directors.</p> <p>(II) When acquiring or disposing intangible assets or the right-of-use assets thereof, the expert assessment report or fair market price is referenced to determine the transaction conditions and transaction price, and an analysis report is prepared and submitted to the Chairman. If the amount is under NT\$20 million, it must be approved by the Chairman</p>	<p>subparagraph numbered 1, 2, 3; items numbered (1), (2), (3), and punctuated.</p>

Amended articles	Existing articles	Description
<p>intangible assets, or right-of-use assets thereof and the transaction amount reaches 20 percent or more of 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>III. Implementation Unit</p> <p>When the Company acquires or disposes of membership or intangible assets or the right-of-use assets thereof, it shall submit for approval in accordance with approval authority stipulated in the preceding <u>subparagraph</u>; the using department and Financial Department shall be responsible for execution.</p>	<p>and subsequently reported to the most recent Board of Directors meeting. Those exceeding NT\$20 million must be approved by the Board of Directors.</p> <p>(III) Where the Company acquires or disposes of memberships, intangible assets, or right-of-use assets thereof and the transaction amount reaches 20 percent or more of 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; <u>the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</u></p> <p>III. Implementation Unit</p> <p>When the Company acquires or disposes of membership or intangible assets or the right-of-use assets thereof, it shall submit for approval in accordance with approval authority stipulated in the preceding <u>paragraph</u>; the using</p>	

Amended articles	Existing articles	Description
	<p>department and Financial Department shall be responsible for execution.</p>	
<p>Article 10. (Procedures for Related Party Transactions)</p> <p>I. When the Company intends to acquire or dispose of real estate 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 estate 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, in addition to the provisions of Articles 7 to 9-1, it shall be handled in accordance with the provisions of Chapter 2, Section 3 "Related-Party Transactions" stipulated by the FSC, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters</p>	<p>Article 10. (Procedures for Related Party Transactions)</p> <p>I. When the Company intends to acquire or dispose of real estate 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 estate 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, in addition to the provisions of Articles 7 to 9-1, it shall be handled in accordance with the provisions of Chapter 2, Section 3 "Related-Party Transactions" stipulated by the FSC, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the</p>	<p>I. Amendments to some articles pursuant to the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p> <p>II. Enhanced the management of related party transactions and added that where the Company and any subsidiaries that are not domestic public companies acquire or dispose of assets from related parties, and the transaction amount is 10% or more of the public company's total assets, the public company may only proceed after submitting relevant information to the shareholders' meeting for its approval, and</p>



Amended articles	Existing articles	Description
<p>have been approved by one half of the members of the Audit Committee and submitted to and passed by the Board of Directors; if not approved by more than one-half of the members of the Audit Committee, it may be approved by more than two-thirds of the directors:</p> <p>(I) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets</p> <p>(II) The reason for choosing the related party as a transaction counterparty</p> <p>(III) In accordance with the provisions of Articles 16 and 17 of the Regulations, evaluate the information regarding the preliminary transaction terms and reasonableness of acquisition of real estate or right-of-use assets thereof from a related party, and obtain the appraisal report from a professional appraiser, or engage a CPA to check the appraisal and render a specific opinion</p> <p>(IV) The date, price at which the related party originally acquired the real estate, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.</p> <p>(V) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of</p>	<p>following matters have been approved by one half of the members of the Audit Committee and submitted to and passed by the Board of Directors; if not approved by more than one-half of the members of the Audit Committee, it may be approved by more than two-thirds of the directors:</p> <p>(I) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets</p> <p>(II) The reason for choosing the related party as a transaction counterparty</p> <p>(III) In accordance with the provisions of Articles 16 and 17 of the Regulations, evaluate the information regarding the preliminary transaction terms and reasonableness of acquisition of real estate or right-of-use assets thereof from a related party, and obtain the appraisal report from a professional appraiser, or engage a CPA to check the appraisal and render a specific opinion</p> <p>(IV)The date, price at which the related party originally acquired the real estate, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.</p> <p>(V) Monthly cash flow forecasts for the year commencing from the</p>	<p>thereby protect the rights and interests of shareholders; however, transactions conducted between a public company and its parent or subsidiaries, or between its subsidiaries are exempt from the resolution of the shareholders' meeting.</p>

Amended articles	Existing articles	Description
<p>the contract and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>(VI) Restrictive covenants and other important stipulations associated with the transaction</p> <p>II. The calculation of the transaction amounts referred to in this Article shall be made in accordance with Article 14, 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 Audit Committee and submitted to and passed by the Board of Directors need not be counted toward the transaction amount.</p> <p>III. With respect to the types of transactions listed below, when to be conducted between a public 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 delegate the Chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next Board of Directors meeting:</p> <p>(I) Acquisition or disposal of equipment or right-of-use assets</p>	<p>anticipated month of signing of the contract and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>(VI) Restrictive covenants and other important stipulations associated with the transaction</p> <p>II. The calculation of the transaction amounts referred to in this Article shall be made in accordance with Article 14, 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 Audit Committee and submitted to and passed by the Board of Directors need not be counted toward the transaction amount.</p> <p>III. With respect to the types of transactions listed below, when to be conducted between a public 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 delegate the Chairman to decide such matters when the transaction is within a certain amount and have the</p>	

Amended articles	Existing articles	Description
<p>thereof held for business use.</p> <p>(II) Acquisition or disposal of real estate right-of-use assets held for business use.</p> <p><u>IV. If the Company or a non-domestic public subsidiary engages in a transaction from Subparagraph 1, and the transaction amount is more than 10% of the company's total assets, the company may not proceed to enter into a transaction contract or make a payment until the items listed in Subparagraph 1 have been submitted to and passed by the shareholders' meeting. However, this does not apply to transactions between the Company and its subsidiaries or between its subsidiaries.</u></p>	<p>decisions subsequently submitted to and ratified by the next Board of Directors meeting:</p> <p>(I) Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</p> <p>(II) Acquisition or disposal of real estate right-of-use assets held for business use.</p>	
<p>Article 12. (Procedures for Acquiring or Disposing of Derivatives) (Paragraphs 1–4 omitted)</p> <p>V. Internal audit system</p> <p>(I) Purpose of internal audit</p> <p>Mainly to assist the supervisors of each unit to understand the timeliness of their employees' business processing and to verify whether various operations are performed in compliance with laws and internal company regulations, and to provide improvement suggestions in a timely manner and thereby</p>	<p>Article 12. (Procedures for Acquiring or Disposing of Derivatives) (Paragraphs 1–4 omitted)</p> <p>V. Internal audit system</p> <p>(I) Purpose of internal audit</p> <p>Mainly to assist the supervisors of each unit to understand the timeliness of their employees' business processing and to verify whether various operations are performed in compliance with laws and internal company regulations, and to provide improvement</p>	<p>Uniform writing method. Paragraph not numbered; subparagraph numbered 1, 2, 3; items numbered (1), (2), (3), and punctuated.</p>

Amended articles	Existing articles	Description
<p>improve management performance.</p> <p>(II) Performance of auditing work</p> <p>1. The internal auditors shall, on a regular basis, check the adequacy of the Company's internal control system for derivatives transactions and conduct monthly audits on the Transaction Department to ensure compliance with the Procedures and analyze transaction cycling. Audit reports shall be produced, after which the annual plan of internal auditing work is implemented.</p> <p>2. Report the implementation of the matters mentioned in the preceding subparagraph before the end of February each year.</p> <p>3. Report the improvements to the above-mentioned irregularities before the end of May each year.</p>	<p>suggestions in a timely manner and thereby improve management performance.</p> <p>(II) Performance of auditing work</p> <p>1. The internal auditors shall, on a regular basis, check the adequacy of the Company's internal control system for derivatives transactions and conduct monthly audits on the Transaction Department to ensure compliance with the Procedures and analyze transaction cycling. Audit reports shall be produced, after which the annual plan of internal auditing work is implemented.</p> <p>2. Report the implementation of the matters mentioned in the preceding paragraph before the end of February each year.</p> <p>3. Report the improvements to the above-mentioned irregularities before the end of May each year.</p>	

Amended articles	Existing articles	Description
<p>Article 13. (Procedures for Mergers, Demergers, Acquisitions, or Transfer of Shares)</p> <p>I. Assessment and Operating Procedures</p> <p>(I) When the Company handles mergers, demergers, acquisitions or share transfers, it is advised to invite lawyers, CPAs, and underwriters to jointly discuss the estimated timetable for legal procedures and organize a dedicated team to implement them in accordance with legal procedures. Before convening a Board meeting to approve such matter, the Company shall engage a CPA, attorney or securities underwriter to provide opinions on the reasonableness of the share exchange ratio, acquisition price, the cash or other property to be distributed to shareholders, etc. The proposal shall be submitted 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</p>	<p>Article 13. (Procedures for Mergers, Demergers, Acquisitions, or Transfer of Shares)</p> <p>I. Assessment and Operating Procedures</p> <p>(I) When the Company handles mergers, demergers, acquisitions or share transfers, it is advised to invite lawyers, CPAs, and underwriters to jointly discuss the estimated timetable for legal procedures and organize a dedicated team to implement them in accordance with legal procedures. Before convening a Board meeting to approve such matter, the Company shall engage a CPA, attorney or securities underwriter to provide opinions on the reasonableness of the share exchange ratio, acquisition price, the cash or other property to be distributed to shareholders, etc. The proposal shall be submitted 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,</p>	<p>Uniform writing method. Paragraph not numbered; subparagraph numbered 1, 2, 3; items numbered (1), (2), (3), and punctuated.</p>

Amended articles	Existing articles	Description
<p>capital.</p> <p>(II) The Company 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, <u>Subparagraph</u> 1, Item (1) of this 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. In addition, 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.</p> <p>II. Other matters to implement</p> <p>(I) Board meeting dates: When the</p>	<p>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.</p> <p>(II) The Company 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 <u>Paragraph</u> 1, <u>Subparagraph</u> (1) of this 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. In addition, 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</p>	

Amended articles	Existing articles	Description
<p>Company participates in a merger, demerger, or acquisition, it 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 Institute is notified in advance of extraordinary circumstances and grants consent. 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.</p> <p>(II) Prior commitment to confidentiality: 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.</p> <p>(III) Principles for determining or changing the share exchange ratio or purchase price: Companies engaged in mergers, demergers, acquisitions or share transfers, shall, before convening a</p>	<p>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.</p> <p>II. Other matters to implement</p> <p>(I) Board meeting dates: When the Company participates in a merger, demerger, or acquisition, it 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 Institute is notified in advance of extraordinary circumstances and grants consent. 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.</p> <p>(II) Prior commitment to confidentiality: Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of</p>	

Amended articles	Existing articles	Description
<p>bilateral Board meeting to approve such matter, engage a CPA, attorney or securities underwriter to provide opinions on the reasonableness of the share exchange ratio, acquisition price, the cash or other property to be distributed to shareholders, etc. The proposal shall be submitted to the shareholders' meeting. The share exchange ratio or purchase price in principle must not be arbitrarily altered, however, this does not apply to terms/conditions that the contract stipulates may be altered and that have been publicly disclosed. The conditions for changing the share exchange ratio or the purchase price are as follows:</p> <ol style="list-style-type: none"> <li>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.</li> <li>2. An action, such as a disposal of major assets, that affects the Company's financial operations.</li> <li>3. An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.</li> <li>4. An adjustment where any of the companies participating in the merger, demerger, acquisition, or</li> </ol>	<p>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.</p> <p>(III) Principles for determining or changing the share exchange ratio or purchase price: Companies engaged in mergers, demergers, acquisitions or share transfers, shall, before convening a bilateral Board meeting to approve such matter, engage a CPA, attorney or securities underwriter to provide opinions on the reasonableness of the share exchange ratio, acquisition price, the cash or other property to be distributed to shareholders, etc. The proposal shall be submitted to the shareholders' meeting. The share exchange ratio or purchase price in principle must not be arbitrarily altered, however, this does not apply to terms/conditions that the contract stipulates may be altered and that have been publicly disclosed. The conditions for changing the share exchange ratio</p>	



Amended articles	Existing articles	Description
<p>transfer of shares from another company, buys back treasury stock.</p> <p>5. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.</p> <p>6. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.</p> <p>(IV)The contract should contain: In addition to the provisions of Article 317-1 of the Company Act and Article 22 of the Business Mergers and Acquisitions Act, the contract for companies participating in the merger, demerger, acquisition, or transfer of shares must also specify the following matters:</p> <ol style="list-style-type: none"> <li>1. Handling of breach of contract.</li> <li>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.</li> <li>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.</li> <li>4. The manner of handling changes in the number of participating entities</li> </ol>	<p>or the purchase price are as follows:</p> <ol style="list-style-type: none"> <li>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.</li> <li>2. An action, such as a disposal of major assets, that affects the Company's financial operations.</li> <li>3. An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.</li> <li>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.</li> <li>5. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.</li> <li>6. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.</li> </ol> <p>(IV)The contract should contain: In</p>	

Amended articles	Existing articles	Description
<p>or companies.</p> <p>5. Preliminary progress schedule for plan execution, and anticipated completion date.</p> <p>6. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.</p> <p>(V) When there is a change in the number of companies participating in the merger, demerger, acquisition, or transfer of shares: 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.</p> <p>(VI) Where any of the companies</p>	<p>addition to the provisions of Article 317-1 of the Company Act and Article 22 of the Business Mergers and Acquisitions Act, the contract for companies participating in the merger, demerger, acquisition, or transfer of shares must also specify the following matters:</p> <ol style="list-style-type: none"> <li>1. Handling of breach of contract.</li> <li>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.</li> <li>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.</li> <li>4. The manner of handling changes in the number of participating entities or companies.</li> <li>5. Preliminary progress schedule for plan execution, and anticipated completion date.</li> <li>6. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without</li> </ol>	

Amended articles	Existing articles	Description
<p>participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the public company shall sign an agreement with the non-public company, and shall convene a board meeting on the date in accordance with <u>Subparagraph 2</u>, <u>Item</u> (1) of this Article, the prior commitment to confidentiality in accordance with <u>Item</u> (2), and handle changes in the number of companies participating in the merger, demerger, acquisition, or transfer of shares in accordance with <u>Item</u> (5).</p> <p>(Contents below omitted)</p>	<p>completion, and relevant procedures.</p> <p>(V) When there is a change in the number of companies participating in the merger, demerger, acquisition, or transfer of shares: 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.</p> <p>(VI) Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company,</p>	

Amended articles	Existing articles	Description
	<p>the public company shall sign an agreement with the non-public company, and shall convene a board meeting on the date in accordance with <u>Paragraph 2, Subparagraph (1)</u> of this Article, the prior commitment to confidentiality in accordance with <u>Subparagraph (2)</u>, and handle changes in the number of companies participating in the merger, demerger, acquisition, or transfer of shares in accordance with <u>Subparagraph (5)</u>.</p> <p>(Contents below omitted)</p>	
<p>Article 14. (Information Disclosure Procedure)</p> <p>I. Items to be announced and declared and standards for announcement and declaration</p> <p>(I) Acquisition or disposal of real estate or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real estate 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</p>	<p>Article 14. (Information Disclosure Procedure)</p> <p>I. Items to be announced and declared and standards for announcement and declaration</p> <p>(I) Acquisition or disposal of real estate or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real estate 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</p>	<p>I. Amendments to some articles pursuant to the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p> <p>II. Considering that current public companies have been exempted from announcement and declaration when trading domestic government bonds, Subparagraph 1, Item 7 is amended to relax the trading of foreign government bonds with a credit rating not lower</p>

Amended articles	Existing articles	Description
<p>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>(II) Merger, demerger, acquisition, or transfer of shares.</p> <p>(III) 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>(IV) 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> <ol style="list-style-type: none"> <li>1. For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.</li> <li>2. For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.</li> </ol> <p>(V) Acquisition or disposal by the Company in the construction business of real estate or right-of-use assets thereof for construction</p>	<p>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>(II) Merger, demerger, acquisition, or transfer of shares.</p> <p>(III) 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>(IV) 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> <ol style="list-style-type: none"> <li>1. For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.</li> <li>2. For a public company whose paid-in capital is NT\$10 billion or more,</li> </ol>	<p>than Taiwan's sovereign credit rating and also to exempt them from announcement and declaration.</p> <p>III. Considering the simple nature of foreign government bonds and that the credit is usually better than that of ordinary foreign bonds. In addition, the nature of exchange-traded note and exchange traded funds are similar, therefore it is amended to relax so as to allow professional investors who subscribe to foreign government bonds or subscribe redeem exchange-traded notes in the primary market to be exempt from announcement.</p> <p>IV. Uniform writing method. Paragraph not numbered; subparagraph numbered 1, 2, 3; items numbered (1), (2), (3), and punctuated.</p>

Amended articles	Existing articles	Description
<p>use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$500 million. among such cases, if the public company has paid-in capital of NT\$10 billion or more, and it is disposing of real estate from a completed construction project that it constructed itself, and furthermore the transaction counterparty is not a related party, then the threshold shall be a transaction amount reaching NT\$1 billion or more.</p> <p>(VI) Where land is acquired under an arrangement on commissioning others to build on the Company's own land, engaging others to build on leased 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>(VII) Where an asset transaction other than any of those referred to in the preceding six items, a disposal of</p>	<p>the transaction amount reaches NT\$1 billion or more.</p> <p>(V) Acquisition or disposal by the Company in the construction business of real estate or right-of-use assets thereof for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$500 million. among such cases, if the public company has paid-in capital of NT\$10 billion or more, and it is disposing of real estate from a completed construction project that it constructed itself, and furthermore the transaction counterparty is not a related party, then the threshold shall be a transaction amount reaching NT\$1 billion or more.</p> <p>(VI) Where land is acquired under an arrangement on commissioning others to build on the Company's own land, engaging others to build on leased land, joint construction and allocation of housing units, joint</p>	

Amended articles	Existing articles	Description
<p>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> <ol style="list-style-type: none"> <li>1. Buying and selling domestic government bonds <u>or foreign government bonds with a credit rating not lower than Taiwan's sovereign credit rating.</u></li> <li>2. Where done by professional investors-securities trading on securities exchanges or OTC markets, or subscription of <u>foreign bonds or ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription or resale of exchange-traded note,</u> or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending</li> </ol>	<p>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 <u>does not</u> reach NT\$500 million.</p> <p>(VII) Where an asset transaction other than any of those referred to in the preceding six items, 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> <ol style="list-style-type: none"> <li>1. Trading of domestic government bonds.</li> <li>2. Where done by professional investors-securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics</li> </ol>	

Amended articles	Existing articles	Description
<p>securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.</p> <p>3. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by securities investment trust enterprises.</p> <p>The amount of transactions specified in the preceding <u>subparagraph</u> shall be calculated as follows:</p> <p>(Contents below omitted)</p>	<p>(excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.</p> <p>3. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by securities investment trust enterprises.</p> <p>The amount of transactions specified in the preceding <u>paragraph</u> shall be calculated as follows:</p> <p>(Contents below omitted)</p>	



## **Appendix 1: Rules for Shareholders' Meetings**

### **Long Da Construction & Development Corporation Rules for Shareholders' Meetings**

Sixth amendment: June 17, 2020

- Article 1. This policy was established in accordance with Article 5 of "Corporate Governance Best-Practice Principles for Listed Companies" to provide sound governance over the Company's shareholder meetings, and thereby enhancing the supervisory function of shareholders.
- Article 2. Unless otherwise specified by law or Articles of Incorporation, the Company shall proceed its shareholders' meetings according to the terms of this policy.
- Article 3. Unless otherwise specified by law or Articles of Incorporation, shareholders' meetings are convened by the Board of Directors.

The Company shall prepare an electronic file that contains the meeting notice, a proxy form, a detailed description of various agenda items to be acknowledged or discussed during the meeting, and notes on re-election or dismissal of directors and post it onto the Market Observation Post System (MOPS) at least 30 days before the annual meeting of shareholders, or 15 days before an extraordinary shareholders' meeting. At least 21 days before the annual meeting of shareholders, or 15 days before an extraordinary shareholders' meeting, an electronic copy of the shareholders' meeting manual and supplementary information shall be posted onto MOPS. Physical copies of the shareholders' meeting manual and supplementary information shall also be prepared at least 15 days before the meeting and made accessible to shareholders at any time. These documents must be placed within the Company's premises and at the share administration agency, and distributed on-site at the shareholders' meeting.

Agenda items must be explained in detail in the meeting notices and announcements. Subject to agreement by the receiving party, meeting notices may also be delivered electronically.

Agenda items that involve election or dismissal of directors, changes to the Articles of Incorporation, capital reduction, application of public offering suspension, liquidation, mergers, divestments, and any matters listed in

Paragraph 1, Article 185 of the Company Act and Articles 26-1 and 43-6 of the Securities and Exchange Act must be covered in the meeting notice, and cannot be raised as special motions. The essential contents may be posted on the website designated by the competent authority in charge of securities industry or the Company, and such website shall be indicated in the notice. The reasons for convening a shareholders meeting shall indicate the re-election of directors and the tenure of office of such directors. After re-election is completed at the shareholders' meeting, the tenure dates may not be changed by a special motion or other method at the same shareholders' meeting.

Shareholders who own more than 1% of the Company's outstanding shares are entitled to propose agenda items for discussion in the annual meeting of shareholders. Each shareholder may only propose one agenda item; any further proposals will be excluded from discussion. The Board of Directors may disregard shareholders' proposals if the proposed agenda item involves any of the circumstances listed in Paragraph 4, Article 172-1 of the Company Act.

The Company shall announce in writing or through electronic means, before the book closure date, the conditions, places and time in which shareholders' proposals are accepted. The period of acceptance shall be no shorter than ten days.

Shareholders shall limit their proposed agenda items to 300 words; proposals that exceed 300 words shall be excluded from the agenda. Shareholders who have successfully proposed agenda items shall attend the annual meeting of shareholders in person or through proxy attendance and participate in the discussion.

The Company shall notify the proposing shareholders of the outcome of their proposed agenda items before the date the meeting notice is sent. Meanwhile, agenda items that satisfy the conditions listed in this Article shall be included as part of the meeting notice. During the shareholders' meeting, the Board of Directors shall explain the reasons why certain proposed agenda items are excluded from discussion.

Article 4. Shareholders may appoint proxies to attend shareholders' meetings by completing the Company's proxy form and specifying the scope of delegated authority.

Each shareholder may issue one proxy form and delegate one proxy only. All proxy forms must arrive at the Company at least five days before the shareholders' meeting. In the event that multiple proxy forms are issued, the proxy form that arrives first shall prevail. However, exception shall be granted if the shareholder issues a declaration to withdraw the previous proxy arrangement.

Should the shareholder decide to attend a shareholders' meeting personally or exercise voting rights in writing or through electronic means after a proxy form has been delivered to the Company, a written notice should be sent to the Company no later than two days before the meeting commences to withdraw the proxy arrangement. If the withdrawal is made after the prescribed period, then the voting decision exercised by the proxy shall prevail.

Article 5. Shareholders' meetings shall be held at locations that are suitable and convenient for shareholders to attend. Meetings shall not begin earlier than 9 AM or later than 3 PM. The opinions of independent directors shall be fully considered when deciding the location and time of the meetings.

Article 6. The Company shall provide an attendance log to record attendance of shareholders or proxies thereof (collectively referred to as shareholders below); alternatively, attendance cards may be presented to signify their presence at the meeting.

Shareholders who attend the meeting shall be given a copy of the meeting manual, annual report, attendance pass, opinion slip, agenda ballots and any information relevant to the meeting. Shareholders shall also be given election ballots where election of directors is to take place.

Shareholders must present an attendance pass, an attendance card or other proof of attendance when entering a shareholders' meeting. Shareholders who wish to acquire a proxy form must present proof of identity on-site for verification.

Where the shareholder is a government agency or corporate entity, more than one representative may attend the shareholders' meetings on their behalf.

Corporate entities that have been designated as proxy attendants shall only appoint one representative to attend the shareholders' meeting.

Article 7. Shareholders' meetings that are convened by the chairperson shall be chaired by the chairperson. If the chairperson is unable to perform such duties due to leave of absence or any reason, the Vice chairperson shall act on the chairperson's behalf. If the Vice chairperson is also unavailable or is non-existent, the chairperson may appoint a standing director act on his behalf. If there is no standing director, one director shall be appointed to act as the agent. If the chairperson of the board does not appoint an agent, the standing director or one of the directors shall be appointed to act as the agent.

For shareholders' meetings convened by any authorized party other than the Board of Directors, the convener will act as the meeting chairperson. If there are two or more conveners at the same time, one shall be appointed from among them to chair the meeting.

The Company may summon its lawyers, certified public accountants, and any relevant personnel to be present at the shareholders' meeting.

Article 8. The Company's shareholder meetings must be video or audio recorded and kept for at least one year. However, in situations where a shareholder makes a litigious claim against the Company according to Article 189 of the Company Act, the records shall be kept until the litigation is concluded.

Article 9. Shareholders' presence is determined by the number of shares represented during the meeting. The number of shares represented during the meeting is calculated based on the total amount registered in the attendance log or the attendance cards collected, plus the amount of shares where voting rights are exercised in writing or through electronic means.

The chairperson shall announce the commencement of the meeting as soon as the appointed time arrives. However, if those in attendance represent less than half of the Company's outstanding shares, the chairperson may announce to postpone the meeting up to two times, for a period totaling no more than one hour. The chairperson shall dismiss the meeting if shareholders in attendance represent less than one-third of outstanding shares after two postponements.

If the shareholders in attendance represent more than one-third but less than half of outstanding shares after two postponements, the shareholders in attendance may reach a tentative resolution according to Article 175, Paragraph 1 of the Company Act. This tentative resolution shall be communicated to every shareholder and another shareholders' meeting shall be held within one month.

If the number of shares represented during the meeting accumulates to more than half of all outstanding shares before the meeting ends, the chairperson may re-propose the tentative resolution for final voting according to Article 174 of the Company Act.

Article 10. If the shareholders' meeting is convened by the Board of Directors, the Board of Directors shall determine the meeting proceedings and related agenda items (including special motions and amendments to the original agendas) shall be voted on individually. The proceedings shall not be changed unless resolved during the shareholders' meeting.

The above rule also applies if the shareholders' meeting is convened by any authorized party other than the Board of Directors.

In either of the two arrangements described above, the chairperson can not dismiss the meeting while an agenda item (including special motions) is still in progress. If the chairperson violates the meeting policy by dismissing the meeting when it is not allowed to do so, other members of the board shall immediately assist the attending shareholders to elect another chairperson with the support of more than half of voting rights represented and continue the meeting.

The chairperson must allow adequate time to explain and discuss the various agenda items, amendments or special motions proposed during the meeting. The chairperson may announce to discontinue further discussion if the issue in question is considered to have been sufficiently discussed to proceed with the voting and a suitable voting time should be arranged.

Article 11. Shareholders who wish to speak during the meeting must produce an opinion slip detailing the topics and the shareholder's account number (or the attendance ID serial). The order of shareholders' comments shall be determined by the chairperson.

Shareholders who submit an opinion slip without actually speaking are considered to have remained silent. If the shareholder's actual comments differ from those stated on the opinion slip, the actual comments expressed shall be recorded.

Each shareholder shall speak no more than twice, for five minutes each, on the same agenda item unless otherwise agreed by the chairperson. The chairperson may stop shareholders from speaking if they violate the rules or speak outside the agenda item under discussion.

While a shareholder is speaking, other shareholders shall not speak simultaneously or interfere in any way unless agreed by the chairperson and the person speaking. Any violators shall be restrained by the chairperson.

Where a corporate shareholder has appointed two or more representatives to attend the shareholders' meeting, only one representative may speak per agenda.

After the shareholder has finished speaking, the chairperson may answer to the shareholder's queries personally or appoint any relevant personnel to do so.

Article 12. Votes in a shareholders' meeting are determined by the number of shares represented during the meeting.

Shares that do not carry voting rights are excluded from the calculation of outstanding shares when voting for the final resolution.

Shareholders cannot vote, or appoint proxies to vote, on any agenda items in which they have a conflict of interest that would be detrimental to the best interests of the Company.

The number of shares held by shareholders who are not permitted to vote shall be excluded from the total voting rights represented in the meeting.

With the exception of trust enterprises and certain share administration agencies approved by the competent authority, a proxy may not represent more than 3% of total voting rights in aggregate when representing two or more shareholders during the meeting. Voting rights that exceed this threshold shall be excluded from calculation.

Article 13. Each share is entitled to one voting right, except for shares where voting rights are restricted as described in Article 179, Paragraph 2 of the Company Act.

Voting rights can be exercised electronically or in writing during a shareholders' meeting. The shareholders' meeting notice must explain the methods through which shareholders may exercise voting rights in writing or in electronic form. Shareholders who have voted in writing or using the electronic method are considered to have attended shareholders' meeting in person. However, they are considered to have waived their rights to participate in any special motions or amendments to the original agendas that may arise during the shareholders' meeting.

Instructions to exercise written and electronic votes must be delivered to the Company at least two days before the shareholders' meeting. In the event where there are duplicate submissions, the earliest submission shall be taken into record. However, exception shall be granted if the shareholder issues a proper declaration to withdraw the previous vote.

If the shareholder decides to attend the shareholders' meeting in person after submitting a written or electronic vote, a proper declaration of withdrawal must be issued in the same method as did the original vote no later than two days before the shareholders' meeting. If the withdrawal is not received in time, then the written or electronic vote shall be taken into record. If the shareholder has exercised written or electronic votes, and at the same time delegated a proxy to attend the shareholders meeting, then the voting decision exercised by the proxy shall prevail.

Unless otherwise regulated by the Company Act or the Articles of Incorporation, an agenda item is passed when supported by shareholders who represent more than half of the total voting rights in the meeting. An agenda is considered passed if the chairperson receives no objections from all shareholders. This voting method is as effective as the conventional ballot method.

When there is an amendment or alternative to a proposal, the chairperson shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. If any resolution is passed, all other proposals shall be deemed rejected, and no further voting is necessary.

The Chairperson will appoint a ballot scrutineer and a ballot counter; the ballot scrutineer must be a shareholder. The result of a vote for an agenda shall be announced immediately and recorded in writing.

Article 14. Where the Meeting involves re-election of directors, the election must proceed in accordance with relevant regulations of the Company. Results of the election shall be announced on-site at the Meeting.

The election ballots referred to in the preceding paragraph shall be signed and sealed by the ballot examiner and adequately retained for at least one year. However, in situations where a shareholder makes a litigious claim against the Company according to Article 189 of the Company Act, the records shall be kept until the litigation is concluded.

Article 15. Shareholders' meeting resolutions shall be compiled into detailed minutes, and signed or sealed by the chairperson then disseminated to each shareholder no later than 20 days after the meeting. Preparation and distribution of meeting minutes can be made in electronic form.

The Company may distribute meeting minutes by posting details onto MOPS. The meeting minutes shall detail the date and venue of the meeting, the chairperson's name, the method of resolution, and the proceedings and voting results of various meeting agenda items (including the statistical tallies of the numbers of votes). For election of directors or independent directors, the number of votes for each candidate shall be disclosed. These minutes must be retained for as long as the Company is in existence.

Article 16. During the shareholders' meeting, the Company shall publish information regarding the number of shares acquired by acquirers and the number of shares represented by proxies using the prescribed format.

The Company must disclose on MOPS any shareholders' meeting resolutions that constitute material information as defined by law or the rules of the Taiwan Stock Exchange Corporation.

Article 17. The chairperson may instruct marshals or security staff to help maintain order in the meeting. The chairperson may stop anyone who attempts to speak using speaker equipment not provided by the Company.



The chairperson may instruct marshals or security staff to remove shareholders who continue to violate the meeting rules despite being warned by the chairperson.

Article 18. The chairperson may put the meeting in recess at appropriate times. In the occurrence of force majeure events, the chairperson may suspend the meeting temporarily and resume at another time.

If the Meeting is unable to conclude all scheduled agenda items (including extempore motions) before the venue is due to be returned, shareholders may resolve to continue the meeting at an alternative venue.

Shareholders may also resolve to postpone or resume the meeting within the next 5 days, according to Article 182 of the Company Act.

Article 19. These Rules shall come into effect upon approval of the shareholders' meeting. The same applies to all subsequent amendments.

**Appendix 2: Articles of Incorporation (Before Revision)**  
**Long Da Construction & Development Corporation**  
**Articles of Incorporation**

**Chapter 1 General Provisions**

Article 1. The Company was organized in accordance with the provisions of the Company Act and was named Long Da Construction & Development Corporation, and its English name is Long Da Construction & Development Corporation.

Article 2. The business scope of the Company is as follows:

1. E101011 Comprehensive Construction Activities
2. H701010 Residence and Buildings Lease Construction and Development
3. H701020 Industrial Factory Buildings Lease Construction and Development
4. H701050 Public Works Construction and Investment
5. F111090 Wholesale of Building Materials
6. H703100 Real Estate Rental and Leasing
7. J901020 Other hotels and accommodation
8. J801030 Athletics and Recreational Sports Stadium
9. JZ99120 General Bathhouse
10. JZ99020 Sauna
11. C104020 Manufacture of Bakery and Steam Products
12. F501060 Restaurants
13. F501030 Coffee/Tea Shops and Bars
14. ZZ99999 All business items that are not prohibited or restricted by law, in addition to those within the permitted scope.

Article 3. The Company's reinvestment amount may exceed 40% of the Company's paid-in capital.

Article 3-1. The Company may provide external guarantees depending on business needs, in accordance with the "Endorsement Guarantee Method" stipulated by the Company.

- Article 4. The Company is headquartered in Kaohsiung City, Taiwan, and may establish domestic or foreign branches subject to the Board of Directors' approval. The establishment of, changes to, and cancellation of the branches are subject to resolutions by the Board of Directors.
- Article 5. The Company's announcement method is implemented in accordance with the Company Act of the Republic of China and other relevant laws and regulations.

## **Chapter 2 Shareholding**

- Article 6. The total capital of the Company shall be in the amount of NT\$3 billion divided into 300 million shares at NT\$10 per share to be issued in installments at the discretion of the Board of Directors.
- Article 7. The Company's shares may be exempt from printing stock. If the Company prints stocks, it shall comply with the provisions of the Company Act of the Republic of China and other relevant laws and regulations.
- The stocks printed by the Company should be registered stocks and issued in accordance with the Company Act of the Republic of China and other relevant laws and regulations.
- Article 8. Registration for the transfer of shares shall be suspended for 60 days before the annual meeting of shareholders, for 30 days before an extraordinary shareholders' meeting, or 5 days before the baseline date the Company decides to distribute dividends and bonus or other benefits.
- Article 9. When shareholders of the Company handle share affairs such as share transfer, pledge setting, cancellation, loss report, inheritance gift, seal loss report, change or address change, etc., except as otherwise stipulated by laws and securities regulations, the matters should be handled in accordance with the "Regulations Governing the Administration of Shareholder Services of Public Companies" issued by the competent authority.

### **Chapter 3 Shareholder meetings**

- Article 10. The Company holds annual and extraordinary shareholders' meetings. Annual meetings of shareholders are to be held once every year and shall be convened within six months after the close of each fiscal year by the Board of Directors in accordance with the law. Extraordinary meetings are convened when necessary in accordance with the law. All shareholders shall be informed of the reason for meeting 30 days before the annual meeting of shareholders or 15 days before an extraordinary meeting is convened.
- Article 11. When a shareholder is unable to attend the shareholders' meeting for any reason, a power of attorney issued by the Company shall specify the scope of authorization. The use of the power of attorney and the restrictions on voting rights of the entrusted agent to attend the meeting are subject to the provisions of Article 177 of the Company Act and shall comply with the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public" issued by the competent authority.
- Article 12. Each shareholder of the Company shall be entitled to one vote for each share. No voting power shall be granted, however, to Company shares prescribed in Article 179 of the Company Act.
- Article 13. When the shareholders' meeting is convened by the Board of Directors, the chairperson shall be the chair. In the event that the chairperson is absent for any reason, the chairperson shall appoint a director to act as his proxy. If no designation is made, the directors shall select one person from among themselves to serve. For meetings convened by any authorized party other than the Board of Directors, the convener will act as the meeting chairperson. If there are two or more conveners at the same time, one shall be appointed from among them to chair the meeting.
- Article 14. Resolutions at a shareholders' meeting shall, unless otherwise provided for in the Articles of Incorporation or Company Act, be adopted by a majority vote of the shareholders present or delegates, who represent more than one-half of the total number of voting issued shares.

Shareholders who have voted in writing or using the electronic method are considered to have attended shareholders' meeting in person, and relevant matters will be handled in accordance with laws and regulations.

Article 15. Shareholders' meeting resolutions shall be compiled into detailed minutes, and signed or sealed by the chairperson then disseminated to each shareholder no later than 20 days after the meeting. The minutes must detail the date and venue of the meeting, the chairperson's name, the method of resolution, and the proceeding and results of various meeting agenda items. The meeting minutes, the attendance list bearing the signatures of shareholders present at the meeting, and the powers of attorney of proxies shall be retained together by the Company. These minutes must be retained for as long as the Company is in existence.

The preparation and distribution of meeting minutes can be made in electronic form or as an announcement.

#### **Chapter 4 Director**

Article 16. The Company's board consists of seven to nine directors serving for a term of three years. They are elected by the shareholders' meeting from capable persons and may be re-elected. The total number of shares of the Company's registered stocks held by all directors shall be issued by the securities authority according to the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies". When a director transfers more than one-half of the shares held at the time of their election during their term of office, they shall be dismissed from their position.

Among the number of directors in the preceding paragraph, at least three must be independent directors.

Article 16-1. A spousal relationship or a familial relationship within the second degree of kinship may not exist among more than half of the directors of the Company.

Article 16-2. The election of directors is held by nomination in accordance with Article 192-1 of the Company Act. The methods of nominating

director candidates, announcements and other related matters shall be handled in accordance with the relevant laws and regulations of the Company Act and the Securities and Exchange Act. Independent and non-independent directors shall be elected at the same time, but the number of elected candidates shall be separately calculated.

Article 16-3. The Company established an audit committee in accordance with Article 14-4 of the Securities and Exchange Act. The audit committee shall be composed of all independent directors. The members of the audit committee, the exercise of powers and other matters to be followed, are in accordance with the Company Act, the Securities and Exchange Act, related laws and regulations, and the Articles of Incorporation.

Article 17. When the vacancies of directors reaches one-third of the board or when the number of independent directors is less than three, the Board of Directors shall convene an extraordinary shareholders' meeting within 30 days to elect new directors, and the terms of office for new directors shall be limited to the time limit for the original appointment.

After the Company's public offering of shares, the Board of Directors shall convene an extraordinary shareholders meeting within 60 days to handle the matters described above.

Article 18. If the re-election cannot be completed before the expiration of the term of office, the term of office for the directors shall be extended until the re-elected directors assume office. The competent authority, however, is entitled to demand the Company complete the re-election according to the position. If there is still no re-election upon the expiration of the extended term of office, the directors shall be dismissed from the position on the expiration date.

Article 19. The Board of Directors is composed of directors. For the selection of a chairperson, two-thirds or more of the directors must be present and more than half of the present directors shall agree to nominate one director as chairperson and one director as vice chairperson, who represent the Company externally and execute all internal affairs in accordance with laws and regulations, the Company's Articles of Incorporation, and resolutions of the shareholders' meeting and

Board of Directors meeting.

Article 20. Unless otherwise specified in the Company Act, resolutions of the Board of Directors shall be voted for by a majority of the directors present when the meeting is attended by a majority of directors. If a Director is unable to attend a Board meeting, he/she may appoint a proxy to attend the meeting by completing the Company's proxy form and specifying the scope of delegation. However, each person may only act as the proxy for one director.

During the Board of Directors meeting, if video conferencing is used, the directors who participate in the meeting on the video screen shall be deemed to have attended the meeting in person.

Article 21. The execution of the Company's business shall be carried out by the resolution of the Board of Directors, except for matters that shall be resolved by the shareholders' meeting as stipulated in the Company Act or the Articles of Incorporation.

The Board of Directors meeting shall be convened by the chairperson, but the first meeting of the Board of Directors of each term shall be convened in accordance with Article 203 of the Company Act. When the chairperson is unable to perform his duties, the chairperson shall appoint one of the directors to act as his proxy. If no proxy is appointed, the directors shall choose one person to act on the chairperson's behalf.

A Board meeting may be convened through written notice, email or fax that states the reason for the meeting to each director at least seven days before the meeting date. A meeting of the Board of Directors may be convened at any time in the event of an emergency.

Article 22. The meeting minutes of the Board of Directors shall be prepared and signed and stamped by the chairperson and distributed to all directors within 20 days after the meeting. The minutes shall record the time, place, name of the chairperson and resolution method of the meeting, the essentials of the proceedings and their results. The retention period shall be as long as the Company is in existence.

Article 23. (Deleted)

Article 24. The directors' transportation fees, salaries, and other remunerations shall be paid at the standard level of the industry regardless of profit

or loss, and the amount shall be determined by the Board of Directors.

Article 24-1. The remuneration of independent directors of the Company, regardless of profit or loss, shall be paid at the standard level of the same industry. The amount shall be determined by the Board of Directors, and is no longer decided according to the distribution of participating directors' remuneration in Article 27 of the Company's Articles of Incorporation.

## **Chapter 5 Executive officers**

Article 25. The Company may appoint a manager, whose appointment, dismissal, and remuneration shall be decided by the Board of Directors.

The manager has the right to manage affairs and sign for the Company within the scope of authorization as stipulated in the Company's Articles of Incorporation or contract.

The manager shall not change the resolutions of the shareholders meeting or the Board of Directors or exceed their prescribed authority.

Article 25-1. The Company may hire important staff and consultants through a resolution of the Board of Directors.

## **Chapter 6 Accounting**

Article 26. The Board of Directors shall, at the end of each fiscal year, prepare the following documents for the Company in accordance with the provisions of the Company Act, and submit them to the Audit Committee for review and approval 30 days before the annual meeting of shareholders, and submit them to the shareholders' meeting for acknowledgment:

- I. Business reports.
- II. Financial statements.
- III. Proposals for distribution of earnings or make-up of deficit.

Article 27. If the Company makes a profit during the year, it should first make up for its losses. If there is still surplus earnings, it should allocate 2% to 4% for employee remuneration and no more than 4% for directors' remuneration.



The employees referred to in the preceding paragraph include employees of affiliated companies who meet certain conditions, whose recognized by the Board of Directors.

Article 27-1. If profit is reported in the final annual accounts, besides paying the income tax in accordance with laws and regulations, the Company shall set aside ten percent of the profit as a legal reserve after losses have been covered and the special reserve shall be allocated or reversed according to the regulations of the Competent Authority or shareholders' meeting resolution. If there is still surplus earnings, the shareholders' meeting shall decide to distribute shareholder dividends.

The Company is engaged in comprehensive construction activities and develops leasing and sales of houses and buildings. In order to maintain the funds required for diversified operations and appropriately expanding the scale and enhancing the competitiveness needed for sustainable development, it is advisable to adopt flexible distribution rates and flexible cash distribution rates. The distributable surplus of the current year shall be allocated as not less than 5% of the total dividends. The distribution of surplus shall be given priority to cash dividends, and may also be distributed in the form of stock dividends. The cash dividends shall not be less than 10% of the total dividends. However, if the total dividend per share is less than or equal to NT\$0.5 per share, based on economic principles, it may consist of only stock dividends, only cash dividends or distribution can be reserved.

The Company authorizes the Board of Directors to distribute all or part of the dividends and bonuses in cash with the presence of more than two-thirds of the directors and the resolution is agreed upon by more than half of the directors present, and report to the shareholders meeting. The provisions of the relevant shareholders meeting resolutions are not applicable.

Article 27-2. The Company authorizes the Board of Directors to distribute all or part of the capital reserve and statutory surplus reserve to be allocated in cash with the presence of more than two-thirds of the directors and the resolution is agreed upon by more than half of the directors

present, and report to the shareholders meeting.

## **Chapter 7 Miscellaneous**

Article 28. (Deleted).

Article 29. Any matters not addressed in the Articles of Incorporation shall be governed by the Company Act.

Article 30. The Articles of Incorporation was established on March 31, 1982. The first amendment was made on September 30, 1986. The second amendment was made on September 15, 1989. The third amendment was made on August 20, 1990. The fourth amendment was made on November 1, 1991. The fifth amendment was made on October 20, 1992. The sixth amendment was made on February 16, 1993. The seventh amendment was made on March 16, 1993. The eighth amendment was made on July 20, 1997. The ninth amendment was made on August 25, 1997. The tenth amendment was made on September 15, 1997. The eleventh amendment was made on April 2, 1998. The twelfth amendment was made on June 8, 1999. The thirteenth amendment was made on May 16, 2000. The fourteenth amendment was made on May 8, 2001. The fifteenth amendment was made on June 17, 2002. The sixteenth amendment was made on March 18, 2003. The seventeenth amendment was made on June 17, 2003. The eighteenth amendment was made on June 16, 2005. The nineteenth amendment was made on June 14, 2006. The twentieth amendment was made on June 12, 2007. The twenty-first amendment was made on May 20, 2008. The twenty-second amendment was made on June 16, 2009. The twenty-third amendment was made on June 15, 2010. The twenty-fourth amendment was made on June 19, 2012. The twenty-fifth amendment was made on June 18, 2013. The twenty-sixth amendment was made on June 20, 2014. The twenty-seventh amendment was made on June 20, 2016. The twenty-eighth amendment was made on June 16, 2017. The twenty-ninth amendment was made on June 13, 2018. The thirtieth amendment was made on June 17, 2020. The thirty-first amendment was made on July 6, 2021.

**Appendix 3: Processing Procedures for the Acquisition and Disposal  
of Assets (before amendment)  
Long Da Construction & Development Corporation  
Processing Procedures for the Acquisition and Disposal of Assets**

Eighth amendment: June 19, 2019  
Seventh amendment: June 13, 2018  
Sixth amendment: June 16, 2017  
Fifth amendment: June 20, 2014  
Fourth amendment: June 19, 2012  
Third amendment: May 20, 2008  
Second amendment: June 17, 2003  
First amendment: June 8, 1999  
Formulated: April 2, 1998

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Article 1. (Purpose)

The Processing Procedures have been especially formulated to protect the security of assets and implement information disclosure

Article 2. (Legal Basis)

The Processing Procedures are formulated in accordance with Article 36-1 of the Securities and Exchange Act (the Act) and the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" (the Regulations) announced by the Financial Supervisory Commission (FSC).

Article 3. (Scope of assets)

- I. Securities: 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.
- II. Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment.
- III. Memberships.
- IV. Intangible assets: Includes patents, copyrights, trademarks, franchise rights, and other intangible assets.
- V. Right-of-use assets.
- VI. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
- VII. Derivatives.
- VIII. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with

law.

IX. Other major assets.

Article 4. (Definitions of terms)

- I. 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.
- II. 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.
- III. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
- IV. Professional appraiser: Refers to a real estate appraiser or other person duly authorized by law to engage in the value appraisal of real estate or other fixed assets.
- V. 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.
- VI. 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.

- VII. Investment professional: Refers to 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.
- VIII. Securities exchange: Domestic securities exchange refers to the Taiwan Stock Exchange Corporation; foreign securities exchange refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.
- IX. Over-the-counter venue ("OTC venue", "OTC"): Domestic OTC venue refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; foreign OTC venue refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business. VII. Securities exchange: Domestic securities exchange refers to the Taiwan Stock Exchange Corporation; foreign securities exchange refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.
- X. The "latest financial statements" refers to the financial statements that the Company has publicly released and that have been verified, certified, or reviewed by an certified public accountant before acquiring or disposing of assets.

Article 5. (Investment Scope and Amount)

The respective quotas for the Company and its subsidiaries to obtain the abovementioned assets are determined as follows:

Asset quotas for the acquisition or disposal by the Company of real estate, equipment, or other right-of-use assets thereof for business use: According to actual need.

Asset quotas for the acquisition or disposal by the Company of real estate, equipment, or other right-of-use assets thereof for non-business use: Must not exceed 20% of the Company's paid-in capital.

Limits on the total investment in securities and individual securities of the Company: Total investment shall not exceed 100% of the Company's paid-in capital, and the investment limit for individual securities shall not exceed 50% of the Company's paid-in capital.

Asset quotas for the acquisition or disposal by subsidiaries of real estate, equipment, or other right-of-use assets thereof for business use: According to actual need.

Asset quotas for the acquisition or disposal by subsidiaries of real estate, equipment, or other right-of-use assets thereof for non-business use: Must not exceed 20% of the subsidiary's paid-in capital.

Limits on the total investment in securities and individual securities of the subsidiary: Total investment shall not exceed 100% of the subsidiary's paid-in capital, and the investment limit for individual securities shall not exceed 50% of the subsidiary's paid-in capital.

Article 6. (Experts must not be related parties)

Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:

- I. 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.
- II. May not be a related party or de facto related party of any party to the transaction.
- III. 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:

- I. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
- II. 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.
- III. 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.
- IV. 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.

Article 7. (Processes for Acquiring or Disposing of Real Property, Equipment, or Other Right-of-Use Assets Thereof)

- I. **Assessment and Operating Procedures**  
Assessment and operating procedures of the Company's acquisition or disposal of real estate, equipment, or other right-of-use assets thereof shall be handled in accordance with the Company's internal control system and real estate, factory, and equipment cycle procedures. However, business related to (commissioned) construction on Company land, (commissioned) construction on leased land, and joint construction shall be handled in accordance with the land development procedures.
- II. **Procedure for Determining Transaction Conditions and Authorized Amounts**
  - (I) When acquiring or disposing of real estate, equipment, or other right-of-use assets thereof, as well as business related to (commissioned) construction on Company land, (commissioned) construction on leased land, and joint construction, the announced current value, appraised

value, actual transaction price of neighboring real estate, etc., are referenced to determine the transaction conditions and transaction price, and an analysis report is prepared and submitted to the Chairman and subsequently submitted to and passed by the most recent Board of Directors meeting.

- (II) With respect to the Company's acquisition or disposal of assets that is subject to the approval of the Board of Directors under the company's procedures or other laws or regulations, it must be approved by one half of the members of the Audit Committee. If approval of more than half of all Audit Committee members is not obtained, the procedures may be implemented if approved by more than two-thirds of all Directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting.

### III. Implementation Unit

When the Company acquires or disposes of real estate, equipment, or other right-of-use assets thereof, it shall submit for approval in accordance with approval authority stipulated in the paragraph. The using department and the management department are responsible for the implementation, while the Construction Division is responsible for the implementation of self (commissioned)-construction on self-owned land, self (commissioned)-construction on leased land, and joint construction.

### IV. Appraisal Report of Real Estate, Equipment, or Other Right-of-Use Assets Thereof

In acquiring or disposing of real estate, equipment, or other right-of-use assets thereof where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a domestic government agency, (commissioned) construction on Company land, (commissioned) construction on leased land, and joint construction, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report (Attachment 1 to the regulations governing items to be recorded in the appraisal report) prior to the date of occurrence



of the event from a professional appraiser and shall further comply with the following provisions:

- (I) Where due to special circumstances it is necessary to give a limited 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.
- (II) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
- (III) 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:
  - 1. Where the discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
  - 2. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.
- (IV) 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.
- (V) Where a public company acquires or disposes of assets through court auction procedures, the evidentiary

documentation issued by the court may be substituted for the appraisal report or CPA opinion.

- V. If the construction business of the Company cannot obtain the appraisal report immediately in accordance with the provisions of the preceding subparagraph due to the need of business confidentiality, it shall obtain the appraisal report within two weeks from the date of the occurrence of the fact and obtain the accountant's opinion described in item 3 of the preceding subparagraph.

Article 8. (Investment Processing Procedures for the Acquisition or Disposal of Securities)

I. Assessment and Operating Procedures

The assessment and operating procedures for the purchase and sale of long-term and short-term securities of the Company shall be handled in accordance with the Company's internal control system investment cycle.

II. Procedure for Determining Transaction Conditions and Authorized Amounts

- (I) The purchase and sale of securities on the centralized exchange market or the business office of a securities firm shall be determined by the responsible unit based on judgment through market research.
- (II) For the purchase and sale of securities not on the centralized exchange market or the business office of a securities firm, the Company shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price; also to be considered are its net worth per share, profitability, and future development potential, etc.
- (III) With respect to the Company's acquisition or disposal of securities that is subject to the approval of the Board of Directors under the company's procedures or other laws or regulations, it must be approved by one half of the members of the Audit Committee. If approval of more than half of all Audit Committee members is not obtained, the procedures may be implemented if approved by more

than two-thirds of all Directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting.

III. Implementation Unit

When the Company invests in long-term and short-term securities, it shall be subject to the approval authority of the Company, and the financial department shall be responsible for their implementation.

IV. Obtain expert opinion

- (I) Where the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, 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; if the CPA requires the use of an expert report as evidence, the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to securities with publicly quoted prices from an active market, or where other regulations of the competent authority prevail.
- (II) Where a public company acquires or disposes of securities through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

Article 9. (Processing Procedures for Acquiring or Disposing of Memberships or Intangible Assets or Right-of-Use Assets Thereof)

I. Assessment and Operating Procedures

Assessment and operating procedures of the Company's acquisition or disposal of memberships or intangible assets or right-of-use assets thereof shall be handled in accordance with the Company's internal control system and real estate, factory, and equipment cycle procedures applied mutatis mutandis.

II. Procedure for Determining Transaction Conditions and Authorized Amounts

- (I) When acquiring or disposing of memberships, the fair market price is referenced to determine the transaction conditions and transaction price, and an analysis report is prepared and submitted to the Chairman. If the amount is

less than NT\$3 million, it must be approved by the Chairman and reported to and passed by the most recent Board of Directors meeting. Those exceeding NT\$3 million must be approved by the Board of Directors.

- (II) When acquiring or disposing intangible assets or the right-of-use assets thereof, the expert assessment report or fair market price is referenced to determine the transaction conditions and transaction price, and an analysis report is prepared and submitted to the Chairman. If the amount is under NT\$20 million, it must be approved by the Chairman and subsequently reported to the most recent Board of Directors meeting. Those exceeding NT\$20 million must be approved by the Board of Directors.
- (III) Where the Company acquires or disposes of memberships, intangible assets, or right-of-use assets thereof and the transaction amount reaches 20 percent or more of 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; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.

### III. Implementation Unit

When the Company acquires or disposes of membership or intangible assets or the right-of-use assets thereof, it shall submit for approval in accordance with approval authority stipulated in the preceding paragraph; the using department and Financial Department shall be responsible for execution.

### IV. Expert assessment report on membership or intangible assets or on right-to-use assets thereof

- (I) Where the transaction amount of the Company's acquisition or disposal of memberships is NT\$3 million or more, an expert should be asked to issue an appraisal report.
- (II) Where the transaction amount of the Company's acquisition or disposal of intangible assets or the right-of-

use assets thereof is NT\$20 million or more, an expert should be asked to issue an appraisal report.

Article 9-1. The calculation of the transaction amounts referred to in Articles 7 through 9 shall be done in accordance with Article 14, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.

Article 10. (Procedures for Related Party Transactions)

- I. When the Company intends to acquire or dispose of real estate 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 estate 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, in addition to the provisions of Articles 7 to 9-1, it shall be handled in accordance with the provisions of Chapter 2, Section 3 "Related-Party Transactions" stipulated by the FSC, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by 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 one half of the members of the Audit Committee and submitted to and passed by the Board of Directors; if not approved by more than one-half of the members of the Audit Committee, it may be approved by more than two-thirds of the directors:
  - (I) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets
  - (II) The reason for choosing the related party as a transaction counterparty
  - (III) In accordance with the provisions of Articles 16 and 17 of the Regulations, evaluate the information regarding the preliminary transaction terms and reasonableness of acquisition of real estate or right-of-use assets thereof from a related party, and obtain the appraisal report from a professional appraiser, or engage a CPA to check the

- appraisal and render a specific opinion
- (IV) The date, price at which the related party originally acquired the real estate, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.
  - (V) 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.
  - (VI) Restrictive covenants and other important stipulations associated with the transaction
- II. The calculation of the transaction amounts referred to in this Article shall be made in accordance with Article 14, 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 Audit Committee and submitted to and passed by the Board of Directors need not be counted toward the transaction amount.
- III. With respect to the types of transactions listed below, when to be conducted between a public 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 delegate the Chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next Board of Directors meeting:
- (I) Acquisition or disposal of equipment or right-of-use assets thereof held for business use.
  - (II) Acquisition or disposal of real estate right-of-use assets held for business use.

Article 11. (Procedures for Acquiring or Disposing of Claims of Financial Institutions)

In principle, the Company does not engage in transactions to acquire or dispose of the claims of financial institutions. If it intends to engage in transactions to acquire or dispose of the claims of financial institutions in the future, it will report to the Board of Directors for approval before determining its evaluation and operating procedures

Article 12. (Procedures for Acquiring or Disposing of Derivatives)

- I. Trading principles and strategies
  - (I) Type of transactions

The types of derivatives that the Company may engage in may be traded only after the Board of Directors has rendered its approval.
  - (II) Management or Hedging Strategy

The Company engaging in financial derivatives transactions is for the purpose of hedging, thus it chooses financial derivative products to primarily hedge the risks associated with the Company's business operations. The Company should primarily select banks with which it normally has business dealings as transaction counterparties to engage in hedging to avoid credit risk.
  - (III) Division of Powers and Responsibilities

Derivative commodity transactions must be evaluated and judged by the Company's personnel who have a considerable understanding of the commodities, and accord with the actual needs of the Company's operations; the decision shall be made by the authorized supervisor and Chairman.
  - (IV) Performance Evaluation Guidelines

The designated personnel regularly evaluate and review operational performance, and make a written assessment report and submit it to the authorized supervisor and Chairman for review.
  - (V) Transaction amount

The total amount of derivatives trading contracts may not exceed 10% of the Company's total assets, and the balance of each operation may not exceed 10% of the Company's total paid-in capital.
  - (VI) Maximum loss limit

Every month, the Company regularly reviews and sets the maximum loss limits of individual contracts for financial transactions, while for hedging transactions, it reviews the hedging policy each month.  
For derivative financial product transactions of the Company, the maximum loss limit of all contracts is 30% of the total contract value, and the loss limit of individual

contracts is 50% of the individual contract value.

II. Operating procedures

The Company's Finance Department is the executing unit of the Company's derivatives transactions. Transactions must be submitted to the Chairman for approval on a case-by-case basis in accordance with the content of Board of Directors meetings.

III. Accounting treatment method

(I) The main method of the Company's derivative product accounting treatment policy is to properly express the transaction process and economic results according to the nature of the transaction and the treatment method in accordance with the generally accepted accounting principles and relevant laws and regulations.

(II) The preparation of periodic financial reports (including annual, semi-annual and quarterly financial reports or consolidated financial reports) should follow the "Guidelines for Information to be Published in Financial Reports of Public Companies Engaging in Derivatives Trading" in the notes to the financial statements. The purpose of holding or issuing derivatives is to disclose general related matters according to the commodity type.

IV. Internal Control System

(I) Risk management measures

1. Credit risk considerations

Transaction counterparties are limited to banks with which it normally has business and on the principle that the counterparties can provide professional information.

2. Market risk considerations

Mainly traded in open markets through financial and investment institutions with good credit ratings.

3. Liquidity risk considerations

To ensure liquidity, the financial and investment institutions of the transaction must have sufficient equipment, information, and trading capability, and trading in any market.

4. Operational risk considerations

The authorization limit and operation procedures must



be strictly followed to avoid operational risk.

5. Legal risk considerations

All transaction documents must be reviewed by the head of the financial department and submitted to the General Manager and Chairman for approval.

6. Delivery risk considerations

In addition to strictly abiding by the provisions for authorization limits, the Finance Department should pay attention to the Company's cash flow to ensure that there is sufficient cash for payment at the time of delivery.

(II) Transaction management

1. Traders may not serve concurrently in other operations as confirmation and settlement.

2. Traders shall hand over the transaction certificates or contracts to the accountant for registration.

3. Accountants should continuously check whether the total transaction amount has exceeded the contract amount specified in the Processing Procedures.

4. Daily operational details should be listed item by item according to type, amount, exchange rate, transaction counterparty, and maturity date, and submit them to the head of the Finance Department for review.

5. The accounting personnel shall establish a log book in which details of the types and amounts of derivatives trading engaged in, Board of Directors approval dates, and the matters required to be carefully evaluated under Paragraphs 3 under this Article shall be recorded in detail in the log book.

(III) Regular evaluation method

1. The head of the Finance Department shall regularly supervise and evaluate whether derivatives transactions are actually handled in accordance with the Company's transactions procedures, and whether the risks borne are within the allowable range; when there are abnormal situations in the market price evaluation report, it must immediately be reported to the Board of Directors and response measures must be

taken.

2. Hedging transactions due to business needs are evaluated twice a month in principle. If the transaction volume is not large, it can be evaluated once a month, and once a week in other cases.

V. Internal audit system

(I) Purpose of internal audit

Mainly to assist the supervisors of each unit to understand the timeliness of their employees' business processing and to verify whether various operations are performed in compliance with laws and internal company regulations, and to provide improvement suggestions in a timely manner and thereby improve management performance.

(II) Performance of auditing work

1. The internal auditors shall, on a regular basis, check the adequacy of the Company's internal control system for derivatives transactions and conduct monthly audits on the Transaction Department to ensure compliance with the Procedures and analyze transaction cycling. Audit reports shall be produced, after which the annual plan of internal auditing work is implemented.
2. Report the implementation of the matters mentioned in the preceding paragraph before the end of February each year.
3. Report the improvements to the above-mentioned irregularities before the end of May each year.

Article 13. (Procedures for Mergers, Demergers, Acquisitions, or Transfer of Shares)

I. Assessment and Operating Procedures

- (I) When the Company handles mergers, demergers, acquisitions or share transfers, it is advised to invite lawyers, CPAs, and underwriters to jointly discuss the estimated timetable for legal procedures and organize a dedicated team to implement them in accordance with legal procedures. Before convening a Board meeting to approve such matter, the Company shall engage a CPA, attorney or securities underwriter to provide opinions on

the reasonableness of the share exchange ratio, acquisition price, the cash or other property to be distributed to shareholders, etc. The proposal shall be submitted 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.

(II) The Company 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, Subparagraph (1) of this 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. In addition, 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.

II. Other matters to implement

(I) Board meeting dates: When the Company participates in a merger, demerger, or acquisition, it 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 Institute is notified in advance of extraordinary circumstances and grants consent. 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.

- (II) Prior commitment to confidentiality: 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.
- (III) Principles for determining or changing the share exchange ratio or purchase price: Companies engaged in mergers, demergers, acquisitions or share transfers, shall, before convening a bilateral Board meeting to approve such matter, engage a CPA, attorney or securities underwriter to provide opinions on the reasonableness of the share exchange ratio, acquisition price, the cash or other property to be distributed to shareholders, etc. The proposal shall be submitted to the shareholders' meeting. The share exchange ratio or purchase price in principle must not be arbitrarily altered, however, this does not apply to terms/conditions that the contract stipulates may be altered and that have been publicly disclosed. The conditions for changing the share exchange ratio or the purchase price are as follows:
  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, that affects the Company's financial operations.
  3. An event, such as a major disaster or major change in technology, that 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.
- (IV) The contract should contain: In addition to the provisions of Article 317-1 of the Company Act and Article 22 of the Business Mergers and Acquisitions Act, the contract for companies participating in the merger, demerger, acquisition, or transfer of shares must also specify the following matters:
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.
- (V) When there is a change in the number of companies participating in the merger, demerger, acquisition, or

transfer of shares: 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.

- (VI) Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the public company shall sign an agreement with the non-public company, and shall convene a board meeting on the date in accordance with Paragraph 2, Subparagraph (1) of this Article, the prior commitment to confidentiality in accordance with Subparagraph (2), and handle changes in the number of companies participating in the merger, demerger, acquisition, or transfer of shares in accordance with Subparagraph (5).
- (VII) When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference.
1. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.
  2. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the

hiring of a financial or legal advisor, the execution of a contract, and the convening of a Board of Directors meeting.

3. Important documents and meeting minutes: Including merger, demerger, acquisition share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of Board of Directors meetings.

(VIII) When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days counting inclusively from the date of passage of a resolution by the Board of Directors, report (in the prescribed format and via the Internet-based information system) the information set out in 1 and 2 of the preceding item to the FSC for recordation.

(IX) Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of Items (7) and (8).

#### Article 14. (Information Disclosure Procedure)

I. Items to be announced and declared and standards for announcement and declaration

(I) Acquisition or disposal of real estate or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real estate 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.

(II) Merger, demerger, acquisition, or transfer of shares.

- (III) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.
- (IV) 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:
  - 1. For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.
  - 2. For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.
- (V) Acquisition or disposal by the Company in the construction business of real estate or right-of-use assets thereof for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$500 million. among such cases, if the public company has paid-in capital of NT\$10 billion or more, and it is disposing of real estate from a completed construction project that it constructed itself, and furthermore the transaction counterparty is not a related party, then the threshold shall be a transaction amount reaching NT\$1 billion or more.
- (VI) Where land is acquired under an arrangement on commissioning others to build on the Company's own land, engaging others to build on leased 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 does not reach NT\$500 million.
- (VII) Where an asset transaction other than any of those referred to in the preceding six items, 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:

1. Trading of domestic government bonds.
2. Where done by professional investors-securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds), or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.
3. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by securities investment trust enterprises.

The amount of transactions specified in the preceding paragraph shall be calculated as follows:

- (I) The amount of any individual transaction.
- (II) The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.
- (III) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real estate or right-of-use assets thereof within the same development project within the preceding year.
- (IV) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

"Within the preceding year" as used in the aforementioned 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.

## II. Time limits for making announcements and declarations

If the Company acquires or disposes of assets with items that should be announced as described in Paragraph 1 of this Article and the transaction amount reaches the standard for announcement and declaration in this Article, it shall make announcement and declaration within two days from the date of the occurrence of the fact.

- III. Public announcement and regulatory filing procedures
- (I) The Company shall publish relevant information on the website designated by the FSC for announcement and declaration.
  - (II) The 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.
  - (III) When the Company makes an error or omission in an item required by regulations to be publicly announced, all the items shall be properly corrected and publicly announced in entirety within 2 days upon knowledge of its error or omission.
  - (IV) When the Company acquires or disposes of assets, it shall keep relevant contracts, minutes, reference books, appraisal reports, and opinions of accountants, lawyers or securities underwriters in the Company. Unless otherwise provided by other laws, keep it for at least five years.
  - (V) 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:
    - 1. Change, termination, or rescission of a contract signed in regard to the original transaction.
    - 2. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth

in the contract.

3. Change to the originally publicly announced and reported information.

Article 15. (Control Procedures for the Acquisition and Disposal of Assets by Subsidiaries)

The acquisition or disposal of assets of the subsidiaries invested in by the Company shall be handled in accordance with the procedures stipulated by the parent company. If it is not a domestic public company and the assets acquired or disposed of meet the standards that for announcement and reporting in the Procedures, it shall be made within 2 days from the date of occurrence of the event, and the Company must be notified to announce and report and send copies to relevant units in accordance with the provisions of the Procedures.

The paid-in capital or total assets of the public company shall be the standard applicable to a subsidiary referred to in the preceding paragraph in determining whether, relative to paid-in capital or total assets, it reaches a threshold requiring public announcement and regulatory filing under Article 14.

Article 16. (Punishment)

If the employees of the Company undertake to acquire or dispose of assets in violation of the provisions of this Procedure, they will be regularly submitted for assessment in accordance with the Company's personnel management regulations and its Employee Handbook and punished according to the severity of the violation.

Article 17. (Implementation and amendment)

After the Company's "Procedure for the Acquisition and Disposal of Assets" is approved by one half of the members of the Audit Committee and passed by the Board of Directors, it is submitted to the shareholders' meeting for approval; the same applies to amendments thereof.

If not approved by one half of the members of the Audit Committee as in the preceding paragraph or the procedures may be implemented if approved by two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.

When the Procedures are proposed for discussion by the Board of Directors in accordance with the provisions of the Procedures, Independent Directors' opinions must also be fully taken into

consideration. Any objections or qualified opinions made by Independent Directors must be detailed in Board meeting minutes.

Article 18. (Miscellaneous)

Any other matters not set forth in the Procedure shall be handled in accordance with relevant laws and regulations.

#### Appendix 4: Shareholdings of all directors

- I. As of the closing date (April 9, 2022), the number of outstanding shares of the Company is 219,197,180 shares, and the legally required number of shares held by all directors is 12,000,000 shares.
- II. The shareholding status of all directors is as follows:

Title	Name	Number of Shares	Shareholding ratio%
Chairman	Chen Wucong	1,024,407	0.47
Director	Yikung Investment Co., Ltd. Legal representative: Lin Zhefeng	2,450,617	1.12
Director	Da Jing Inv Co. Ltd. Legal representative: Guo Hanlong	46,636,907	21.28
Director	Chen Youqi	557,495	0.25
Independent Director	Lin Xiangkai	0	0
Independent Director	Jiang Yongzheng	0	0
Independent Director	Chen Jinde	0	0
Total shareholdings of all directors		50,669,426	23.12

Note: Rounding is used to round to the second decimal place.

## **Appendix 5: Acceptance of Shareholder Proposals**

Instructions for handling shareholder proposals:

- I. Shareholders who own more than 1% of the Company's outstanding shares are entitled to propose agenda items for discussion in the annual meeting of shareholders according to Article 172-1 of the Company Act. Each shareholder may only propose one agenda item; any further proposals will be excluded from discussion and shareholder proposals are limited to 300 words.
- II. The company announced the shareholder's right of proposal in the Market Observation Post System for the period from April 1, 2022 to April 11, 2022. Since the company did not receive any shareholder proposals during this period, no discussion will be held at the 2022 annual meeting of shareholders.