

Handbook for the
2021 Annual Meeting of Shareholders
HONG PU REAL ESTATE DEVELOPMENT
TSE: 2536



宏普建設股份有限公司

股票代號：2536

110年股東常會議事手冊



開會時間：一一〇年六月二十二日(星期二)上午九點整

開會地點：台北市建國南路二段231號 B1

【中國文化大學推廣教育部建國本部－B1國際會議廳】

Meeting Time: 9:00 a.m. on Tuesday, June 22, 2021

Meeting Place: B1F, No.231, Sec. 2, Jianguo S. Rd.,

Da'an Dist., Taipei City 106, Taiwan

(Jianguo Campus, School of Continuing

Education of Chinese Culture University)

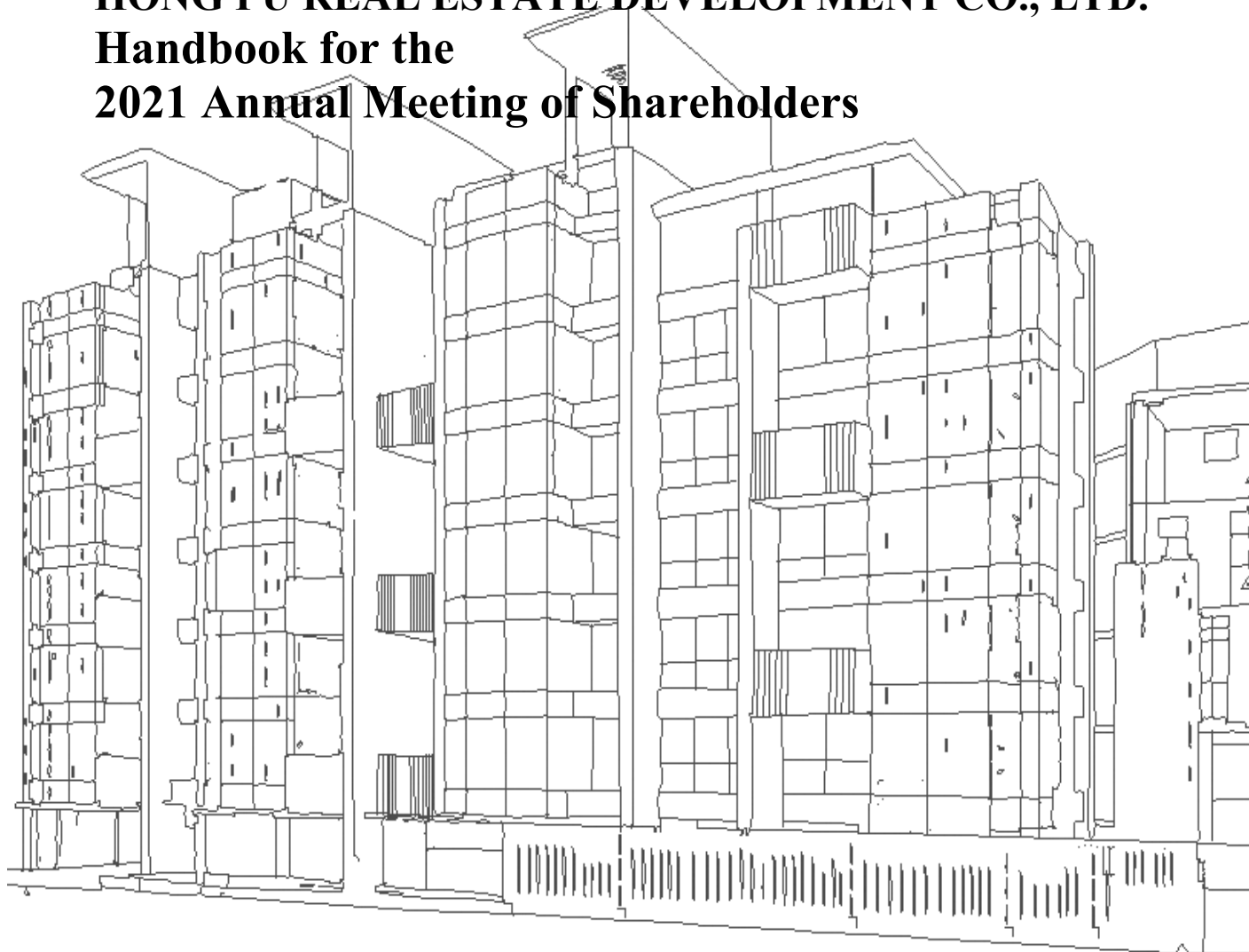
宏普建設股份有限公司

一一〇年股東常會議事手冊

HONG PU REAL ESTATE DEVELOPMENT CO., LTD.

Handbook for the

2021 Annual Meeting of Shareholders



(Translation – In case of any discrepancy between the Chinese and English Versions, the Chinese version shall prevail.)

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Hong Pu Real Estate Development CO., Ltd.

Procedure for the 2021 Annual Meeting of Shareholders

I . Call the Meeting to Order

II . Chairperson Remarks

III . Management Presentations

IV . Proposals

V . Discussion Matters

VI . Questions and Motions

VII . Adjournment

Hong Pu Real Estate Development Co., Ltd.

Procedure for the 2021 Annual Meeting of Shareholders

Time: 9:00 a.m. on Tuesday, June 22, 2021

Place: B1F, No.231, Sec. 2, Jianguo S. Rd., Da'an Dist., Taipei City 106,
Taiwan

(Jianguo Campus, School of Continuing Education of Chinese Culture
University)

Chairperson Remarks

I . Management Presentations

1. 2020 Business Report.
2. 2020 Audit Report by the Audit Committee.
3. Report of Employees' Remuneration and Remuneration of Directors and Supervisors.
4. Report of amendment of "Codes of Ethical Conduct".
5. Report of amendment of "Procedures for Ethical Management and Guidelines for Conduct".

II . Proposals

1. Adoption of the 2020 Financial Statements.
2. Adoption of the Proposal for Distribution of 2020 Profits.

III . Discussion

1. Amendment to the "Rules of Procedure for Shareholders Meetings".
2. Amendment to the "Procedures for Election of Directors".

IV . Questions and Motions

V . Adjournment



Management Presentations

Proposal 1

Proposal: 2020 Business Report

Explanation: Please refer to the following for the Company's year 2021 Business Report:

2020 Business Report

Dear Shareholders,

Looking back to 2020, The COVID-19 pneumonia has spread globally, and the number of confirmed cases and deaths in many countries has risen. Measures such as isolation and lockdown have brought economic activities to a halt. Fortunately, Taiwan's epidemic prevention has been effective. The economy and daily life are operating as usual. Demand in the real estate market has emerged, and buying momentum has rebounded. Projects, "Economy and Trade", "World Trade Plaza", "AMAX", "Leisurely Days", "Hong Pu Park", "WenDe", "Paris Mansion" and "Hong Pu New Star" were booked in revenues, in addition, projects, "MGH Mutsui Garden Hotel" and "World Trade Plaza", provides the company's rental income. We have a stable performance of revenues and profits in 2020.

A. Operating Performance in 2020

1. Achievement of operating plan

We have achieved 2020 revenue of NT\$3,977,450K, compared with NT\$2,885,896K in 2019, a increase of NT\$1,091,554K. And we have achieved 2020 earnings before tax of NT\$747,390K, compared with 680,693K in 2019, an increase of NT\$66,697K.

Mainly due to projects, "Hong Pu Park", "Leisurely Days", "Economy and Trade", "World Trade Plaza", "WenDe", "AMAX", "Paris Mansion", "Hong Pu New Star", delivered and booked revenues, furthermore, the sale of small land piece in Beitou and rent of "World Trade Plaza" and "MGH Mitsui Garden Hotel". Therefore, revenues and costs increased in 2020.

2. Budget implementation

Our company is not required to file a financial forecast for fiscal year 2020 and 2019.

3. Financial revenue and expenditure

Financial expenditures include capitalized interest expense NT\$122,428K in 2020, and NT\$84,257K in 2019. It increased NT\$38,171K than previous year, because of acquiring new lands and increase of bank loans. Therefore, interest expenses increased in 2020.

4. Profitability analysis

Item		Year 2020	Year 2019
ROA (%)		3.22	3.63
ROE (%)		5.07	5.13
As a % of paid in capital	Op. income	24.47	17.00
	Pretax profit	22.45	20.45
Net margin (%)		15.40	21.01
EPS (NT\$)	Diluted earnings per share	1.84	1.83
	Adjusted diluted earnings per share	-	1.82

Our analysis is derived from the above figures:

The increase in operating profit in 2020 is mainly due to completed projects, “World Trade Plaza”, “Hong Pu Park”, “Leisurely Days”, “Economy and Trade”, “WenDe”, “AMAX”, “Paris Mansion”, “Hong Pu New Star”, delivered and booked revenue, in addition, rental income for projects, “World Trade Plaza” and “MGH Mitsui Garden Hotel”. Although revenues increased, related rental costs also increased, so the overall gross profit decreased.

5. Research and development status

(1) Constructions planning and design: In order to design better projects, the location and the corresponding environment must be appealing. In addition, we must evaluate and balance our customer needs against the construction laws set by the government to ensure that the project will be satisfactory to both parties upon completion. In order to do so, we will be incorporating computerized simulation and planning software.

- (2) Construction and management: Our construction department strives to study various technologies and building materials to improve efficiency and bring down construction costs.
- (3) Market research: To truly understand the property market, our marketing department studies land and property market data from various areas regularly and uses the analyzed data as a basis for positioning new projects and marketing strategies.

B. Business plan in 2021

Looking forward to 2021, the uncertainty of the U.S. election ended in early 2021. Biden takes office as the new president. U.S.-China relations are relatively moderate. It is expected that many countries will continue to introduce relief fiscal plans and loose monetary policies, and global inflation and low interest rates will remain. The transfer of trade orders and the return of investment from Taiwanese companies are expected to stabilize with the spread of pneumonia vaccines in the future. In addition, the projects, “TaChih”, “XinDian”, “NeiHu”, “Beitou”, “ZhongLi” and other projects will be depend on market conditions to adjust the sales strategy or launching date for sale or pre-sale. We will launch pre-sale projects such as “Garden Park” and “New Era” this year to contribute to future revenues and profits.

Revenues in 2021 will be booked mainly from rental income of income properties such as “World Trade Plaza” and “MGH Mitsui Garden Hotel”. It is expected that this year's revenue and profit will be more conservative than previous years.

We have our 2021 operation schedule below:

1. Business objectives

- (1) Accelerate land-bank development and continue to acquire quality land bank.
- (2) Position our projects within proper niches.
- (3) Maintain strong construction quality and good cost management.
- (4) Sustain sound financial planning and financing strategy.
- (5) Develop assets generate long-term rental income.

2. Sales forecast and sales policy

We are planning to sell projects, “World Trade Plaza”, “Economy and Trade”, “WenDe”, “AMAX” in 2021.

3. Construction and marketing strategies

(1) Construction

- ◆ Focus on Taipei city and New Taipei City.
- ◆ Focus on residential property and office building.

(2) Marketing

- ◆ Design projects based on targeted customer's demand and consumption power.
- ◆ Base our marketing strategy on project plans and Taipei city development to maintain profitability.

C. Future developing strategies and effects of external competition, legal and macroeconomic environment:

1. Hong Pu is major in Taipei City and New Taipei City, as well as some potential areas outside greater Taipei. We prefer to choose convenient transportation and life function land-piece to developing selfowned, joint venture or renewal projects. Beside residential buildings, we will put efforts on rent or sale of commercial office buildings.
2. Property development is not only high capital density, but also professional skills of land acquiring and product positioning and project planning. We have competitive strength of market research, quality control and solid financial situation to build up brand name.
3. Under circumstance of low level of interest rate and our healthy financial structure, we plan to develop long-term income properties and adjust business strategies.
4. High sales price projects market is slow, fundamental and middle sales price projects become main stream.

All of our management team will endeavor to accomplish the goals set for the year.
Thank you for your continued support and encouragement.

Yours sincerely,

Chairman : J.H.Tuan



Manager : J.H.Tuan



Manager of accounting dept : P.S.Liu



Proposal 2

Proposal: 2020 Audit Report by the Audit Committee

Explanation: 1. The 2020 Financial Statements and Business Report were audited by independent auditors and examined by the supervisors of the Company.

2. Please refer to page 8 to 15 for the 2020 Financial Statements and Business Report.

Audit Report by the Audit Committee

The Board of Directors has submitted the Company's 2020 annual business report, financial statements and profit distribution proposal, among which the finance report has been entrusted to the certified public accountants, Chuang Chun Wei and Wang Chin Sun of KPMG Taiwan for auditing to generate an audit report. The audit Committee has verified the above-mentioned business report, financial statements and profit distribution proposal. No discrepancy is found and the committee hereby presents the report in accordance with Article 14-5 of the "Securities and Exchange Act" and Article 219 of the "Company Act" for your approval.

Hong Pu Real Estate Development Co., Ltd.

Convener: 
B.S. LI

May 5, 2021

Independent Auditors' Report

To the Board of Directors of Hong Pu Real Estate Development Co., Ltd.:

Opinion

We have audited the financial statements of Hong Pu Real Estate Development Co., Ltd. (“the Company”), which comprise the balance sheets as of December 31, 2020 and 2019, the statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Revenue recognition

Refer to note 4 (n) for the relevant accounting policy regarding recognition of revenue, and refer to note 6 (o) for relevant disclosures.

Description of key audit matter:

The main operation income of the Company is derived from the sales of premises. Sales customers are numerous and scattered, and the income-related control mostly relies on manual execution. Therefore, the recognition of revenue has been identified as one of the key audit matters in conducting the examination of the financial statement.

How the matter was addressed in our audit:

Our principal audit procedures included:

- Compare the policy concerning the revenue recognition with the accounting standards, in order to assess the appropriateness of the policy adopted by the Company.
- Inspect the main compositions of the revenue through review the sales contract to verify the authenticity of transaction and confirm whether the timing of recognition matches with accounting policies and standards.

We also examine the appropriateness of disclosure of the revenue recognition policy of the Company and so does other information. So as to ensure if any significant abnormality exists, we review the sales contract with the timing of transfer completion of the property and property rights as well as assess the revenue recognition policy of the Company applied in accordance with the relevant Accounting Bulletins.

2. Inventory valuation

Refer to note 4 (g) for accounting policy regarding the inventories valuation; refer to note 5 for accounting estimation and assumption of the inventories valuation; please refer to note 6 (d) for relevant inventory disclosures.

Description of key audit matter:

In the financial statements, inventory is measured at the lower of the cost and net realizable value. Due to legal regulations and the economic cycle, which affect the transaction volume and sales in the real estate market, the gross profit of related products may be affected, resulting in the risk that the inventory cost may be higher than the net realizable value.

How the matter was addressed in our audit:

Our principal audit procedures included:

- Evaluate whether the accounting policy adjustments are in accordance with business cycle and other economic decrees.
- Evaluate whether the market data provided has been updated on regular or irregular basis to reflect the real economic situation.
- Our audit procedures included discussing the current market tendencies and business strategies with management, and obtaining the sufficient audit evidence to assure the accurateness of the inventory assessment.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Chuang Chun Wei and Wang Chin Sun.

KPMG

Taipei, Taiwan (Republic of China)

March 17, 2021

Notes to Readers

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

The independent auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and financial statements, the Chinese version shall prevail.

Independent Auditors' Report

To the Board of Directors of Hong Pu Real Estate Development Co., Ltd.:

Opinion

We have audited the consolidated financial statements of Hong Pu Real Estate Development Co., Ltd. and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, the consolidated statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Other Matter

Hong Pu Real Estate Development Co., Ltd. has prepared its parent-company only financial statements as of and for the years ended December 31, 2020 and 2019, on which we have issued an unmodified opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key matters to be communicated in our report.

1. Revenue recognition

Please refer to note 4 (n) for the relevant accounting policy regarding recognition of revenue, and refer to note 6 (n) for relevant disclosures.

Description of key audit matter:

The main operation income of the Group is derived from the sales of premises. Sales customers are numerous and scattered, and the income-related control mostly relies on manual execution. Therefore, the recognition of revenue has been identified as one of the key audit matters in conducting the examination of the financial statement.

How the matter was addressed in our audit:

Our principal audit procedures included:

- Comparison of the policy concerning the revenue recognition with the accounting standards, in order to assess the appropriateness of the policy adopted by the Group.
- Inspect the main compositions of the revenue through review the sales contract to verify the authenticity of transaction and confirm whether the timing of recognition matches with accounting policies and standards.

We also examine the appropriateness of disclosure of the revenue recognition policy of the Group and so does other information. So as to ensure if any significant abnormality exists, we review the sales contract with the timing of transfer completion of the property and property rights as well as assess the revenue recognition policy of the Group applied in accordance with the relevant Accounting Bulletins.

2. Inventory valuation

Please refer to note 4 (h) for accounting policy regarding the inventories valuation; refer to note 5 for accounting estimation and assumption of the inventories valuation; please refer to note 6 (d) for relevant inventory disclosures.

Description of key audit matter:

In the consolidated financial statements, inventory is measured at the lower of the cost and net realizable value. Due to legal regulations and the economic cycle, which affect the transaction volume and sales in the real estate market, the gross profit of related products may be affected, resulting in the risk that the inventory cost may be higher than the net realizable value.

How the matter was addressed in our audit:

Our Principal audit procedures included:

- Evaluate whether the accounting policy adjustments are in accordance with business cycle and other economic decrees.
- Evaluate whether the market data provided has been updated on regular or irregular basis to reflect the real economic situation.
- Our audit procedures included discussing the current market tendencies and business strategies with management, and obtaining the sufficient audit evidence to assure the accurateness of the inventory assessment.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial

statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Chuang Chun Wei and Wang Chin Sun.

KPMG

Taipei, Taiwan (Republic of China)

March 17, 2021

Notes to Readers

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

The independent auditors' report and the accompanying Consolidated Financial Statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and Consolidated Financial Statements, the Chinese version shall prevail.

Proposal 3

Proposal: Report of the 2020 Employees' remuneration and remuneration of directors.

Explanation: Report of the 2020 Employees' Remuneration and Remuneration of Directors.

1. Profits of 2020 audited by KPMG is NT\$625,989,710 before deducting remuneration of directors NT\$2,200,000 and employees' remuneration NT\$12,000,000 (operating expenses NT\$9,800,400 + construction in progress – project expenses NT\$2,199,600). In the Article 25 of Incorporation, employees' remuneration is not less than 1% of profits and remuneration of directors is not exceed 3% of profits.
2. Remuneration of directors is 0.351% of profits, NT\$2,200,000. Employees' compensation is 1.917% of profits, NT\$12,000,000.
3. Remuneration of directors will be distributed by cash NT\$2,200,000. Employees' remuneration will be distributed by cash NT\$12,000,000. Employee including the employees of subsidiaries of the company. Qualification requirements of employees are specified in the procedures for employees' compensation of the company.

Proposal 4

Proposal: Report of the amendment “Codes of Ethical Conduct”.

Explanation: 1. Amendment to the “Codes of Ethical Conduct” is pursuant to the 3 June 2020 Letter No. Taiwan-Stock-Governance-10900094681 of the Taiwan Stock Exchange Corporation.

2. Please refer to page 30 to 31 for the “Codes of Ethical Conduct” to this Agenda Manual.

Proposal 5

Proposal: Report of the amendment “Procedares for Ethical Management and Guidelines for Conduct”.

Explanation: 1. Amendment to the “Procedares for Ethical Management and Guidelines for Conduct” is pursuant to the 16 January 2020 Letter No. Taiwan-Stock-Governance-1090000926 of the Taiwan Stock Exchange Corporation..

2. Please refer to page 32 to 35 for the “Procedares for Ethical Management and Guidelines for Conduct” to this Agenda Manual.



Proposals

Proposal 1

【Proposed by the Board】

Proposal: Adoption of the 2020 Business Report and Financial Statements.

Explanation: 1. The Company's Financial Statements, including the balance sheets, statements of comprehensive income, statements of changes in equity, and statement of cash flows, were audited by independent auditors, Mr. C. W. Chuang and Mr. C. S. Wang of KPMG Certified Public Accountants. Also Business Report has been examined by the Audit committee of the Company. Please ratify the Financial Statements.

2. Please refer to page 19 to 26 for The Company's Financial Statements to this Agenda Manual.

Resolution:

Balance Sheets

(expressed in thousands of New Taiwan dollar)

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)
HONG PU REAL ESTATE DEVELOPMENT CO., LTD.

Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019

(expressed in thousands of New Taiwan dollar except earnings per Share)

		2020		2019	
		Amount	%	Amount	%
Operating revenue:					
4300	Rental revenue (notes 6(j) (o) and 7)	\$ 163,045	4	32,687	1
4511	Construction contract revenue (notes 6(o))	<u>3,814,519</u>	<u>96</u>	<u>2,853,323</u>	<u>99</u>
Net operating revenue		<u>3,977,564</u>	<u>100</u>	<u>2,886,010</u>	<u>100</u>
Operating cost:					
5300	Rental Cost	71,885	2	3,765	-
5510	Construction contract cost	<u>2,927,261</u>	<u>73</u>	<u>2,121,982</u>	<u>74</u>
Net operating cost		<u>2,999,146</u>	<u>75</u>	<u>2,125,747</u>	<u>74</u>
Gross profit		<u>978,418</u>	<u>25</u>	<u>760,263</u>	<u>26</u>
Operating expenses(note6(k)and7):					
6100	Selling expenses	114,130	3	150,550	5
6200	Administrative expenses	<u>47,540</u>	<u>1</u>	<u>41,350</u>	<u>1</u>
Total operating expenses		<u>161,670</u>	<u>4</u>	<u>191,900</u>	<u>6</u>
Operating income		<u>816,748</u>	<u>21</u>	<u>568,363</u>	<u>20</u>
Non-operating income and expenses (note6(f)(q)and7):					
7100	Interest income	7,191	-	2,310	-
7010	Other income	68,561	2	49,266	2
7020	Other gains and losses	(34,631)	(1)	121,091	4
7050	Finance costs	(107,783)	(3)	(56,662)	(2)
7060	Share of profit of investment in associates and subsidiaries accounted for using equity method	<u>(1,375)</u>	<u>-</u>	<u>(2,362)</u>	<u>-</u>
Total non-operating income and expenses		<u>(68,037)</u>	<u>(2)</u>	<u>113,643</u>	<u>4</u>
7900	Profit before tax	748,711	19	682,006	24
7951	Less: income tax expenses (note 6(l))	<u>134,722</u>	<u>4</u>	<u>74,279</u>	<u>3</u>
8200	Profit	<u>613,989</u>	<u>15</u>	<u>607,727</u>	<u>21</u>
Other comprehensive income (loss) (note 6(m)):					
8360	Items that may be reclassified subsequently to profit or loss:				
8365	Equity related to non-current asset classified as held for sale	-	-	9,529	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
8300	Other comprehensive income (after tax)	<u>-</u>	<u>-</u>	<u>9,529</u>	<u>-</u>
8500	Total comprehensive income	<u>\$ 613,989</u>	<u>15</u>	<u>617,256</u>	<u>21</u>
Earnings per share (note 6(n)):					
9750	Basic earnings per share	<u>\$ 1.84</u>		<u>1.83</u>	
9850	Diluted earnings per share	<u>\$ 1.84</u>		<u>1.82</u>	

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)
HONG PU REAL ESTATE DEVELOPMENT CO., LTD.

Statements of Changes in Equity
For the years ended December 31, 2020 and 2019
(Expressed in thousands of New Taiwan dollar)

	Retained earnings					Other equity		
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total	Equity related to non-current asset classified as held for sale	Total equity
Balance at January 1, 2019	\$ 3,328,087	2,041,583	1,812,417	-	4,476,306	6,288,723	(9,529)	11,648,864
Net income	-	-	-	-	607,727	607,727	-	607,727
Other comprehensive income (loss)	-	-	-	-	-	-	9,529	9,529
Total comprehensive income (loss)	-	-	-	-	607,727	607,727	9,529	617,256
Appropriations and distributions:								
Legal reserve	-	-	44,470	-	(44,470)	-	-	-
Special reserve	-	-	-	9,529	(9,529)	-	-	-
Cash dividends	-	-	-	-	(332,809)	(332,809)	-	(332,809)
Disposal of investments using equity method	-	765	-	-	-	-	-	765
Balance at December 31, 2019	3,328,087	2,042,348	1,856,887	9,529	4,697,225	6,563,641	-	11,934,076
Net income	-	-	-	-	613,989	613,989	-	613,989
Other comprehensive income (loss)	-	-	-	-	-	-	-	-
Total comprehensive income (loss)	-	-	-	-	613,989	613,989	-	613,989
Appropriations and distributions:								
Legal reserve	-	-	60,773	-	(60,773)	-	-	-
Reversal of special reserve	-	-	-	(9,529)	9,529	-	-	-
Cash dividends	-	-	-	-	(399,370)	(399,370)	-	(399,370)
Balance at December 31, 2020	\$ 3,328,087	2,042,348	1,917,660	-	4,860,600	6,778,260	-	12,148,695

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)
HONG PU REAL ESTATE DEVELOPMENT CO., LTD.

Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(expressed in thousands of New Taiwan dollar)

	2020	2019
Cash flows from (used in) operating activities:		
Profit before income tax	\$ 748,711	682,006
Adjustments:		
Adjustments to reconcile profit and loss:		
Depreciation expense	25,872	2,779
Amortization expense	150	131
Net profit on financial assets at fair value through profit or loss	(507)	(3,295)
Interest expenses	107,783	56,662
Interest income	(7,191)	(2,310)
Dividend income	-	(423)
Recognized shares of profit of investment in associates accounted for using equity method	1,375	2,362
Gain on disposal of property, plant and equipment	(125)	-
Gain on disposal of investments	(2,002)	-
Gains on disposal of non-current asset	-	(138,618)
Total adjustments to reconcile profit and loss	<u>125,355</u>	<u>(82,712)</u>
Net changes in operating assets and liabilities:		
Financial asset at fair value through profit or loss	4,775	17,878
Notes receivable	39,263	(19,539)
Accounts receivable	22,761	(29,363)
Other receivable—related parties	(675)	(1,392)
Inventories	(3,483,811)	(3,112,821)
Prepayments	(356,210)	17,472
Other current assets	1,275	4,532
Incremental costs of obtaining a contract	(31,130)	(106,856)
Other financial assets	(200,979)	(178,233)
Notes payable	(5,796)	(55,869)
Accounts payable	(51,486)	(41,612)
Other payable	(154,084)	70,311
Current contract liabilities	66,979	264,137
Other current liabilities	(20,822)	(1,327)
Total changes in operating assets / liabilities, net	<u>(4,169,940)</u>	<u>(3,172,682)</u>
Total adjustments	<u>(4,044,585)</u>	<u>(3,255,394)</u>
Cash used in from operations	<u>(3,295,874)</u>	<u>(2,573,388)</u>
Interest received	7,191	2,310
Interest paid	(122,932)	(85,148)
Income tax paid	(130,246)	(91,968)
Net cash flows used in operating activities	<u>(3,541,861)</u>	<u>(2,748,194)</u>
Cash flows from (used in) investing activities:		
Return of capital of investments accounted for using equity method due to capital reduction	-	230,871
Disposal of subsidiaries	-	31,458
Disposal of non-current asset classified as held for sale	-	170,532
Acquisition of property, plant and equipment	(2,828)	-
Proceeds from disposal of property, plant and equipment	285	-
Increase in refundable deposits	(96,335)	(1,178,626)
Decrease in refundable deposits	23,425	1,166,983
Proceeds from disposal of investment property	4,738	-
Decrease (increase) in other non-current assets	13,152	10,267
Dividends received	-	423
Net cash flows from (used in) investing activities	<u>(57,563)</u>	<u>431,908</u>
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	10,993,000	5,500,000
Decrease in short-term borrowings	(10,000,000)	(2,290,000)
Increase in short-term notes and bills payable	11,767,177	7,860,691
Decrease in short-term notes and bills payable	(9,030,906)	(7,898,362)
Decrease in other non-current liabilities	(1,227)	3,563
Cash dividends paid	(399,370)	(332,809)
Net cash flows from financing activities	<u>3,328,674</u>	<u>2,843,083</u>
Net increase (decrease) in cash and cash equivalents	(270,750)	526,797
Cash and cash equivalents, at beginning of period	1,137,864	611,067
Cash and cash equivalents, at end of period	<u>\$ 867,114</u>	<u>1,137,864</u>

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
HONG PU REAL ESTATE DEVELOPMENT CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2020 and 2019

(expressed in thousands of New Taiwan dollar)

	December 31, 2020		December 31, 2019			December 31, 2020		December 31, 2019	
	Amount	%	Amount	%		Amount	%	Amount	%
Assets					Liabilities and Equity				
Current assets:					Current liabilities:				
1100 Cash and cash equivalents (note 6(a))	\$ 904,677	4	1,183,231	6	2100 Short-term loans (note 6(h) and 8)	\$ 6,090,000	26	5,097,000	26
1110 Financial assets at fair value through profit and loss (note 6(b))	-	-	4,268	-	2110 Short-term notes and bills payable (note 6(h) and 8)	4,541,688	19	1,805,417	9
1150 Notes receivable, net (notes 6(c)(i))	12,456	-	51,719	-	2130 Current contract liabilities (note 6(n) and 9)	532,085	2	465,106	3
1170 Accounts receivable, net (note 6(c)(ii))	44,863	-	67,624	-	2150 Notes payable	24,128	-	29,924	-
1210 Other receivable-related parties (notes 7)	1,721	-	-	-	2170 Accounts payable	128,961	1	180,447	1
1320 Inventories (notes 6(d) 8 and 9)	18,144,071	77	17,681,938	89	Other payable	56,610	-	211,173	1
1410 Prepayments (note 9)	522,725	2	166,415	1	Current tax liabilities	7,220	-	2,744	-
1476 Other financial assets—current (notes 6(n) and 9)	381,442	2	180,463	1	Other current liabilities	18,932	-	39,752	-
1479 Other current assets (note 9)	124,795	-	126,072	1	Total current liabilities	<u>11,399,624</u>	<u>48</u>	<u>7,831,563</u>	<u>40</u>
1480 Incremental costs of obtaining a contract	149,490	1	118,360	1	Non-current liabilities:				
Total current assets	<u>20,286,240</u>	<u>86</u>	<u>19,580,090</u>	<u>99</u>	Other non-current liabilities	9,588	-	10,815	-
Non-current assets:					Total liabilities	<u>11,409,212</u>	<u>48</u>	<u>7,842,378</u>	<u>40</u>
1600 Property, plant and equipment (notes 6(f) and 8)	83,138	-	83,174	-	Equity(note 6(i)):				
1760 Investment property, net (notes 6(g) and 8)	3,014,410	13	-	-	Common stock	3,328,087	14	3,328,087	17
1920 Refundable deposits (note 9)	196,495	1	123,585	1	Capital surplus	2,042,348	9	2,042,348	10
Other assets	5,683	-	18,985	-	Retained earnings:				
Total non-current assets	<u>3,299,726</u>	<u>14</u>	<u>225,744</u>	<u>1</u>	Appropriated as legal capital reserve	1,917,660	8	1,856,887	9
					Special reserve	-	-	9,529	-
					Unappropriated earnings	4,860,600	21	4,697,225	24
						6,778,260	29	6,563,641	33
						12,148,695	52	11,934,076	60
						28,059	-	29,380	-
						12,176,754	52	11,963,456	60
Total assets	<u>\$ 23,585,966</u>	<u>100</u>	<u>\$ 19,805,834</u>	<u>100</u>	Total equity	<u>\$ 23,585,966</u>	<u>100</u>	<u>\$ 19,805,834</u>	<u>100</u>
					Total liabilities and equity	<u>\$ 23,585,966</u>	<u>100</u>	<u>\$ 19,805,834</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
HONG PU REAL ESTATE DEVELOPMENT CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019

(expressed in thousands of New Taiwan dollar except earnings per share)

		2020		2019	
		Amount	%	Amount	%
Operating revenue:					
4300	Rental revenue (notes 6(i)(n) and 7)	\$ 162,931	4	32,573	1
4511	Construction contract revenue (note 6(n))	3,814,519	96	2,853,323	99
Net operating revenue		<u>3,977,450</u>	<u>100</u>	<u>2,885,896</u>	<u>100</u>
Operating cost:					
5300	Rental Cost	71,885	2	3,765	-
5510	Construction contract cost	2,927,261	74	2,121,982	74
Net operating cost		<u>2,999,146</u>	<u>76</u>	<u>2,125,747</u>	<u>74</u>
Gross profit		<u>978,304</u>	<u>24</u>	<u>760,149</u>	<u>26</u>
Operating expenses (notes 6(i) and 7):					
6100	Selling expenses	114,130	3	150,550	5
6200	Administrative expenses	49,779	1	43,533	1
Total operating expenses		<u>163,909</u>	<u>4</u>	<u>194,083</u>	<u>6</u>
Operating income		<u>814,395</u>	<u>20</u>	<u>566,066</u>	<u>20</u>
Non-operating income and expense(note6(p) and 7):					
7100	Interest income	7,195	-	2,324	-
7010	Other income	68,214	2	47,874	2
7020	Other gains and losses	(34,631)	(1)	121,091	4
7050	Finance costs	(107,783)	(3)	(56,662)	(2)
Total non-operating income and expenses		<u>(67,005)</u>	<u>(2)</u>	<u>114,627</u>	<u>4</u>
7900	Profit before tax	747,390	18	680,693	24
7951	Less: income tax expenses (note 6(k))	<u>134,722</u>	<u>3</u>	<u>74,279</u>	<u>3</u>
8200	Profit	<u>612,668</u>	<u>15</u>	<u>606,414</u>	<u>21</u>
Other comprehensive income (loss) (note 6(l)):					
8360	Items that may be reclassified subsequently to profit or loss:				
8365	Equity related to non-current asset classified as held for sale	-	-	9,529	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
8300	Other comprehensive income (after tax)	<u>-</u>	<u>-</u>	<u>9,529</u>	<u>-</u>
8500	Total comprehensive income	<u>\$ 612,668</u>	<u>15</u>	<u>615,943</u>	<u>21</u>
Net income attributable to:					
8610	Shareholders of the parent	\$ 613,989	15	607,727	21
8620	Non-controlling interests	(1,321)	-	(1,313)	-
Profit		<u>\$ 612,668</u>	<u>15</u>	<u>606,414</u>	<u>21</u>
Total comprehensive income attributable to:					
8710	Shareholders of the parent	\$ 613,989	15	617,256	21
8720	Non-controlling interests	(1,321)	-	(1,313)	-
Other comprehensive income		<u>\$ 612,668</u>	<u>15</u>	<u>615,943</u>	<u>21</u>
Earnings per share (note 6(m)):					
Basic earnings per share		<u>\$ 1.84</u>		<u>1.83</u>	
Diluted earnings per share		<u>\$ 1.84</u>		<u>1.82</u>	

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
HONG PU REAL ESTATE DEVELOPMENT CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2020 and 2019

(Expressed in thousands of New Taiwan dollar)

	Equity attributable to owners of parent							Total equity attributable to owner of the parent	Non-controlling interests	Total equity
	Share capital	Retained earnings				Other equity related to non-current asset classified as held for sale				
		Common stock	Capital surplus	Legal reserve	Special reserve		Unappropriated earnings			
Balance at January 1, 2019	\$ 3,328,087	2,041,583	1,812,417	-	4,476,306	6,288,723	(9,529)	11,648,864	-	11,648,864
Net income	-	-	-	-	607,727	607,727	-	607,727	(1,313)	606,414
Other comprehensive income (loss)	-	-	-	-	-	-	9,529	9,529	-	9,529
Total comprehensive income (loss)	-	-	-	-	607,727	607,727	9,529	617,256	-	615,943
Appropriations and distributions:										
Legal reserve	-	-	44,470	-	(44,470)	-	-	-	-	-
Special reserve	-	-	-	9,529	(9,529)	-	-	-	-	-
Cash dividends	-	-	-	-	(332,809)	(332,809)	-	(332,809)	-	(332,809)
Change in non-controlling interests	-	765	-	-	-	-	-	765	30,693	31,458
Balance at December 31, 2019	3,328,087	2,042,348	1,856,887	9,529	4,697,225	6,563,641	-	11,934,076	29,380	11,963,456
Net income	-	-	-	-	613,989	613,989	-	613,989	(1,321)	612,668
Other comprehensive income (loss)	-	-	-	-	-	-	-	-	-	-
Total comprehensive income (loss)	-	-	-	-	613,989	613,989	-	613,989	(1,321)	612,668
Appropriations and distributions:										
Legal reserve	-	-	60,773	-	(60,773)	-	-	-	-	-
Special reserve	-	-	-	(9,529)	9,529	-	-	-	-	-
Cash dividends	-	-	-	-	(399,370)	(399,370)	-	(399,370)	-	(399,370)
Balance at December 31, 2020	\$ 3,328,087	2,042,348	1,917,660	-	4,860,600	6,778,260	-	12,148,695	28,059	12,176,754

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
HONG PU REAL ESTATE DEVELOPMENT CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(expressed in thousands of New Taiwan dollar)

	2020	2019
Cash flows from (used in) operating activities:		
Profit before income tax	\$ 747,390	680,693
Adjustments:		
Adjustments to reconcile profit and loss:		
Depreciation expense	25,872	2,779
Amortization expense	150	131
Net profit on financial assets at fair value through profit or loss	(507)	(3,295)
Interest expenses	107,783	56,662
Interest income	(7,195)	(2,324)
Dividend income	-	(423)
Gain on disposal of property, plant and equipment, net	(125)	-
Gain on disposal of investment property	(2,002)	-
Gains on disposal of non-current asset	-	(138,618)
Total adjustments to reconcile profit and loss	123,976	(85,088)
Net changes in operating assets and liabilities:		
Financial asset at fair value through profit or loss	4,775	17,878
Notes receivable	39,263	(19,539)
Accounts receivable	22,761	(29,363)
Other receivable — related parties	(1,721)	-
Inventories	(3,487,802)	(3,113,114)
Prepayments	(356,310)	17,455
Other current assets	1,277	4,535
Other financial assets	(200,979)	(178,233)
Incremental costs of obtaining a contract	(31,130)	(106,856)
Notes payable	(5,796)	(55,869)
Accounts payable	(51,486)	(41,612)
Other payable	(154,059)	69,359
Current contract liabilities	66,979	264,137
Other current liabilities	(20,820)	(1,286)
Total changes in operating assets / liabilities, net	(4,175,048)	(3,172,508)
Total adjustments	(4,051,072)	(3,257,596)
Cash flow used in operations	(3,303,682)	(2,576,903)
Interest received	7,195	2,324
Interest paid	(122,932)	(85,148)
Income tax paid	(130,246)	(91,968)
Net cash flows used in operating activities	(3,549,665)	(2,751,695)
Cash flows from (used in) investing activities:		
Return of capital of investments accounted for using equity method due to capital reduction	-	230,871
Disposal of subsidiaries	-	31,458
Price of disposal of non-current asset	-	170,532
Acquisition of property, plant and equipment	(2,828)	-
Proceeds from sale of property, plant and equipment	285	-
Increase in refundable deposits	(96,335)	(1,178,626)
Decrease in refundable deposits	23,425	1,166,983
Disposal of investment property	4,738	-
Decrease (increase) in other assets	13,152	10,267
Dividends received	-	423
Net cash flows from (used in) investing activities	(57,563)	431,908
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	10,993,000	5,500,000
Decrease in short-term borrowings	(10,000,000)	(2,290,000)
Increase in short-term notes and bills payable	11,767,177	7,860,691
Decrease in short-term notes and bills payable	(9,030,906)	(7,898,362)
Decrease in other non-current liabilities	(1,227)	3,563
Cash dividends paid	(399,370)	(332,809)
Net cash flows (used in) financing activities	3,328,674	2,843,083
Net increase (decrease) in cash and cash equivalents	(278,554)	523,296
Cash and cash equivalents, at beginning of period	1,183,231	659,935
Cash and cash equivalents, at end of period	<u>\$ 904,677</u>	<u>1,183,231</u>

Proposal 2

【Proposed by the Board】

Proposal: Adoption of the Proposal for Distribution of 2020 Profits

- Explanation:** (1) 2020 net profit after tax is NT\$613,989,310 After setting aside the legal reserve of NT\$61,398,931 and then adding beginning retained earnings of NT\$4,246,610,611 the un-appropriated retained earnings are NT\$4,799,200,990 and the proposed dividend to shareholders is NT\$399,370,382 cash dividend per share is NT\$1.20 .
- (2) The distribution of cash dividends is rounded down to dollar, and residuals are distributed to the Employees' Welfare Committee.
- (3) Upon the approval of the Annual Meeting of Shareholders, it is proposed that the Board of Directors be authorized to resolve the ex-dividend date, ex-rights date, and other relevant issues.
- (4) In the event of change of number of shares, it is proposed that the Chairman will be authorized to adjust the cash to be distributed to each share based on the number of actual shares outstanding on the record date for distribution.
- (5) Please refer to the Profit Distribution Table as follows:

Hong Pu Real Estate Development Co., Ltd.
Profit Distribution Table
Year 2020

(Unit: NT\$)

Items	Total
Beginning retained earnings	4,246,610,611
Add: net profit after tax	613,989,310
Less: 10% legal reserve	61,398,931
Distributable net profit	4,799,200,990
Distributable items:	
Dividend to shareholders	399,370,382
Inappropriate retained earnings	4,399,830,608

Resolution:



Discussion

Proposal 1

【Proposed by the Board】

Proposal: Amendment to the “Rules of Procedure for Shareholders Meetings”.

Explanation: 1. Amendment to the “Rules of Procedure for Shareholders Meetings” is cooperate with electronic voting and the actual needs of company. Please proceed to discuss.

2. Please refer to page 36 for the revised vision of “Rules of Procedure for Shareholders Meetings” to this Agenda Manual.

Resolution:

Proposal 2

【Proposed by the Board】

Proposal: Amendment to the “Procedures for Election of Directors”.

Explanation: 1. Amendment to the “Procedures for Election of Directors” is pursuant to the 3 June 2020 Letter No. Taiwan-Stock-Governance-10900094681 of the Taiwan Stock Exchange Corporation. Please proceed to discuss.

2. Please refer to page 37 to 40 for the revised vision of “Procedures for Election of Directors” to this Agenda Manual.

Resolution:



Questions and Motions



Adjournment

**◆ ATTACHMENTS I :
Amendment to the “Codes of Ethical Conduct”**

Before Amendment	After Amendment	Reasons for Amendments
<p>Article 2 Content of the guidelines</p> <p>1. Prevention of conflicts of interest:</p> <p>(1) When a director, or managerial officer of the company is unable to perform their duties in an objective and efficient manner, or when a person in such a position takes advantage of their position in the company to obtain improper benefits for either themselves or their spouse or relatives within the second degree of kinship.</p> <p>(2) The company shall pay special attention to loans of funds, provisions of guarantees, and major asset transactions or the purchase (or sale) of goods involving the affiliated enterprise at which a director, or managerial officer works.</p> <p>(3) The company shall establish a policy aimed at preventing conflicts of interest, and shall offer appropriate means for directors, and managerial officers to voluntarily explain whether there is any potential conflict between them and the company.</p> <p>2 to 6 omitted</p> <p>7. Encouraging reporting on illegal or unethical activities:</p> <p>The company shall raise awareness of ethics internally and encourage employees to report to the Audit Committee, managerial officer, chief internal auditor, or other appropriate individual upon suspicion or discovery of any activity in violation of a law or regulation or the code of ethical conduct.</p> <p>To encourage employees to report illegal conduct, the company shall establish a concrete whistle-blowing system, allow anonymous reporting, and make employees aware that the company will use its best efforts to ensure the safety of whistleblowers and protect them from reprisals.</p> <p>(Below omitted)</p>	<p>Article 2 Content of the guidelines</p> <p>1. Prevention of conflicts of interest:</p> <p>(1) When a director, or managerial officer of the company is unable to perform their duties in an objective and efficient manner, or when a person in such a position takes advantage of their position in the company to obtain improper benefits for either themselves or their spouse or parents or children or relatives within the second degree of kinship.</p> <p>(2) The company shall pay special attention to loans of funds, provisions of guarantees, and major asset transactions or the purchase (or sale) of goods involving the affiliated enterprise at which a director, or managerial officer works.</p> <p>(3) The company shall establish a policy aimed at preventing conflicts of interest, and shall offer appropriate means for directors, supervisor and managerial officers to voluntarily explain whether there is any potential conflict between them and the company.</p> <p>2 to 6 omitted</p> <p>7. Encouraging reporting on illegal or unethical activities:</p> <p>The company shall raise awareness of ethics internally and encourage employees to report to the Audit Committee, managerial officer, chief internal auditor, or other appropriate individual upon suspicion or discovery of any activity in violation of a law or regulation or the code of ethical conduct.</p> <p>The management department shall formulate relevant procedures or mechanisms for reporting any illegality or violation of the Codes in the preceding paragraph, and let employees know that the company will do its best to protect the safety of the reporter from retaliation.</p> <p>(Below omitted)</p>	<p>1. Considering that the parents and children are relatives within the second class, the text of the second (1) may be simplified.</p> <p>2. Refer to Article 23 of the “Ethical Corporate Management Best Practice Principles for Listed Companies” to allow anonymous reports and amend relevant texts.</p>

Before Amendment	After Amendment	Reasons for Amendments
<p>Article 5 Enforcement</p> <p>A company's code of ethical conduct shall take effect after having been submitted to and approved by the board of directors, delivered to the Audit Committee, and submitted to a shareholders meeting. Subsequent amendments thereto shall be effected in the same manner.</p> <p>The standard was established on November 25, 2010.</p> <p>The first amendment was on March 19,2019.</p> <p>The second amendment was on April 26,2019 (the implementation date is after the establishment of the Audit Committee on June 14,2019).</p> <p>The third amendment was on December 23,2020.</p>	<p>Article 5 Enforcement</p> <p>A company's code of ethical conduct shall take effect after having been submitted to and approved by the board of directors, delivered to the Audit Committee, and submitted to a shareholders meeting. Subsequent amendments thereto shall be effected in the same manner.</p> <p>The standard was established on November 25, 2010.</p> <p>The first amendment was on March 19,2019.</p> <p>The second amendment was on April 26,2019 (the implementation date is after the establishment of the Audit Committee on June 14,2019).</p>	<p>The date of the Codes is amended.</p>

◆ ATTACHMENTS II :
Amendment to the “Principles for Ethical Corporate Management Procedures for Ethical Management and Guidelines for Conduct”

Before Amendment	After Amendment	Reasons for Amendments
<p>Article 5 (Responsible unit and duties) This Corporation shall designate the Accounting Division, Finance Department as the solely responsible unit (hereinafter, "responsible unit") under the board of directors and provide it with sufficient resources and competent personnel to be in charge of the amendment, implementation, interpretation, and advisory services with respect to these Procedures and Guidelines, the recording and filing of reports, and the monitoring of implementation. The responsible unit shall be in charge of the following matters and also submit regular reports (at least once a year) to the board of directors:</p> <ol style="list-style-type: none"> 1. Assisting in incorporating ethics and moral values into this Corporation's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations. 2. Analysing and assessing the risks of unethical conduct within the business scope on a regular basis and accordingly adopting programs to prevent unethical conduct and setting out in each program the standard operating procedures and conduct guidelines with respect to this Corporation's operations and business. 3. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct. 4. Promoting and coordinating awareness and educational activities with respect to ethics policy. 5. Developing a whistle-blowing system and ensuring its operating effectiveness. 6. Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports 	<p>Article 5 (Responsible unit) This Corporation shall designate the Audit Office as the solely responsible unit (hereinafter, "responsible unit") under the board of directors, implementation, interpretation, and advisory services with respect to these Procedures and Guidelines, the recording and filing of reports, and the monitoring of implementation. The responsible unit shall be in charge of the following matters and also submit regular reports to the board of directors:</p> <ol style="list-style-type: none"> 1. Assisting in incorporating ethics and moral values into this Corporation's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations. 2. Adopting programs to prevent unethical conduct and setting out in each program the standard operating procedures and conduct guidelines with respect to this Corporation's operations and business. 3. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct. 4. Promoting and coordinating awareness and educational activities with respect to ethics policy. 5. Developing a whistle-blowing system and ensuring its operating effectiveness. 6. Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports 	<p>Be united with the amendment of the “Ethical Corporate Management Best Practice Principles for Listed Companies”.</p>

Before Amendment	After Amendment	Reasons for Amendments
<p>on the regular assessment of compliance with ethical management in operating procedures.</p> <p>7. Preparing and retaining properly documented information such as ethical management policy and compliance statements, situations concerning the performance of undertakings and enforcement etc.</p>	<p>on the regular assessment of compliance with ethical management in operating procedures.</p>	
<p>Article 11 (Recusal)</p> <p>When a director , officer or other stakeholder of this Corporation attending or present at a board meeting, or the juristic person represented thereby, has a stake in a matter under discussion in the meeting , that director, supervisor, officer or stakeholder shall state the important aspects of the stake in the meeting and, where there is a likelihood that the interests of this Corporation would be prejudiced, may not participate in the discussion or vote on that proposal, shall recuse himself or herself from any discussion and voting, and may not exercise voting rights as proxy on behalf of another director. The directors shall exercise discipline among themselves, and may not support each other in an inappropriate manner.</p> <p>Where the spouse, a blood relative within the second degree of kinship of a director, or any company which has a controlling or subordinate relation with a director has interests in the matters under discussion in the meeting of the preceding paragraph, such director shall be deemed to have a personal interest in the matter.</p> <p>(Below omitted)</p>	<p>Article 11 (Recusal)</p> <p>When a Company director, supervisor, officer or other stakeholder attending or present at a board meeting, or the juristic person represented thereby, has a stake in a proposal at the meeting, that director, supervisor, officer or stakeholder shall state the important aspects of the stake in the meeting and, where there is a likelihood that the interests of this Corporation would be prejudiced, may not participate in the discussion or vote on that proposal, shall recuse himself or herself from any discussion and voting, and may not exercise voting rights as proxy on behalf of another director. The directors shall exercise discipline among themselves, and may not support each other in an inappropriate manner.</p> <p>(Below omitted)</p>	<p>Be united with the amendment of the “Regulations Governing Prodecure for Board of Directors Meetings of Public Companies” and the “Company Act”, the current Paragraph 2 is moved to the Paragraph 3. The current Paragraph 3 is moved to the Paragraph 4.</p>
<p>Article 13 (Prohibition against unfair competition)</p> <p>(Below omitted)</p>	<p>Article 13 (Prohibition of disclosing trade secrets)</p> <p>(Below omitted)</p>	<p>Be united with the amendment of the “Ethical Corporate Management Best Prcatice Principles for Listed Companies”, admend the title of this article.</p>
<p>Article 14 (Prevention of damage caused by products and services to stakeholders)</p> <p>(Below omitted)</p>	<p>Article 14 (Prohibition of insider trading)</p> <p>(Below omitted)</p>	<p>Be united with the amendment of the “Ethical Corporate Management Best Prcatice Principles for Listed Companies”, admend the title of this article.</p>

Before Amendment	After Amendment	Reasons for Amendments
Article 15 (Prohibition against insider trading and non-disclosure agreement) (Below omitted)	Article 15 (Non-disclosure agreement) (Below omitted)	The Paragraph 1 of this article is related to the prohibition against insider trading, and the title of this article shall be revised to be united.
Article 16 (Compliance and announcement of policy of ethical management) This Corporation shall request its directors and senior management to issue a statement of compliance with the ethical management policy and require in the terms of employment that employees comply with such policy. This Corporation shall disclose its policy of ethical management in its internal rules, annual reports, on the company's websites, and in other promotional materials, and shall make timely announcements of the policy in events held for outside parties such as product launches and investor press conferences, in order to make its suppliers, customers, and other business-related institutions and personnel fully aware of its principles and rules with respect to ethical management.	Article 16 (Announcement of policy of ethical management to outside parties) This Corporation shall disclose its policy of ethical management in its internal rules, annual reports, on the company's websites, and in other promotional materials, and shall make timely announcements of the policy in events held for outside parties such as product launches and investor press conferences, in order to make its suppliers, customers, and other business-related institutions and personnel fully aware of its principles and rules with respect to ethical management.	Be united with the amendment of the “Ethical Corporate Management Best Practice Principles for Listed Companies”, amend the title and content of this article. The current Paragraph is moved to the Paragraph 2.
Article 21 (Handling of unethical conduct by personnel of this Corporation) (The first item is omitted) This Corporation shall internally establish and publicly announce on its website and the intranet, or provide through an independent external institution, an independent mailbox or hotline, for insiders and outsiders of this Corporation to submit reports. A whistleblower shall at least furnish the following information: 1. the whistleblower’s name and I.D. number (whistleblowing reports may be submitted anonymously), and an address, telephone number and e-mail address where it can be reached. (2 and 3 omitted) Personnel of this Corporation handling whistle-blowing matters shall represent in writing they will keep the whistleblowers’ identity and contents of information confidential. This Corporation also undertakes to protect the whistleblowers from improper treatment due to their whistleblowing.	Article 21 (Handling of unethical conduct by personnel of this Corporation) (The first item is omitted) This Corporation shall internally establish and publicly announce on its website and the intranet, or provide through an independent external institution, an independent mailbox or hotline, for insiders and outsiders of this Corporation to submit reports. A whistleblower shall at least furnish the following information: 1. the whistleblower’s name and I.D. number, and an address, telephone number and e-mail address where it can be reached. (2 and 3 omitted) Company personnel handling whistle-blowing matters shall represent in writing they will keep the whistleblowers' identity and contents of information confidential. This Corporation also undertakes to protect the whistleblowers from improper treatment due to their whistle-blowing. The responsible unit of this Corporation shall	Be united with the amendment of the “Ethical Corporate Management Best Practice Principles for Listed Companies”, amend this article.

Before Amendment	After Amendment	Reasons for Amendments
<p>The responsible unit of this Corporation shall observe the following procedure in handling whistleblowing matters: (1 and 2 omitted)</p> <p>3. If a person being informed of is confirmed to have indeed violated the applicable laws and regulations or this Corporation's policy and regulations of ethical management, this Corporation shall immediately require the violator to cease the conduct and shall make an appropriate disposition. When necessary, this Corporation will report to the competent authority, refer said person to judicial authority for investigation, or institute legal proceedings and seek damages to safeguard its reputation and its rights and interests. (Below omitted)</p>	<p>observe the following procedure: (1 and 2 omitted)</p> <p>3. If a person being informed of is confirmed to have indeed violated the applicable laws and regulations or this Corporation's policy and regulations of ethical management, this Corporation shall immediately require the violator to cease the conduct and shall make an appropriate disposition. When necessary, this Corporation will institute legal proceedings and seek damages to safeguard its reputation and its rights and interests. (Below omitted)</p>	
<p>Article 23 (Internal awareness sessions and establishment of a system for rewards, penalties, and complaints, and related disciplinary measures) (Below omitted)</p>	<p>Article 23 (Establishment of a system for rewards, penalties, and complaints, and related disciplinary measures) (Below omitted)</p>	<p>The Paragraph 1 of this article is related to internal awareness, and the title of this article shall be revised to be united.</p>
<p>Article 24 (Enforcement) (The first item is omitted)</p> <p>These Procedures and Guidelines, and any amendments hereto, shall be implemented after adoption by resolution of the board of directors, and shall be delivered to Audit Committee and reported to the shareholders meeting. This standard was established on November 25,2011. The first amendment was made on March 19, 2005. The second amendment was made on April 26,2019(the implementation date is after the establishment of the Audit Committee on June 14, 2019). The third amendment was made on April 15,2020.</p>	<p>Article 24 (Enforcement) (The first item is omitted)</p> <p>These Procedures and Guidelines, and any amendments hereto, shall be implemented after adoption by resolution of the board of directors, and shall be delivered to Audit Committee and reported to the shareholders meeting. This standard was established on November 25,2011. The first amendment was made on March 19, 2005. The second amendment was made on April 26,2019(the implementation date is after the establishment of the Audit Committee on June 14, 2019).</p>	<p>Revised versions.</p>

◆ ATTACHMENTS III :
Amendment to the “Rules of procedure for Shareholders Meetings”

Before Amendment	After Amendment	Reasons for Amendments
<p>Article 17</p> <p>The voting of the proposal shall be passed with the approval of more than half of the voting rights of the shareholders present, unless otherwise stipulated in the Company Law and the Articles of Association.</p>	<p>Article 17</p> <p>The voting of the proposal shall be passed with the approval of more than half of the voting rights of the shareholders present, unless otherwise stipulated in the Company Law and the Articles of Association. At the time of voting, if there is no objection after consultation by the chairman, it shall be deemed passed, and its effect shall be the same as that of voting.</p>	<p>Be united with electronic voting and the company's actual needs, amend this article.</p>
<p>Article 22</p> <p>The Rules of procedure for Shareholders Meetings were duly instituted on 1993.06.27</p> <p>Amended for the 1st instance on 1996.06.13</p> <p>Amended for the 2nd instance on 1998.04.28</p> <p>Amended for the 3rd instance on 2002.06.22</p> <p>Amended for the 4th instance on 2021.06.22</p>	<p>Article 22</p> <p>The Rules of procedure for Shareholders Meetings were duly instituted on 1993.06.27</p> <p>Amended for the 1st instance on 1996.06.13</p> <p>Amended for the 2nd instance on 1998.04.28</p> <p>Amended for the 3rd instance on 2002.06.22</p>	<p>Add amended date and versions.</p>

◆ ATTACHMENTS IV :
Amendment to the “Procedures for Election of Directors”

Before Amendment	After Amendment	Reasons for Amendments
Article 4 Delete	Article 4 Independent Directors of this Corporation shall meet the following qualifications: 1. Integrity and a practical attitude. 2. Impartial judgment. 3. Professional knowledge. 4. Broad experience. 5. Ability to read financial statements. In addition to the requirements of the preceding paragraph, at least one among the Independent Directors of this Corporation must be an accounting or finance professional. Appointments of Independent Directors shall be made with reference to the provisions on independence contained in the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, in order to select appropriate supervisors to help strengthen the corporation's risk management and control of finance and operations. At least one Independent Directors position must be held by a person having neither a spousal relationship nor a relationship within the second degree of kinship with any other supervisor or with any director. A Independent Directors may not serve concurrently as the director, managerial officer, or any other employee of this Corporation, and at least one of the supervisors must be domiciled in the Republic of China to be able to promptly fulfill the functions of supervisor.	Be united with the Financial Supervisory Commission issued by the F SC No. 10703452331 on December 19, 2018, it requires all listed companies to set up an audit committee to replace the supervisor upon the expiration of the terms of the current directors and supervisors, and delete the relevant part of the supervisory of the provisions.
Article 4 Below omitted	Article 5 Below omitted	Be united with the deletion of Article 4, adjust the article number.
Article 5 Elections of directors at this Corporation shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act.	Article 6 Elections of both directors at this Corporation shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act. This Corporation shall review the qualifications, education, working experience, background,	Be united with the deletion of Article 4, adjust the article number. In line with the amendment to Article 192-1 of the Company Act, the procedure for nomination of directors

Before Amendment	After Amendment	Reasons for Amendments
<p>(2 omitted)</p> <p>When the number of independent directors falls below that required under the proviso of Article 14-2, paragraph 1 of the Securities and Exchange Act, a by-election shall be held at the next shareholders meeting to fill the vacancy. When the independent directors are dismissed en masse, a special shareholders meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.</p>	<p>and the existence of any other matters set forth in Article 30 of the Company Act with respect to nominee directors and supervisors and may not arbitrarily add requirements for documentation of other qualifications. It shall further provide the results of the review to shareholders for their reference, so that qualified directors will be elected.</p> <p>(2 omitted)</p> <p>When the number of independent directors falls below that required under the proviso of Article 14-2, paragraph 1 of the Securities and Exchange Act, or the related provisions of the Taiwan Stock Exchange Corporation rules governing the review of listings, or subparagraph 8 of the Standards for Determining Unsuitability for TPEX Listing under Article 10, Paragraph 1 of the GreTai Securities Market Rules Governing the Review of Securities for Trading on the TPEX, a by-election shall be held at the next shareholders meeting to fill the vacancy. When the independent directors are dismissed en masse, a special shareholders meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.</p>	<p>was simplified, and Paragraph 1 was amended. In line with the letter FSC No. 1070345233 dated December 19, 2018, which required listed companies to set up independent directors, Paragraph 3 was adjusted.</p>
Article 6 Below omitted	Article 7 Below omitted	Be united with the deletion of Article 4, adjust the article number.
Article 7 Below omitted	Article 8 Below omitted	Be united with the deletion of Article 4, adjust the article number.
Article 8 Below omitted	Article 9 Below omitted	Be united with the deletion of Article 4, adjust the article number.
Article 9 Below omitted	Article 10 Below omitted	Be united with the deletion of Article 4, adjust the article number.
Article 11 Delete	Article 11 If a candidate is a shareholder, a voter must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot; for a non-shareholder, the voter shall enter the candidate's full name and identity card number. However, when the candidate is a governmental organization or juristic-	Be united with the deletion of Article 4, adjust the article number. In line with the Financial Supervisory Commission's issue of the FSC No. 1080311451 on April 25, 2019, the election of directors and

Before Amendment	After Amendment	Reasons for Amendments
	<p>person shareholder, the name of the governmental organization or juristic-person shareholder shall be entered in the column for the candidate's account name in the ballot paper, or both the name of the governmental organization or juristic-person shareholder and the name of its representative may be entered. When there are multiple representatives, the names of each respective representative shall be entered.</p>	<p>supervisors of listed (counter) companies should adopt a candidate nomination system from 2021. Shareholders should choose from the list of candidates, Shareholders can learn the name, academic experience and other information of each candidate from the list of candidates before the shareholders meeting is held. The shareholder's account number or ID card number is unnecessary to be used as the method to identify the candidate, thus delete this article.</p>
<p>Article 10 A ballot is invalid under any of the following circumstances:</p> <ol style="list-style-type: none"> 1. The ballot was not prepared by a person with the right to convene. 2. A blank ballot is placed in the ballot box. 3. The writing is unclear and indecipherable or has been altered. 4. The candidate whose name is entered in the ballot does not conform to the director candidate list. 5. Other words or marks are entered in addition to the number of voting rights allotted. 	<p>Article 12 A ballot is invalid under any of the following circumstances:</p> <ol style="list-style-type: none"> 1. The ballot was not prepared by the board of directors. 2. A blank ballot is placed in the ballot box. 3. The writing is unclear and indecipherable or has been altered. 4. The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and identity card number do not match. 5. Other words or marks are entered in addition to the candidate's account name or shareholder account number (or identity card number) and the number of voting rights allotted. 6. The name of the candidate entered in the ballot is identical to that of another shareholder, but no shareholder account number or identity card number is provided in the ballot to identify such individual. 	<p>Be united with the deletion of Article 4 and Article 11, adjust the article number. In accordance with Article 173 of the Company Act, shareholders may, under specific circumstances (such as when the board of directors does not notify the convening), may report to the authority to convene by themselves, and intend to unite the adjustment of the first paragraph of this article. In addition, in conjunction with the Financial Supervisory Commission's issue of FSC No. 1080311451 on April 25, 2019, the election of directors and supervisors of listed companies shall adopt a candidate nomination system from 2021, thus paragraph 4 and 5 of this article will be adjusted, and paragraph 6 will be deleted.</p>

Before Amendment	After Amendment	Reasons for Amendments
Article 11 Below omitted	Article 13 Below omitted	Be united with the deletion of Article 4 and Article 11, adjust the article number.
Article 12 Below omitted	Article 14 Below omitted	Be united with the deletion of Article 4 and Article 11, adjust the article number.
Article 13 Below omitted	Article 15 Below omitted	Be united with the deletion of Article 4 and Article 11, adjust the article number.
Article 14 The procedure is scheduled for June 9,2015. The first revision was made on June 14,2019. The second revision was made on June 22,2021.	Article 16 The procedure is scheduled for June 9,2015. The first revision was made on June 14,2019.	Be united with the deletion of Article 4 and Article 11, adjust the article number. Add correct the amended date.

◆ APPENDIX I : Corporation's Articles of Incorporation

Chapter I: General Provisions

- Article 1: The Company is duly incorporated in accordance with the Company Act and bears the title of "Hong Pu Real Estate Development Co., Ltd.".
- Article 2: The Company is engaged in the following businesses:
1. Commissioning for the construction of industrial plants, resident buildings and commercial buildings for lease and sale.
 2. Manufacture of construction materials
 3. Agency, trading and import and export business of various construction materials and engineering materials
 4. Interior decoration business.
 5. Operation of the hotel.
 6. Business of daily necessities and operations of supermarkets
 7. E201010 Landscape business
 8. F501010 Restaurant business
 9. H701020 Industrial plant developing, leasing and merchandising business
 10. H701060 Developing business of specific zones
 11. H701060 Developing business of new towns and urban areas
 12. H703010 Plant leasing business
 13. H703020 Warehouse leasing business
 14. H703030 Office building leasing business
 15. H701050 Investment in public construction
- Article 3: The Company is headquartered in Taipei, and may establish branches in suitable locations. The establishment, change or abolition of branches shall be handled in accordance with the approval of the Board of Directors where necessary.
- Article 4: The Company's announcement method shall be handled in accordance with Article 28 of the Company Act.

Chapter II: Shares

- Article 5: The Company has an authorized capital of NT\$4,300,000,000 evenly distributed into 430,000,000 shares at NT\$10 per share, which will be issued in tranches by the Board of Directors under authorization.
- Article 6: The Company's shares are all registered. After the registration is approved, three or more directors have signed and sealed certificates of share, and are issued after audit according to the law. Shares can also be issued without printing certificates. The total number of shares held by all directors of the Company is determined in accordance with the standards stipulated in the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies" issued by the Financial Supervisory Commission.

- Article 7: Shareholders should fill in the seal card and submit it to the Company for record. Shareholders shall rely on the seal when handling stock affairs or exercising other rights with the Company. Except for laws and securities regulations, the handling of stock affairs shall be handled in accordance with the Regulations Governing the Administration of Shareholder Services of Public Companies.
- Article 8: When necessary, the Company may, through a resolution of the Board of Directors, entrust a stock affairs agency approved by the competent authority to handle stock affairs. If the Company's stock affairs are entrusted to a stock affairs agency, when shareholders negotiate with the Company for stock affairs, they shall negotiate with the entrusted stock affairs agency. If the stocks issued by the Company are custodianed to Taiwan Depository & Clearing Corporation (TDCC), TDCC may request the Company to consolidate and exchange large-denomination securities.
- Article 9: Any changes in the particulars inscribed in the Shareholder Registry is prohibited within the period of 60 days prior to the scheduled date of a regular session or 30 days prior to the scheduled date of a special session of the Shareholders Meeting, or 5 days prior to the dividend day or payment day of the bonus or other benefits by the Company.

Chapter III: Shareholders Meeting

- Article 10: The company's Shareholders Meeting consists of regular session and special session, which are convened in accordance with relevant laws and regulations.
- Article 11: The Chairman shall preside over the sessions of the Shareholders' Meetings. In the absence of the Chairman due to leave or other reasons, a proxy shall act on behalf of and in the name of the Chairman to the appointment of the Chairman. If no proxy has been appointed, the Directors shall appoint one amongst themselves to preside over the session.
- Article 12: Shareholders of the company have one vote per share, but those who are subject to restrictions in accordance with relevant laws and regulations do not have the right to vote.
- Article 13: If a specific shareholder cannot attend a session in person, such shareholder may appoint a proxy to attend the session with the issuance of a power of attorney specifying the scope of authorization in accordance with Article 177 of the Company Act and Article 25-1 of the Securities and Exchange Act.
- Article 14: Resolutions of the Shareholders Meeting shall be made by a session in the presence of shareholders representing more than half of the outstanding shares and a simple majority of the shareholders in session unless the law specifies otherwise.

In accordance with the regulations of the authority, shareholders of the company can also exercise their voting rights electronically.

Shareholders who elect to vote via electronic means shall be construed as attending the session in person. Related matters shall be governed by the applicable laws.

Article 15: All resolutions of the Shareholders Meeting shall be tracked on record and stated as an integral part of the minutes of meeting on record, signed or sealed for confirmation by the Chairman, and with the time and place of the meeting, the number of shareholders attended, the number of shares and the resolutions, and minutes of meeting shall be released to the shareholders within 20 days after the meeting. The sign-in registry and the power of attorney for attending the session shall be kept at the Company.

The aforementioned minutes of meeting on record may be prepared and released by announcement.

Chapter IV: Directors and Auditing Committee

Article 16: The Company has five to seven directors to organize the Board of Directors. The election of directors adopts a candidate nomination system, and the shareholders choose from the list of candidates for directors and in accordance with Article 198 of the Company Act.

Among the above-mentioned number of directors, the number of independent directors shall not be less than three, and shall not be less than one-fifth of the number of directors. The selection and appointment of independent directors shall adopt a candidate nomination system. The board of shareholders shall select from the list of candidates for independent directors, and the professional qualifications of independent directors, restrictions on shareholding and part-time job, determination of independence, methods of nomination and other compliance matters shall be handled in accordance with the relevant regulations of the competent authority.

Article 16-1: More than half of the elected directors of the Company shall not have one of the following relationships.

1. Spouse.
2. Relatives within the second class.

Article 16-2: If the elected director of the Company does not comply with the provisions of Article 16, the election of directors shall be determined in accordance with the following provisions.

1. In case of non-compliance among the directors, the votes obtained from the non-compliant directors represent those with lower voting rights, and their election will be invalid.

Article 16-3: The Company has established the Audit Committee pursuant to Article 14-4 of the Securities and Exchange Act. The committee members shall include all Independent Directors. The composition, authority and responsibility of the members and related matters of the Audit Committee shall be governed by applicable laws. The organization code of the committee shall be determined by the Board of Directors separately.

Article 17: The board of directors has a term of three years and is eligible for re-election. When the term of office of directors expires and is not time for re-election, the directors shall extend their duties until the time the re-elected directors take office. In the event of a director's vacancy, a by-election will be conducted. However, if the vacancy is less than one-third, the director shall be exempted. The term of the by-election director shall be limited to the time remaining for the original appointment.

The total shareholding ratio of all directors shall be in accordance with the regulations of the securities regulatory authority.

Article 18: The directors organize the Board of Directors, and the directors elect one of them as the chairman of the board, and perform all the business of the company in accordance with the statutes and regulations and the resolutions of the Shareholders Meeting and the Board of Directors.

The convening of the Board of Directors shall specify the reasons and notify the directors and supervisors seven days in advance. But when there is an emergency, chairman can call it at any time.

The notice of the convening in the preceding paragraph may be in writing, email (E-MAIL) or fax.

Article 18-1: The remuneration of the chairman, vice-chairmen, directors and managers shall be determined in accordance with the extent of their participation in the operation of the Company and the value of their contribution, as well as the domestic and foreign industry standards, and authorize the Board of Directors to determine.

Article 19: The board of directors shall be convened by the chairman and appointed as the chairman. When the chairman is absent, the chairman shall appoint one director as acting chairman, and when the chairman is not appointed, one of the directors shall elect one of the directors as acting chairman.

Article 20: The convening of the board meeting is handled in accordance with the provisions of the Company Act. Directors who are unable to attend for some reason may entrust other directors to attend the meeting. However, the agent is limited to the entrustment of one director, and the resolution shall be carried out with the consent of more than half of the directors present.

Article 21: The powers of the Board of Directors are as follows:

1. Convene the Shareholders' Meeting to implement its resolutions.
2. Approval of the Company's business policy.
3. Approval of the Company's important rules and regulations.
4. The review of the Company's budget and financial statements and business reports.
5. The Company's earnings distribution and the formulation of capital increase and decrease.
6. Appointment and discharge of important personnel of the Company.

7. The purchase, sale, division, exchange, creation of property rights and other disposal of the Company's real estate.
8. Other functions and powers granted by the Shareholders' Meeting in accordance with laws and regulations.

Chapter V: The managers

- Article 22: The Company shall appoint one President, several Vice Presidents, several Assistant Vice Presidents and several Managers and the appointment, dismissal and remuneration of these managers shall be determined in accordance with Article 29 of the Company Act.
- Article 23: The appointment and discharge of first-level managerial officers of the company is proposed by the President to Board of Directors, and other employees are appointed and discharged by the President in accordance with the personnel management rules.

Chapter VI: Accounting

- Article 24: The accounting period of the Company starts on January 1 and ends on December 31 of each calendar year. The Directors shall prepare the following statements and reports at the end of the fiscal year and present them to the Shareholders Meeting for ratification.
1. Business Report.
 2. Financial Statement.
 3. Proposal for the distribution of earnings or appropriation for covering carry forward loss.
- Article 25: If the Company makes a profit in annual financial statements, it shall first allocate employees' compensation and directors' compensation. The employees' compensation shall not be less than 1% and the Company may distribute employees' compensation in the form of shares as capital increase. The directors' compensation shall not exceed 3%. After the profit distribution resolution of the Board of Directors, the Company must first pay taxes and dues in accordance with the laws, and then set aside 10% of profit as legal reserve, but when legal reserve amounts to the total paid-in capital, it may not be listed. After the remaining amount is set aside or converted into the special reserve according to laws and regulations, and the accumulated undistributed surplus is combined, the Board of Directors will draft a surplus distribution proposal and submit it to the Shareholders Meeting to resolve the distribution of shareholder dividends.
- If the company has accumulated losses in previous years, it should first cover for the losses before it is profitable for the current year to allocate employees' compensation, and the remaining amount shall be allocated in proportion to the preceding paragraph. Employees' compensation may be distributed in shares or cash, and qualification requirements of employees include the employees of parents or subsidiaries of the Company meeting certain specific requirements.

Article 26: Considering future capital demand and sound financial plan for sustainable development of the Company, the meeting of shareholders may resolve accordingly that part or all of the earnings will not be distributed, and that when there is distribution of earnings, cash dividends shall account for at least 20% of total cash and stock dividends. The remains will be paid in the form of shares to transfer retained earnings and capital surplus to capital.

Chapter VII: Miscellaneous

Article 27: The Company may act as a guarantor in favor of a third party for business needs.

Article 28: The company's investment may exceed 40% of the paid-in capital or 60% of the net value, and shall be authorized to the Board of Directors to execute it.

Article 29: Anything not mentioned in the Articles of Incorporation shall be governed by the Company Act and other applicable laws.

Article 30: The Articles of Incorporation were duly instituted on 1988.09.22

Amended for the 1st instance on 1990.05.01

Amended for the 2nd instance on 1990.06.01

Amended for the 3rd instance on 1991.05.30

Amended for the 4th instance on 1992.06.23

Amended for the 5th instance on 1992.11.26

Amended for the 6th instance on 1993.02.02

Amended for the 7th instance on 1994.06.29

Amended for the 8th instance on 1994.09.26

Amended for the 9th instance on 1995.06.28

Amended for the 10th instance on 1996.06.23

Amended for the 11th instance on 1997.04.25

Amended for the 12th instance on 1998.04.28

Amended for the 13th instance on 1999.05.13

Amended for the 14th instance on 2000.06.08

Amended for the 15th instance on 2001.05.15

Amended for the 16th instance on 2002.05.21

Amended for the 17th instance on 2004.05.18

Amended for the 18th instance on 2006.06.02

Amended for the 19th instance on 2009.06.19

Amended for the 20th instance on 2012.06.21

Amended for the 21th instance on 2013.06.19

Amended for the 22th instance on 2015.06.09

Amended for the 23th instance on 2016.06.03

Amended for the 24th instance on 2018.06.11

Amended for the 25th instance on 2019.06.14

Amended for the 26th instance on 2020.06.09

◆ APPENDIX II : Rules of Procedure for Shareholders Meetings

- Article 1: The rules of procedures for this Company's Shareholders Meetings, except as otherwise provided by law or regulation, shall be as provided in these Rules.
- Article 2: This Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in.
- Article 3: The number of shares for attending and voting the session shall be calculated on the basis of the number of shares.
- Article 4: The venue for a shareholders meeting shall be the premises of this Company, or a place suitable for a Shareholders Meeting.
- Article 5: If a Shareholders Meeting is convened by the Board of Directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the chairperson shall appoint one of the directors to act as chair. Where the chairperson does not make such a designation, the directors shall select from among themselves one person to serve as chair.
- Article 6: The Company may appoint the lawyers, certified public accountants, or related personnel to attend the Shareholders Meeting as observers.
- Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.
- Article 7: This Company shall make an uninterrupted audio and video recording of the proceedings of the Shareholders Meeting. The recorded materials of the preceding paragraph shall be retained for at least one year.
- Article 8: The chairperson shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chairperson may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act;
- When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the Shareholders Meeting pursuant to Article 174 of the Company Act.

Article 9: If a Shareholders Meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a Shareholders Meeting convened by a party with the power to convene that is not the Board of Directors.

The chairperson may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the Shareholders Meeting.

If the chairperson declares the meeting adjourned, the shareholders shall not elect a new chairperson and then continue the meeting in the same or other place .

Article 10: The shareholders present in the session shall fill in the message memo specifying the summary of the speech they are going to present at the session, the shareholder's Account number (attendance number), and account title, and present the memo to the Chairperson for the arrangement of the order of taking the floor to present the speech.

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

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

Article 11: Except with the consent of the chairperson, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes.

If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chairperson may terminate the speech.

Article 12: When an institution is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

When an institutional shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.

Article 13: After a shareholder in session has presented the speech, the Chairman shall respond to the speech in person or appoint a concerned personnel to respond to the speech.

Article 14: In addition to the proposals listed on the agenda, other proposals proposed by shareholders shall be established only if they are seconded by other shareholders, and they shall be submitted for discussion and voting.

When the chairperson considers that the discussion of the proposal has reached the point where it can be voted, chairperson may announce the stop of the discussion and submit a vote.

Article 15: Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chairperson, and provided that all monitoring personnel shall be shareholders of this Company. The results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

Article 16: The Chairperson may announce a break time within the duration of the session.

Article 17: The voting of the proposal shall be passed with the approval of more than half of the voting rights of the shareholders present, unless otherwise stipulated in the Company Act and the Articles of Incorporation. At the time of voting, if there is no objection after consultation by the chairperson, it shall be deemed passed, and its effect shall be the same as that of voting.

Article 18: When there is an amendment or an 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. When any one among them is passed, the other proposals will then be deemed as rejected, and no further voting shall be required.

Article 19: The chairperson may direct the proctors (or security personnel) to help maintain order at the meeting place. When proctors (or security personnel) help maintain order at the meeting place, they shall wear an armband bearing the word "Proctor."

Article 20: Anything not mentioned in the Rules shall be governed by the Articles of Incorporation and other applicable laws.

Article 21: The Rules shall be passed by the Shareholders Meeting for ratification for coming into force. The same procedure is applicable to any amendments thereto.

Article 22: The Rules of procedure for Shareholders Meetings were duly instituted on 1993.06.27

Amended for the 1st instance on 1996.06.13

Amended for the 2nd instance on 1998.04.28

Amended for the 3rd instance on 2002.06.22

◆ APPENDIX III : Current Shareholding of Directors

Explanation: The shareholding status of the directors:

The minimum numbers of shares required to be held by the entire bodies of directors in accordance with “Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies”, and the numbers of shares held by the directors individually and by the entire bodies thereof respectively as recorded in the shareholders' register as of the book closure date for that shareholders' meeting.

The minimum number of shares to be held by the entire Directors is 13,312,346 shares.

Shareholding of Directors

Book closure date: Apr. 23, 2021

Position	Name	Shares
Chairman	J. H. Tuan	11,119
Director	Hua-Zhan Investment Co., Ltd. Representative: S.L. Shen	59,078,745
Director	Fu-Da Investment Co., Ltd. Representative: W. L. You	55,712,040
Director	Fu-Yi Investment Co., Ltd. Representative: P. S. Liu	4,356,077
Independent Director	P.S. Lee	-
Independent Director	C.J. Wu	-
Independent Director	K.L. Yen	-
Total shares owned by all Directors		119,157,981

