

Handbook for the
2023 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

112年股東常會議事手冊



開會時間：一一二年六月二十一日(星期三)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 Wednesday, June 21, 2023

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

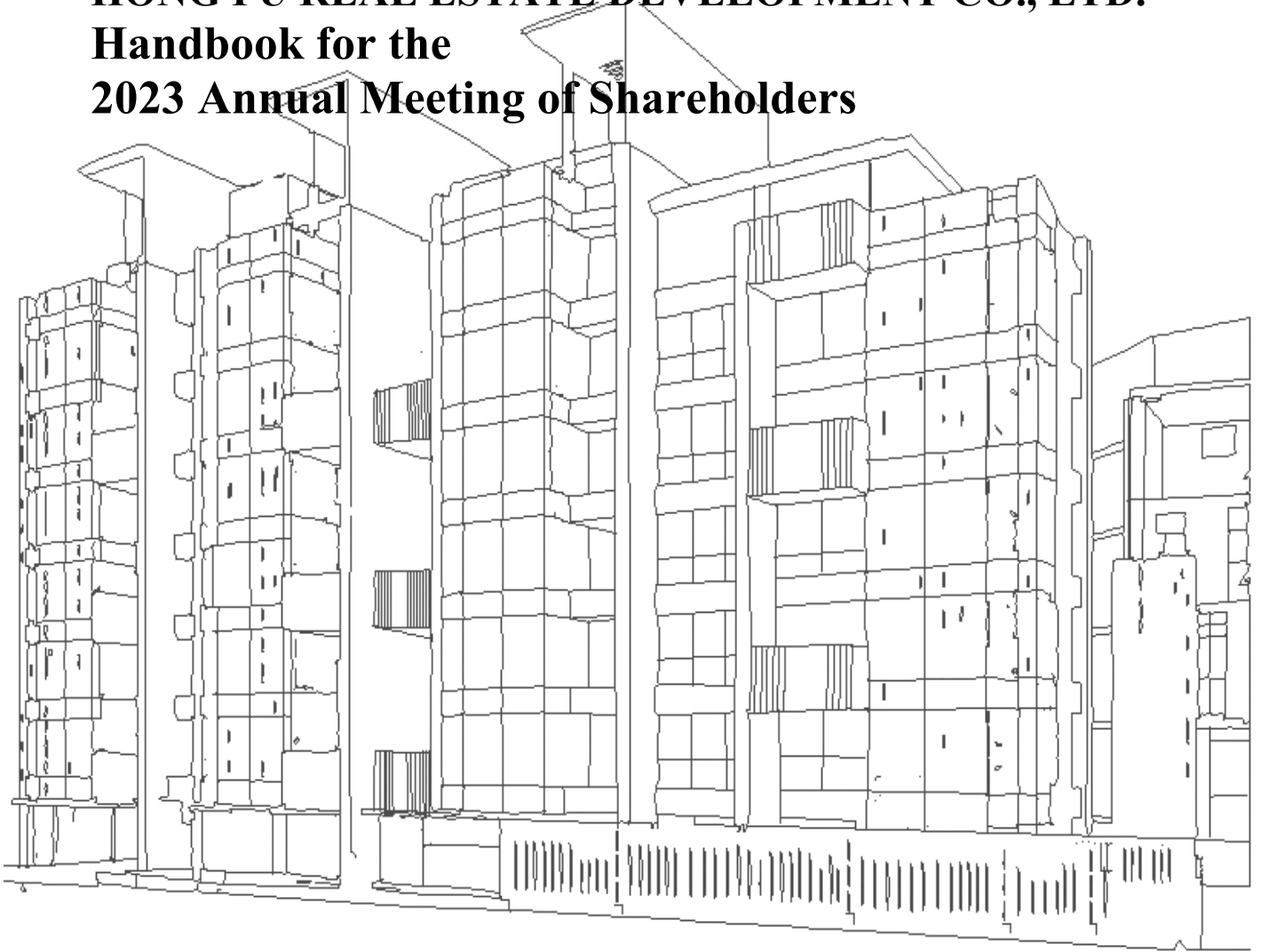
Da'an Dist., Taipei City 106, Taiwan

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

宏普建設股份有限公司

一一二年股東常會議事手冊

HONG PU REAL ESTATE DEVELOPMENT CO., LTD.
Handbook for the
2023 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 2023 Annual Meeting of Shareholders

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Hong Pu Real Estate Development Co., Ltd.

Procedure for the 2023 Annual Meeting of Shareholders

Time: 9:00 a.m. on Wednesday, June 21, 2023

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)

Shareholders meeting will be held by means of physical shareholders

Chairperson Remarks

I. Management Presentations

1. 2022 Business Report.
2. Audit Committee's Review Report on the 2022 Financial Statements.

II. Proposals

1. Adoption of the 2022 Business Report and Financial Statements.
2. Adoption of the proposal for earning distribution or loss off-setting and distribution of retained earnings.

III. Discussion

1. Amendment to the "Procedures for the Acquisition and Disposal of Assets"

IV. Questions and Motions

V. Adjournment



Management Presentations

Proposal 1

Proposal: 2022 Business Report

Explanation: Please refer to the following for the Company's year 2022 Business Report:

2022 Business Report

Dear Shareholders,

Looking back in year 2022, the Russo-Ukraine war at the beginning of the year made international raw material prices rise even further. In the shortage of domestic labor and materials, construction costs continued to increase. Coupled with the United States' explosive interest rate hikes, Taiwan also entered a cycle of interest rate hikes. Construction financing and housing loan pressure increased. And, the Ministry of the Interior introduced the amendment draft of "Equalization of Land Rights Act" and geopolitical tensions, which deepened the wait-and-see atmosphere for buyers. Under the stock market shock and housing market restraint measures, real estate transaction volume decreased and the sales speed of pre-sale houses slow down. In the second half of the year, the company launched the pre-sale projects of "Yang Ming", "Grand Park", "New Era Garden 3" and the signed the pre-sale contract of the entire office building in NeiHu District. In terms of revenue, disposal of a shareholding land in New Taipei City and a major infrastructure land in Taoyuan City, and existing housing units of "Light Year-the Leader" and "Taipei People" handed over and booked revenue. " MGH Mitsui Garden Hotel" and "World Trade Plaza" provide the company with rental income. In 2022, the Company recorded a decrease in revenue and a loss compared with the previous year because the pre-sale projects under construction were not yet completed to book revenue.

A. Operating Performance in 2022

1. Achievement of operating plan

We have achieved 2022 revenue of NT\$684,358K, compared with NT\$322,542K in 2021, a increase of NT\$361,816K. And we have achieved

2022 net income of NT 22,961K. compared with 19,569K in 2021, an increase of NT\$42,530K.

This is mainly due to the disposal of a shareholding land in New Taipei City and a major infrastructure land in Taoyuan City, and existing housing units of "Light Year-the Leader" and "Taipei People".and the rental income of “World Trade Plaza” and “MGH Mitsui Garden Hotel” in this year, resulting in operating income and operating cost are reduced.

2. Budget implementation

Our company is not required to file a financial forecast for fiscal year 2022 and 2021.

3. Financial revenue and expenditure

Financial expenditures include capitalized interest expense NT\$430,829K in 2022 and NT\$189,647K in 2021. It increased NT\$241,182K. Mainly due to the current cycle of construction in progress and Taiwan's interest rate hike Therefore, interest expenses increased in 2022.

4. Profitability analysis

Item		Year 2022	Year 2021
ROA (%)		0.56	0.30
ROE (%)		(0.52)	(0.29)
As a % of paid in capital	Op. income	8.96	1.96
	Pretax profit	0.69	(0.59)
Net margin (%)		(9.13)	(10.75)
EPS (NT\$)	Diluted earnings per share	(0.16)	(0.10)
	Adjusted diluted earnings per share	-	(0.10)

Our analysis is derived from the above figures:

The increase in operating profit in 2022 is mainly due to disposal of a shareholding land in New Taipei City and a major infrastructure land in Taoyuan City, and existing housing units of "Light Year-the Leader" and "Taipei People", and the rental income of “World Trade Plaza” and “MGH Mitsui Garden Hotel” operating income and operating costs both increased, so the overall gross margin increased.

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 2023

Looking forward to year 2023, although it is expected that the U.S. interest rate hike will come to an end, the Federal Reserve's monetary policy will still tend to be tightened. As the U.S.-China trade war turns to a technology war, the domestic electronics industry will face inventory pressure. This year's economic growth may slow down. In addition, the Legislative Yuan passed the amendment to the "Average of Land Rights Act" and the fact that the beginning of 2024 coincides with the central election year, the government will maintain the housing market regulation policy, the real estate boom is relatively conservative, so consumers lack confidence in purchasing, and real estate transactions continue to cool down. Landbanks such as, "Dazhi" in Taipei, "Yongkang" in Tainan, "Zhongli 146" in Taoyuan and "Zhongli 137" in Taoyuan, according to market conditions, we will adjust the sales strategy or launch time, and have the opportunity to join the sales for contributing to future revenue and profits.

The recognized revenue in 2023 will mainly book from the completion and delivery projects of "Central Park" and "Palace Forever", and form rental income of "World Trade Plaza" and "MGH Mitsui Garden Hotel". It is expected that year 2023 revenue and profit will increase compared with year.2023

We have our 2023 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

Revenue will be recognized from the completion and delivery projects of "Central Park" and "Palace Forever", and form rental income of "World Trade Plaza" and "MGH Mitsui Garden Hotel".

3. Construction and marketing strategies

(1) Construction

- ◆ The development is based on the whole of Taiwan (all counties and cities).
- ◆ 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 self-owned, 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. Although it has entered a cycle of interest rate hikes, domestic interest rates are still at a low level and our healthy financial structure, we plan to develop long-term income properties and adjust business strategies.
4. As a result of the Ministry of the Interior's introduction of amendments to the “Equalization of Land Rights Act”, it makes high sales price projects market is slow. The public still has demand for anti-inflation, especially the large population in the capital living area of Keelung, Taipei, New Taipei and Taoyuan. 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 : W.L.You 

Manager of accounting dept : P.S.Liu 

Proposal 2

Proposal: Audit Committee's Review Report on the 2022 Financial Statements

Explanation: 1. The 2022 Financial Statements and Business Report were audited by independent auditors and examined by the supervisors of the Company.

2. Please refer to page 9 to 16 for the 2022 Financial Statements and Business Report.

Audit Report by the Audit Committee

The Board of Directors has submitted the Company's 2022 annual business report, financial statements and the proposal for earning distribution or loss off-setting and distribution of retained earnings, 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 the proposal for earning distribution or loss off-setting and distribution of retained earnings. 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: 李 珮 珊
B.S. LI

May 3, 2023

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, 2022 and 2021, 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, 2022 and 2021, 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 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 Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of 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 (m) for the relevant accounting policy regarding recognition of revenue, and refer to note 6 (p) 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.

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 or 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:

- Evaluating whether the inventory estimate was in accordance with business cycle and other economic decree.
- Evaluating whether the market price data provided have been updated on regular or irregular basis to reflect the real economic situation.
- Obtaining understanding of current market trends and business strategies from management, and soliciting sufficient audit evidence to ascertain the accurateness of inventory valuation.

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 with the IFRSs, IASs, IFRC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of 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 or supervisors) 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 Standards on Auditing of 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 Standards on Auditing of the the Republic of China, we exercise professional judgment and 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 Hsu Ming Fang.

KPMG

Taipei, Taiwan (Republic of China)

March 8, 2023

Notes to Readers

The accompanying parent company only 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 parent company only financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying parent company only 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 parent company only 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, which comprise the consolidated balance sheets as of December 31, 2022 and 2021, 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 Hong Pu Real Estate Development Co., Ltd. and its subsidiaries as at December 31, 2022 and 2021, 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 audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of 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 Norm of Professional Ethics for Certified Public Accountants of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. 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 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 (m) 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 Hong Pu Real Estate Development Co., Ltd. and its subsidiaries 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 Hong Pu Real Estate Development Co., Ltd. and its subsidiaries.
- 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.

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:

- Evaluating whether the inventory estimate was in accordance with business cycle and other economic decree.
- Evaluating whether the market price data provided have been updated on regular or irregular basis to reflect the real economic situation.
- Obtaining understanding of current market trends and business strategies from management, and soliciting sufficient audit evidence to ascertain the accurateness of inventory valuation.

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, 2022 and 2021, on which we have issued an unqualified opinion.

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 with the IFRSs, IASs, IFRC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing Hong Pu Real Estate Development Co., Ltd. and its subsidiaries 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 Hong Pu Real Estate Development Co., Ltd. and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee or supervisors) are responsible for overseeing Hong Pu Real Estate Development Co., Ltd. and its subsidiaries 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 auditor's 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 Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and 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 Hong Pu Real Estate Development Co., Ltd. and its subsidiaries 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 Hong Pu Real Estate Development Co., Ltd. and its subsidiaries 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 Hong Pu Real Estate Development Co., Ltd. and its subsidiaries 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 Hong Pu Real Estate Development Co., Ltd. and its subsidiaries 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 Hsu Ming Fang.

KPMG

Taipei, Taiwan (Republic of China)

March 8, 2023

Notes to Readers

The accompanying Consolidated Financial Statements are intended only to present the statements 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 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.



Proposals

Proposal 1

【Proposed by the Board】

Proposal: Adoption of the 2022 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 Miss M. F. Hsu 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 18 to 25 for The Company's Financial Statements to this Agenda Manual.

Resolution:

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

HONG PU REAL ESTATE DEVELOPMENT CO., LTD.

Balance Sheets

December 31, 2022 and 2021

(expressed in thousands of New Taiwan dollars)

		December 31, 2022		December 31, 2021				December 31, 2022		December 31, 2021	
Assets		Amount	%	Amount	%	Liabilities and Stockholders' Equity		Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note 6(a))	\$ 191,909	1	560,618	2	2100	Short-term loans (notes 6(i),7 and 8)	\$ 13,067,980	34	10,748,491	32
1110	Financial assets at fair value through profit and loss (note 6(b))	-	-	-	-	2110	Short-term notes and bills payable (note 6(i) 7, and 8)	5,415,892	14	6,268,282	18
1150	Notes receivable, net (note 6(c)(p))	12,284	-	64,532	-	2130	Current contract liabilities (note 6(p) and 9)	3,962,158	10	1,675,503	5
1170	Accounts receivable, net (note 6(c)(p))	15,144	-	28,185	-	2150	Notes payable	50,851	-	93,160	-
1210	Other receivable-related parties (note 7)	1,795	-	1,724	-	2170	Accounts payable	166,812	1	58,517	-
1220	Current income tax assets	329	-	-	-	2200	Other payable	180,357	1	204,981	1
1320	Inventories (notes 6(d) ,8 and 9)	30,314,562	80	27,382,403	81	2230	Current tax liabilities	-	-	7,458	-
1410	Prepayments (note 9)	360,502	1	746,686	2	2399	Other current liabilities	52,073	-	41,137	-
1476	Other financial assets-current (note 6(p))	2,417,026	6	1,149,714	3		Total current liabilities	<u>22,896,123</u>	<u>60</u>	<u>19,097,529</u>	<u>56</u>
1479	Other current assets (note 9)	99,006	-	131,835	-		Non-current liabilities:				
1480	Incremental costs of obtaining a contract	895,186	2	545,986	2	2530	Bonds payable (note 6(j))	500,000	1	-	-
	Total current assets	<u>34,307,743</u>	<u>90</u>	<u>30,611,683</u>	<u>90</u>	2540	Long-term borrowings (notes 6(i), 7 and 8)	3,060,000	8	3,060,000	9
	Non-current assets:					2600	Other non-current liabilities	7,833	-	9,742	-
1550	Investments accounted for using equity method (note 6(e))	630,976	2	27,833	-		Total non-current liabilities	<u>3,567,833</u>	<u>9</u>	<u>3,069,742</u>	<u>9</u>
1600	Property, plant and equipment (note 6(g) and 8)	78,269	-	80,310	-		Total liabilities	<u>26,463,956</u>	<u>69</u>	<u>22,167,271</u>	<u>65</u>
1760	Investment property, net (note 6(h) and 8)	2,890,023	8	2,917,369	9		Equity:				
1920	Refundable deposits (note 9)	109,480	-	136,647	1	3110	Common stock (note 6(n))	3,328,087	9	3,328,087	10
1990	Other assets	109,447	-	109,409	-	3200	Capital surplus (note 6(n))	2,042,348	5	2,042,348	6
	Total non-current assets	<u>3,818,195</u>	<u>10</u>	<u>3,271,586</u>	<u>10</u>		Retained earnings (note 6(n):				
						3310	Appropriated as legal capital reserve	1,979,059	5	1,979,059	6
						3350	Unappropriated earnings	4,312,488	12	4,366,486	13
								<u>6,291,547</u>	<u>17</u>	<u>6,345,545</u>	<u>19</u>
							Total equity	<u>11,661,982</u>	<u>31</u>	<u>11,715,980</u>	<u>35</u>
							Total liabilities and equity	<u>\$ 38,125,938</u>	<u>100</u>	<u>\$ 33,883,251</u>	<u>100</u>
	Total assets	<u>\$ 38,125,938</u>	<u>100</u>	<u>\$ 33,883,251</u>	<u>100</u>						

See accompanying notes to financial statements

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

HONG PU REAL ESTATE DEVELOPMENT CO., LTD.

Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

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

		2022		2021	
		Amount	%	Amount	%
Operating revenue:					
4300	Rental revenue (note 6(k)(p) and 7)	\$ 159,860	23	170,428	53
4511	Construction contract revenue (note 6(p))	524,708	77	152,229	47
Net operating revenue		684,568	100	322,657	100
Operating cost:					
5300	Rental Cost	84,465	12	87,753	27
5510	Construction contract cost (note 6(d))	218,840	32	112,089	35
Net operating cost		303,305	44	199,842	62
Gross profit		381,263	56	122,815	38
Operating expenses(note6(l)(q) and 7):					
6100	Selling expenses	45,433	7	27,234	8
6200	Administrative expenses	33,699	5	28,041	9
Total operating expenses		79,132	12	55,275	17
Operating income		302,131	44	67,540	21
Non-operating income and expenses (note 6(j)(r) and 7):					
7100	Interest income	3,337	-	1,411	-
7010	Other income	27,647	4	21,555	7
7020	Other gains and losses	28,612	4	44,690	14
7050	Finance costs	(321,400)	(47)	(152,077)	(47)
7060	Share of profit of investment in associates and subsidiaries accounted for using equity method	(8,857)	(1)	(1,371)	-
Total non-operating income and expenses		(270,661)	(40)	(85,792)	(26)
7900	Profit (loss) before tax	31,470	4	(18,252)	(5)
7951	Less: income tax expenses (note 6(m))	85,468	12	15,092	5
8200	Loss	(53,998)	(8)	(33,344)	(10)
Other comprehensive income:					
8360	Items that may be reclassified subsequently to profit or loss:				
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
8300	Other comprehensive income (after tax)	-	-	-	-
8500	Total comprehensive income	\$ (53,998)	(8)	(33,344)	(10)
Earnings per share (note 6(o)):					
9750	Basic earnings per share (NT dollars)	\$ (0.16)		(0.10)	
9850	Diluted earnings per share (NT dollars)	\$ (0.16)		(0.10)	

See accompanying notes to financial statements

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

HONG PU REAL ESTATE DEVELOPMENT CO., LTD.

Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

(Expressed in thousands of New Taiwan dollars)

	Common stock	Capital surplus	Retained earnings		Total	Total equity
			Legal reserve	Unappropriated earnings		
Balance at January 1, 2021	\$ 3,328,087	2,042,348	1,917,660	4,860,600	6,778,260	12,148,695
Net loss	-	-	-	(33,344)	(33,344)	(33,344)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	(33,344)	(33,344)	(33,344)
Appropriation and distribution of retained earnings:						
Legal reserve	-	-	61,339	(61,399)	-	-
Cash dividends	-	-	-	(399,371)	(399,371)	(399,371)
Balance at December 31, 2021	<u>3,328,087</u>	<u>2,042,348</u>	<u>1,979,059</u>	<u>4,366,486</u>	<u>6,345,545</u>	<u>11,715,980</u>
Net loss	-	-	-	(53,998)	(53,998)	(53,998)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	(53,998)	(53,998)	(53,998)
Balance at December 31, 2022	<u>\$ 3,328,087</u>	<u>2,042,348</u>	<u>1,979,059</u>	<u>4,312,488</u>	<u>6,291,547</u>	<u>11,661,982</u>

See accompanying notes to financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

HONG PU REAL ESTATE DEVELOPMENT CO., LTD.

Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(expressed in thousands of New Taiwan dollars)

	2022	2021
Cash flows from (used in) operating activities:		
Profit(loss) before income tax	\$ 31,470	(18,252)
Adjustments:		
Adjustments to reconcile profit and loss:		
Depreciation expense	29,949	29,948
Amortization expense	183	335
Net profit on financial assets fair value through profit or loss	-	(21)
Interest expenses	321,400	152,077
Interest income	(3,337)	(1,411)
Recognized share of profit of investment in associates accounted for using equity method	8,857	1,371
Loss from disposal of property, plant and equipment	-	243
Gain on disposal of Investments property	-	(66,441)
Total adjustments to reconcile profit and loss	357,052	116,101
Net changes in operating assets and liabilities:		
Financial asset at fair value through profit or loss	-	21
Notes receivable	52,248	(52,076)
Accounts receivable	13,041	16,678
Other receivable-related parties	(71)	343
Inventories	(2,836,204)	(9,208,052)
Prepayments	386,184	(226,283)
Other current assets	4,018	(7,040)
Incremental costs of obtaining a contract	(349,200)	(396,496)
Other financial assets	(1,267,312)	(768,272)
Notes payable	(42,309)	69,032
Accounts payable	108,295	(70,444)
Other payable	(35,714)	(142,641)
Current contract liabilities	2,286,655	1,143,418
Other current liabilities	10,936	22,174
Total changes in operating assets / liabilities, net	(1,669,433)	(9,334,356)
Total adjustments	(1,312,381)	(9,218,255)
Cash used in from operations	(1,280,911)	(9,236,507)
Interest received	3,448	1,411
Interest paid	(406,265)	(183,446)
Income tax paid	(93,255)	(14,854)
Net cash flows used in operating activities	(1,776,983)	(9,433,396)
Cash flows from (used in) investing activities:		
Investments accounted for using equity method	(612,000)	-
Acquisition of property, plant and equipment	(562)	(2,157)
Proceeds from disposal of property, plant and equipment	-	2,248
Increase in refundable deposits	(2,362)	(289,708)
Decrease in refundable deposits	58,229	339,556
Proceeds from disposal of investment property,	-	136,028
Increase in other non-current assets	(221)	(104,935)
Net cash flows from (used in) investing activities	(556,916)	81,032
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	21,962,011	19,297,991
Decrease in short-term borrowings	(19,642,522)	(14,639,500)
Increase in short-term notes and bills payable	40,334,041	18,770,987
Decrease in short-term notes and bills payable	(41,186,431)	(17,044,393)
Increase in bonds payable	500,000	-
Proceeds from long-term debt	-	3,060,000
Increase (Decrease) in other non-current liabilities	(1,909)	154
Cash dividends paid	-	(399,371)
Net cash flows from financing activities	1,965,190	9,045,868
Net decrease in cash and cash equivalents	(368,709)	(306,496)
Cash and cash equivalents, at beginning of period	560,618	867,114
Cash and cash equivalents, at end of period	<u>\$ 191,909</u>	<u>560,618</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, 2022 and 2021

(Expressed in thousands of New Taiwan dollars)

	December 31, 2022		December 31, 2021			December 31, 2022		December 31, 2021	
	Amount	%	Amount	%		Amount	%	Amount	%
Assets					Liabilities and Equity				
Current assets:					Current liabilities:				
1100 Cash and cash equivalents (note 6(a))	\$ 207,631	1	579,746	2	2100 Short-term loans (notes 6(g)7 and 8)	\$ 13,867,980	35	10,748,491	32
1110 Financial assets at fair value through profit and loss (note 6(b))	-	-	-	-	2110 Short-term notes and bills payable (notes 6(g) 7 and 8)	5,415,892	14	6,268,282	18
1150 Notes receivable, net (note 6(c)(o))	12,284	-	64,532	-	2130 Current contract liabilities (note 6(m) and 9)	3,962,158	11	1,675,503	2
1170 Accounts receivable, net (note 6(c)(o))	15,144	-	28,185	-	2150 Notes payable	50,851	-	93,160	-
1210 Other receivable-related parties (note 7)	1,795	-	1,464	-	2170 Accounts payable	167,312	-	58,517	-
1220 Current income tax assets	329	-	-	-	2200 Other payable	182,546	-	205,459	1
1320 Inventories (notes 6(d) 8 and 9)	32,317,993	82	27,405,229	81	2230 Current tax liabilities	-	-	7,458	-
1410 Prepayments (note 9)	370,316	1	749,137	2	2399 Other current liabilities	52,016	-	41,103	-
1476 Other financial assets-current (note 6(o))	2,417,026	6	1,149,714	3	Total current liabilities	23,698,755	60	19,097,973	56
1479 Other current assets (note 9)	99,006	-	131,834	-	Non-current liabilities:				
1480 Incremental costs of obtaining a contract	895,186	2	545,986	2	2530 Bonds payable (note 6(i))	500,000	1	-	-
Total current assets	36,336,710	92	30,653,827	90	2540 Long-term borrowings (notes 6(h)7 and 8)	3,060,000	8	3,060,000	9
Non-current assets:					2600 Other non-current liabilities	7,833	-	9,742	-
1600 Property, plant and equipment (note 6(f) and 8)	78,269	-	80,310	-	Total non-current liabilities	3,567,833	9	3,069,742	9
1760 Investment property, net (note 6(g) and 8)	2,890,023	8	2,917,369	9	Total liabilities	27,266,588	69	22,167,715	65
1920 Refundable deposits (note 9)	119,480	-	146,647	1	Equity:				
1990 Other assets	110,321	-	110,284	-	3110 Common stock (note 6(m))	3,328,087	8	3,328,087	10
Total non-current assets	3,198,093	8	3,254,610	10	3200 Capital surplus (note 6(m))	2,042,348	5	2,042,348	6
					Retained earnings: (note 6(m))				
					3310 Appropriated as legal capital reserve	1,979,059	5	1,979,059	6
					3350 Unappropriated earnings	4,312,488	11	4,366,486	13
						6,291,547	16	6,345,545	19
					Total Equity attributable to owners of parent:	11,661,982	29	11,715,980	35
					36XX Non-controlling interests	606,233	2	26,742	-
					Total equity	12,268,215	31	11,742,722	35
Total assets	\$ 39,534,803	100	33,910,437	100	Total liabilities and equity	\$ 39,534,803	100	33,910,437	100

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, 2022 and 2021

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

	2022		2021	
	Amount	%	Amount	%
Operating revenue:				
4300 Rental revenue (note 6(j)(o) and 7)	\$ 159,650	23	170,313	53
4511 Construction contract revenue (note 6(o))	524,708	77	152,229	47
Net operating revenue	<u>684,358</u>	<u>100</u>	<u>322,542</u>	<u>100</u>
Operating cost:				
5300 Rental Cost	84,465	12	87,753	27
5510 Construction contract cost (note 6(d))	218,840	32	112,089	35
Net operating cost	<u>303,305</u>	<u>44</u>	<u>199,842</u>	<u>62</u>
Gross profit	<u>381,053</u>	<u>56</u>	<u>122,700</u>	<u>38</u>
Operating expenses (notes 6(k)(p) and 7):				
6100 Selling expenses	45,998	7	27,234	8
6200 Administrative expenses	36,854	5	30,362	10
Total operating expenses	<u>82,852</u>	<u>12</u>	<u>57,596</u>	<u>18</u>
Operating income	<u>298,201</u>	<u>44</u>	<u>65,104</u>	<u>20</u>
Non-operating income and expenses(note6(i)(q) and 7):				
7100 Interest income	3,375	-	1,418	-
7010 Other income	27,647	4	21,296	7
7020 Other gains and losses	28,612	4	44,690	14
7050 Finance costs	(334,874)	(49)	(152,077)	(47)
Total non-operating income and expenses	<u>(275,240)</u>	<u>(41)</u>	<u>(84,673)</u>	<u>(26)</u>
7900 Profit (loss) before tax	22,961	3	(19,569)	(6)
7951 Less: income tax expenses (note 6(l))	85,468	12	15,092	5
8200 Loss	<u>(62,507)</u>	<u>(9)</u>	<u>(34,661)</u>	<u>(11)</u>
Other comprehensive income:				
8360 Items that may be reclassified subsequently to profit or loss:				
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
8300 Other comprehensive income (after tax)	-	-	-	-
8500 Total comprehensive income	<u>\$ (62,507)</u>	<u>(9)</u>	<u>(34,661)</u>	<u>(11)</u>
Loss attributable to:				
8610 Shareholders of the parent	\$ (53,998)	(8)	(33,344)	(11)
8620 Non-controlling interests	(8,509)	(1)	(1,317)	-
Loss	<u>\$ (62,507)</u>	<u>(9)</u>	<u>(34,661)</u>	<u>(11)</u>
Total comprehensive income attributable to:				
8710 Shareholders of the parent	\$ (53,998)	(8)	(33,344)	(11)
8720 Non-controlling interests	(8,509)	(1)	(1,317)	-
Other comprehensive income	<u>\$ (62,507)</u>	<u>(9)</u>	<u>(34,661)</u>	<u>(11)</u>
Earnings per share (note 6(n)):				
Basic earnings per share (NT dollars)	<u>\$ (0.16)</u>		<u>(0.10)</u>	
Diluted earnings per share (NT dollars)	<u>\$ (0.16)</u>		<u>(0.10)</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 Changes in Equity
For the years ended December 31, 2022 and 2021
(Expressed in thousands of New Taiwan dollars)

Equity attributable to owners of parent

	Retained earnings					Total equity attributable to owner of the parent	Non- controlling interests	Total equity
	Common stock	Capital surplus	Legal reserve	Unappropriated earnings	Total			
Balance at January 1, 2021	3,328,087	2,042,348	1,917,660	4,860,600	6,778,260	12,148,695	28,059	12,176,754
Net loss	-	-	-	(33,344)	(33,344)	(33,344)	(1,317)	(34,661)
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	(33,344)	(33,344)	(33,344)	(1,317)	(34,661)
Appropriations and distributions Of retained earnings:								
Legal reserve	-	-	61,399	(61,399)	-	-	-	-
Cash dividends	-	-	-	(399,371)	(399,371)	(399,371)	-	(399,371)
Balance at December 31, 2021	3,328,087	2,042,348	1,917,059	4,366,486	6,345,545	11,715,980	26,742	11,742,722
Net loss	-	-	-	(53,998)	(53,998)	(53,998)	(8,509)	(62,507)
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	(53,998)	(53,998)	(53,998)	(5,509)	(62,507)
Non-controlling interests	-	-	-	-	-	-	588,000	588,000
Balance at December 31, 2022	<u>\$ 3,328,087</u>	<u>2,042,348</u>	<u>1,979,059</u>	<u>4,312,488</u>	<u>6,291,547</u>	<u>11,661,982</u>	<u>606,233</u>	<u>12,268,215</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 Cash Flows

For the years ended December 31, 2022 and 2021

(expressed in thousands of New Taiwan dollars)

	<u>2022</u>	<u>2021</u>
Cash flows from (used in) operating activities:		
Profit (loss) before income tax	\$ 22,961	(19,569)
Adjustments:		
Adjustments to reconcile profit and loss:		
Depreciation expense	29,949	29,948
Amortization expense	183	335
Net loss on financial assets at fair value through profit or loss	-	(21)
Interest expenses	334,874	152,077
Interest income	(3,375)	(1,418)
Loss from disposal of property, plant and equipment, net	-	243
Gain on disposal of investment property	-	(66,441)
Total adjustments to reconcile profit and loss	<u>361,631</u>	<u>114,723</u>
Net changes in operating assets and liabilities:		
Financial asset at fair value through profit or loss	-	21
Notes receivable	52,248	(52,076)
Accounts receivable	13,041	16,678
Other receivable-related parties	(331)	257
Inventories	(4,426,494)	(9,223,588)
Prepayments	378,821	(226,412)
Other current assets	4,847	(8,457)
Other financial assets	(1,267,312)	(768,272)
Incremental costs of obtaining a contract	(349,200)	(396,496)
Notes payable	(42,309)	69,032
Accounts payable	108,795	(70,444)
Other payable	(35,453)	142,648
Current contract liabilities	2,286,655	1,143,418
Other current liabilities	10,790	22,171
Total changes in operating assets / liabilities, net	<u>(3,265,902)</u>	<u>(9,351,520)</u>
Total adjustments	<u>(2,904,271)</u>	<u>(9,236,797)</u>
Cash flow used in operations	<u>(2,881,310)</u>	<u>(9,256,366)</u>
Interest received	3,486	2,836
Interest paid	(418,289)	(183,446)
Income tax paid	(93,255)	(14,854)
Net cash flows used in operating activities	<u>(3,389,368)</u>	<u>(9,451,830)</u>
Cash flows from (used in) investing activities:		
Acquisition of subsidiaries(reduction of cash received)	208,537	-
Acquisition of property, plant and equipment	(562)	(2,157)
Proceeds from sale of property, plant and equipment	-	2,248
Increase in refundable deposits	(2,362)	(289,708)
Decrease in refundable deposits	58,299	339,556
Proceeds from disposal of investment property	-	136,028
(Increase) decrease in other assets	151	(104,936)
Net cash flows from (used in) investing activities	<u>264,063</u>	<u>81,031</u>
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	22,762,011	19,297,991
Decrease in short-term borrowings	(19,642,522)	(14,639,500)
Increase in short-term notes and bills payable	40,334,041	18,770,987
Decrease in short-term notes and bills payable	(41,186,431)	(17,044,393)
Increase in bonds payable	500,000	-
Proceeds from long-term debt	-	3,060,000
Increase (decrease) in other non-liabilities	(1,909)	154
Cash dividends paid	-	(399,371)
Changes in non-controlling interests	(12,000)	-
Net cash flows financing activities	<u>2,753,190</u>	<u>9,045,868</u>
Net decrease in cash and cash equivalents	<u>(372,115)</u>	<u>(324,931)</u>
Cash and cash equivalents, at beginning of period	<u>579,746</u>	<u>904,677</u>
Cash and cash equivalents, at end of period	<u>\$ 207,631</u>	<u>\$ 579,746</u>

See accompanying notes to consolidated financial statements.

Proposal 2

【Proposed by the Board】

Proposal: Adoption of the proposal for earning distribution or loss off-setting and distribution of retained earnings

- Explanation:** (1) 2022 net loss after tax is NT\$53,998,088, and the loss was made up with undistributed earnings in accordance with laws and regulations.
- (2) 2022 net loss after tax is NT\$53,998,088 and then adding beginning retained earnings of NT\$4,366,486,854 the unappropriated retained earnings are NT\$4,312,488,766 and the proposed dividend to shareholders is NT\$166,404,326 cash dividend per share is NT\$0.50. Based on the current number of issued shares, the retained earnings after distribution are NT\$4,146,084,440.
- (3) The distribution of cash dividends is rounded down to dollar, and residuals are distributed to the Employees' Welfare Committee.
- (4) 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.
- (5) 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.
- (6) Please refer to the Deficit Compensation and Profit Distribution Table as follows:

Hong Pu Real Estate Development Co., Ltd.
Earning Distribution or Loss Off-setting
Year 2022

(Unit: NTDS\$)

Items	Total
Beginning retained earnings	4,366,486,854
Less: net loss after tax	(53,998,088)
10% legal reserve	(0)
Distributable net profit	4,312,488,766
Distributable items:	
Cash Dividend to shareholders (per share NT\$0.5)	166,404,326
Inappropriate retained earnings	4,146,084,440

Resolution:



Discussion Matters

Proposal 1

【Proposed by the Board】

Proposal: Amendment to the “Procedures for the Acquisition and Disposal of Assets”.

Explanation: 1. Amendment to the “Procedures for the Acquisition and Disposal of Assets” is pursuant to the official letter No.1110380465 by Financial Supervisory Commission(“FSC”) on January 28,2022 and “Regulations Governing the Acquisition and Disposal of Assets by public company”.

2. Please refer to page 30 to 42 for the revised vision of “Procedures for the Acquisition and Disposal of Assets” to this Agenda Manual.



Questions and Motions



Adjournment

◆ ATTACHMENTS I :

Amendment to the “Procedures for the Acquisition and Disposal of Assets”

Before Amendment	After Amendment	Reasons for Amendments
<p>Article 2</p> <p>The company shall handle the acquisition or disposal of assets in compliance with these Procedures; provided, where financial laws or regulations provide otherwise, such provisions shall govern.</p>	<p>Article 2</p> <p>The company shall handle the acquisition or disposal of assets in compliance with these Procedures; provided, where another laws or regulations provide otherwise, such provisions shall govern.</p>	<p>In line with the revision of the "Regulations Guidelines the Acquisition and Disposal of Assets by Public Companies".</p>
<p>Article 5 (paragraphs 1 omitted)</p> <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the self-regulatory rules of the industry associations to which they belong and with the following provisions:</p> <ol style="list-style-type: none"> 1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence. 2. When conducting a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers. 3. They shall undertake an item-by-item evaluation of the appropriateness and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion. <p>They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is appropriate and reasonable, and that they have complied with applicable laws and regulations.</p>	<p>Article 5 (paragraphs 1 omitted)</p> <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</p> <ol style="list-style-type: none"> 1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence. 2. When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers. 3. They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion. <p>They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.</p>	<p>In line with the revision of the "Regulations Guidelines the Acquisition and Disposal of Assets by Public Companies".</p>

Before Amendment	After Amendment	Reasons for Amendments
<p>Article 6 The procedures shall be submitted to Audit Committee, have been approved by the board of directors, and then to a shareholders' meeting for approval; the same applies when the procedures are amended. If any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to Audit Committee.</p> <p>When the procedures for the acquisition and disposal of assets are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p>When the procedures for the acquisition and disposal of assets are adopted or amended, they shall be approved by one-half or more of all audit committee members and submitted to the board of directors for a resolution.</p> <p>(Below omitted)</p>	<p>Article 6 The company shall establish its procedures for Acquisition and Disposal of Assets in accordance have been approved by the board of directors, they shall be submitted to each supervisor, and then to a shareholders' meeting for approval; the same applies when the procedures are amended. If any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to each supervisor.</p> <p>Where the position of independent director has been created in accordance with the provisions of the Act, when the procedures for the acquisition and disposal of assets are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p>Where an audit committee has been established in accordance with the provisions of th Act, when the procedures for the acquisition and disposal of assets are adopted or amended, they shall be approved by one-half or more of all audit committee members and submitted to the board of directors for a resolution.</p> <p>(Below omitted)</p>	<p>Cooperate with the establishment of an audit committee to replace the supervisor's authority to amend.</p>
<p>Article 9 Investment Scope and Amount The amount of real estate and right-to-use assets obtained for business use: depending on actual needs. (Below omitted)</p>	<p>Article 9 Investment Scope and Amount The amount of real estate, right-to-use assets and other fixed assets obtained for business use: depending on actual needs. (Below omitted)</p>	<p>In line with the revision of the "Regulations Guidelines the Acquisition and Disposal of Assets by Public Companies"</p>
<p>Article 10 In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of</p>	<p>Article 10 In acquiring or disposing of real property, equipment, right-of-use assets or other fixed assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company's host department, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented</p>	<p>In line with the revision of the "Regulations Guidelines the Acquisition and Disposal of Assets by Public Companies"</p>

Before Amendment	After Amendment	Reasons for Amendments
<p>equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <ol style="list-style-type: none"> 1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction. 2. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained. 3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price: <ol style="list-style-type: none"> A. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount. B. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount. <p>(paragraphs 1 subparagraphs 4 omitted) Except where a limited price, specified price, or special price is employed by the company as the reference basis for the</p>	<p>land, or acquiring or disposing of mechanical equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <ol style="list-style-type: none"> 1. Where due to special circumstances it is necessary to give a limited price or specified price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction. 2. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained. 3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No.20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price: <ol style="list-style-type: none"> A. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount. B. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount. <p>(paragraphs 1 subparagraphs 4 omitted) Except where a limited price or specified price, is employed by the company as the reference basis for the transaction price, if an</p>	

Before Amendment	After Amendment	Reasons for Amendments
<p>transaction price, if an appraisal report cannot be obtained in time and there is a legitimate reason for the delay, the appraisal report shall be obtained within 2 weeks counting inclusively from the date of occurrence, and the certified public accountant's opinion under subparagraph 3 of the preceding paragraph shall be obtained within 2 weeks counting inclusively from the day the appraisal report is obtained.</p>	<p>appraisal report cannot be obtained in time and there is a legitimate reason for the delay, the report, and the certified public accountant's opinion under subparagraph 3 of the preceding paragraph shall be obtained within 2 weeks counting inclusively from the date of occurrence.</p>	
<p>Article 11 The company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).</p>	<p>Article 11 The company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No.20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC). In addition, it shall be handled in accordance with the provisions of Article 10 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies. The acquisition or disposal of marketable securities by the company meets the following requirements, and the provisions of Paragraphs 1 and 2 of this Article may be exempted: 1. Acquire securities with cash contribution at the establishment of subscription or solicitation. 2. Participate in the subscription of securities issued by the target company in</p>	<p>In line with the revision of the "Regulations Guidelines the Acquisition and Disposal of Assets by Public Companies"</p>

Before Amendment	After Amendment	Reasons for Amendments
	<p>accordance with the relevant laws and regulations for cash capital increase and issued at par.</p> <p>3. Participate in the subscription 100% invested company's securities issued by cash capital increase.</p> <p>4. Listed, over-the-counter and emerging securities traded on TSE or TPEX.</p> <p>5. Government bond, a bond with repurchase or reverse repurchase.</p> <p>6. Domestic or foreign funds.</p> <p>7. Acquire or dispose of the shares of a listed (over-the-counter) company in accordance with the listed (over-the-counter) securities bidding regulations or auction regulations of the TSE or TPEX.</p> <p>8. Participate in the public offering of companies to increase the capital by cash and obtain the securities, and the securities obtained are not privately placed securities.</p> <p>9. Apply for funds before the establishment of the fund in accordance with Paragraph 1 of Article 11 of the Securities Investment Trust and Consulting Act and the order of the Association on November 1, 1993, FSC No. 0930005249.</p> <p>Subscribe or redeem domestic private funds, if the investment strategy has been stated in the trust deed, the investment scope is the same as that of public funds, except for securities margin trading and the positions in open interest.</p>	
<p>Article 12</p> <p>The company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.</p>	<p>Article 12</p> <p>The company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the PCA shall comply with the provisions of Statement of Auditing Standards No.20 published by the ARDF.</p>	<p>In line with the revision of the "Regulations Guidelines the Acquisition and Disposal of Assets by Public Companies"</p>

Before Amendment	After Amendment	Reasons for Amendments
<p>Article 12-1 The calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Article 29, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.</p>	<p>Article 12-1 The calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Article 29, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.</p>	<p>Correct words</p>
<p>Article 15 When the company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by audit committee and submitted to the board of directors for approval: (subparagraphs 1-7 omitted)</p> <p>With respect to the types of transactions listed below, when to be conducted between the company and its parent or subsidiaries, or between its subsidiaries in which it</p>	<p>Article 15 When the company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the supervisors: (subparagraphs 1-7 omitted)</p> <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 29, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors and recognized by the supervisors need not be counted toward the transaction amount.</p> <p>With respect to the types of transactions listed below, when to be conducted between the company and its parent or subsidiaries, or between its subsidiaries in which it</p>	<p>In line with the revision of the "Regulations Guidelines the Acquisition and Disposal of Assets by Public Companies"</p>

Before Amendment	After Amendment	Reasons for Amendments
<p>directly or indirectly holds 100 percent of the issued shares or authorized capital, the company's board of directors may pursuant to delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting:</p> <ol style="list-style-type: none"> 1. Acquisition or disposal of equipment or right-of-use assets thereof held for business use. 2. Acquisition or disposal of real property right-of-use assets held for business use. <p>Where the position of independent director has been created in accordance with the provisions of the Act, when a matter is submitted for discussion by the board of directors pursuant to paragraph 1, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p>The matters for which paragraph 1 requires recognition by the supervisors shall first be approved by one-half or more of all audit committee members and then submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article 6, paragraphs 4 and 5.</p> <p>If the company or a subsidiary thereof that is not a domestic public company will have a transaction set out in paragraph 1 and the transaction amount will reach 10 percent or more of the public company's total assets, the public company shall submit the materials in all the subparagraphs of paragraph 1 to the shareholders meeting for approval before the transaction contract may be entered into and any payment made. However, this restriction does not apply to transactions between the public company and its parent company or subsidiaries or between its subsidiaries.</p> <p>The calculation of the transaction amounts referred to in paragraph 1 and the preceding</p>	<p>directly or indirectly holds 100 percent of the issued shares or authorized capital, the company's board of directors may pursuant to Article 7, paragraph 1, subparagraph 3 delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting:</p> <ol style="list-style-type: none"> 1. Acquisition or disposal of equipment or right-of-use assets thereof held for business use. 2. Acquisition or disposal of real property right-of-use assets held for business use. <p>Where the position of independent director has been created in accordance with the provisions of the Act, when a matter is submitted for discussion by the board of directors pursuant to paragraph 1, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p>Where an audit committee has been established in accordance with the provisions of the Act, the matters for which paragraph 1 requires recognition by the supervisors shall first be approved by one-half or more of all audit committee members and then submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article 6, paragraphs 4 and 5.</p>	

Before Amendment	After Amendment	Reasons for Amendments
<p>paragraph shall be made in accordance with Article 29, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by audit committee and submitted the shareholders meeting or board of directors for approval need not be counted toward the transaction amount.</p>		
<p>Article 16 (paragraphs 1 and 2 omitted) The company that acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with the preceding two paragraphs shall also engage a CPA to check the appraisal and render a specific opinion. (Below omitted)</p>	<p>Article 16 (paragraphs 1 and 2 omitted) The company that acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property thereof in accordance with the paragraph 1 and paragraph 2 shall also engage a CPA to check the appraisal and render a specific opinion. (Below omitted)</p>	<p>In line with the revision of the "Regulations Guidelines the Acquisition and Disposal of Assets by Public Companies"</p>
<p>Article 17 When the results of the company's appraisal conducted in accordance with paragraph 1 and paragraph 2 of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 18. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply: 1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions: A. Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's</p>	<p>Article 17 When the results of the company's appraisal conducted in accordance with paragraph 1 and paragraph 2 of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 18. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply: 1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions: A. Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's</p>	<p>In line with the revision of the "Regulations Guidelines the Acquisition and Disposal of Assets by Public Companies"</p>

Before Amendment	After Amendment	Reasons for Amendments
<p>construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.</p> <p>B. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.</p> <p>(Below omitted)</p>	<p>construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.</p> <p>B. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.</p> <p>(Below omitted)</p>	
<p>Article 18</p> <p>Where the company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with the preceding two articles are uniformly lower than the transaction price, the following steps shall be taken:</p> <ol style="list-style-type: none"> 1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company. 2. Audit committee shall comply with Article 218 of the Company Act. 	<p>Article 18</p> <p>Where the company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with the preceding two articles are uniformly lower than the transaction price, the following steps shall be taken:</p> <ol style="list-style-type: none"> 1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company. 2. Supervisors shall comply with Article 218 of the Company Act. Where an audit committee has been established in accordance with the provisions of th Act, the preceding part of this subparagraph shall apply mutatis mutandis to the independent director members of the audit committee. 	<p>In line with the revision of the "Regulations Guidelines the Acquisition and Disposal of Assets by Public Companies" Cooperate with the establishment of an audit committee to replace the supervisor's authority to amend.</p>

Before Amendment	After Amendment	Reasons for Amendments
<p>3. Actions taken pursuant to the preceding two subparagraphs shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p> <p>(Below omitted)</p>	<p>3. Actions taken pursuant to the preceding two subparagraphs shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p> <p>(Below omitted)</p>	
<p>Article 20</p> <p>The company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of the prohibition derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, audit committee shall be notified in writing.</p>	<p>Article 20</p> <p>The company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of the prohibition derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, all supervisors shall be notified in writing. Where an audit committee has been established in accordance with the provisions of the Act, the provisions of paragraph 1 relating to supervisors shall apply mutatis mutandis to the audit committee.</p>	<p>Cooperate with the establishment of an audit committee to replace the supervisor's authority to amend.</p>
<p>Article 22</p> <p>The company participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in paragraph 1 of the preceding Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or</p>	<p>Article 22</p> <p>The company's participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in paragraph 1 of the preceding Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies shall immediately publicly explain the reason, the</p>	<p>In line with the revision of the "Regulations Guidelines the Acquisition and Disposal of Assets by Public Companies"</p>

Before Amendment	After Amendment	Reasons for Amendments
<p>acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.</p>	<p>follow-up measures, and the preliminary date of the next shareholders meeting.</p>	
<p>Article 23 The company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent. The company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent. (Below omitted)</p>	<p>Article 23 The company's participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent. The company's participating in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent. (Below omitted)</p>	<p>In line with the revision of the "Regulations Guidelines the Acquisition and Disposal of Assets by Public Companies"</p>
<p>Article 29 Under any of the following circumstances, a company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event: (subparagraphs 1 to 5 omitted) 6. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NT\$500 million. 7. Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area</p>	<p>Article 29 Under any of the following circumstances, a company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event: (subparagraphs 1 to 5 omitted) 6. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NT\$500 million. 7. Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area</p>	<p>In line with the revision of the "Regulations Guidelines the Acquisition and Disposal of Assets by Public Companies"</p>

Before Amendment	After Amendment	Reasons for Amendments
<p>reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>A. Trading of domestic government bonds or foreign government bonds with a rating that is not lower than the sovereign rating of Taiwan.</p> <p>B. Where done by professional investors- securities trading on securities exchanges or OTC markets, or subscription of foreign government bonds, or of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription or redemption of exchange traded notes, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.</p> <p>C. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>(paragraphs 2 omitted)</p> <p>"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Procedures need not be counted toward the transaction amount. A company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.</p> <p>(Below omitted)</p>	<p>reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>A. Trading of domestic government bonds.</p> <p>B. Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets, or subscription by investment professionals of ordinary corporate bonds or general bank debentures without equity characteristics that are offered and issued in the domestic primary market, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.</p> <p>C. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>(paragraphs 2 omitted)</p> <p>"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount. A company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.</p> <p>(Below omitted)</p>	

Before Amendment	After Amendment	Reasons for Amendments
<p>Article 32</p> <p>For the calculation of 10 percent of total assets under these Procedures, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.</p> <p>In the case of a company whose shares have no par value or a par value other than NT\$10—for the calculation of transaction amounts of 20 percent of paid-in capital under these Regulations, 10 percent of equity attributable to owners of the parent shall be substituted; for calculations under the provisions of these Procedures regarding transaction amounts relative to paid-in capital of NT\$10 billion, NT\$20 billion of equity attributable to owners of the parent shall be substituted.</p>	<p>Article 32</p> <p>For the calculation of 10 percent of total assets under these Regulations, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.</p> <p>In the case of a company whose shares have no par value or a par value other than NT\$10—for the calculation of transaction amounts of 20 percent of paid-in capital under these Regulations, 10 percent of equity attributable to owners of the parent shall be substituted; for calculations under the provisions of these Regulations regarding transaction amounts relative to paid-in capital of NT\$10 billion, NT\$20 billion of equity attributable to owners of the parent shall be substituted.</p>	<p>Correct words</p>
<p>Article 33</p> <p>This Procedures for Acquisition and Disposal of Assets were duly instituted on 1990.06.22. (Amended 1st to 11th omitted) Amended for the 12th instance on 2019.06.15 Amended for the 13th instance on 2023.06.21</p>	<p>Article 33</p> <p>This Procedures for Acquisition and Disposal of Assets were duly instituted on 1990.06.22. (Amended 1st to 11th omitted) Amended for the 12th instance on 2019.06.15</p>	<p>The date of the Procedures is amended.</p>

◆ 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 custodians 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 or 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%.
- 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.
- Matters related to the payment of employees' compensation and director's compensation shall act in accordance with relevant laws and ordinances, and are determined by a meeting of the board of directors.
- Article 26: If there is a surplus earning in the company's annual final accounts, it shall first estimate and reserve the taxes and dues to be paid and cover accumulated losses. If there is still a surplus balance, 10% should be set aside as legal reserve

according to laws. Where such legal reserve amounts to the total paid-in capital, this provision shall not apply. After special reserve is set aside or reversed in accordance with the laws or ordinances or rules prescribed by the competent authority, together with accumulated undistributed earnings, the Board of Directors shall prepare an earning distribution proposal and submit it to the Shareholders' Meeting for a resolution on the distribution of shareholder dividends; In addition to the distribution of reserves in accordance with the laws, the company shall not pay dividends or bonuses, if there is no surplus earnings.

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 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. 22, 2023

Position	Name	Shares
Chairman	Fu-Da Investment Co., Ltd. Representative: J. H. Tuan	59,182,040
Director	Hua-Zhan Investment Co., Ltd. Representative: W. L. You	60,041,745
Director	Fu-Yi Investment Co., Ltd. Representative: W.G. Tuan	4,581,077
Independent Director	P.S. Li	-
Independent Director	C.J. Wu	-
Independent Director	H.K. Li (Former Name : C. W. Li)	-
Independent Director	M.Y. Ho	-
Total shares owned by all Directors		123,804,862

