

Stock Code: 1419



# Shinkong Textile Co., Ltd. Annual Shareholders' Meeting of 2022

## Meeting Handbook

(This translated document is prepared in accordance with the Chinese version and is for reference only. In the event of any inconsistency between the English version and the Chinese version, the Chinese version shall prevail.)

June 10, 2022  
8/F, No. 15, Section 2, Jianguo North Road, Taipei  
City  
(Shinkong Insurance Tower)

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Shinkong Textile Co., Ltd.  
Procedure for 2022 Annual Shareholders' Meeting

- I. Meeting Called to Order
- II. Chairperson's Remarks
- III. Reports
- IV. Proposals and Discussions
- V. Extempore Motions
- VI. Adjournment

# Shinkong Textile Co., Ltd.

## Agenda of 2022 Annual Shareholders' Meeting

Time: 9:00AM, June 10, 2022 (Friday)

Venue: 8/F, No. 15, Section 2, Jianguo North Road, Taipei City (Shinkong Insurance Tower)

Method: Shareholders' Meeting on the Site

Report the number of shares represented at the meeting

I. Meeting Called to Order

II. Chairperson's Remarks

III. Reports

(I) 2021 Business Report

(II) Audit Committee's Review Report

(III) Report on the Distribution of Remuneration to Employees and Directors of 2021

(IV) Report on Distribution of Earnings in Cash Dividends of 2021

IV. Proposals and Discussions

(I) Ratification of 2021 Business Report and Financial Statements

(II) Ratification of 2021 Earnings Distribution

(III) Amendment of the Company's "Articles of Incorporation"

(IV) Amendment to the Procedures for Acquisition and Disposal of Assets of the Company

V. Extempore Motions

Adjournment

## [Announcements]

### (I) 2021 Business Report

2021 Business Report (please refer to Attachment I on Pages 6~7)

### (II) Audit Committee's Review Report

Audit Committee's Review Report (please refer to Attachment II on Page 8)

### (III) Report on the Distribution of Remuneration to Employees and Directors of 2021

1. Pursuant to Article 27 of the Articles of Incorporation, the Company shall allocate no less than one percent as the remuneration for employees and no more than five percent as the remuneration for Directors.
2. The Company distributed NT\$9.7 million of remuneration to employees and Directors respectively for the year of 2021. Both were paid in cash.

### (IV) Report on Distribution of Earnings in Cash Dividends of 2021

1. Pursuant to Article 27-1 of the Articles of Incorporation, the earnings shall be distributed in the form of cash dividends, and the Board of the Directors is authorized to make a resolution and report to the Shareholders' Meeting.
2. It is proposed to allocate NT\$300,041,280 of dividends for shareholders from the accumulated distributable earnings of 2021, and pay NT\$1 for each share, and authorize the Chairman to determine dividend base date, payment date, and other related

matters.

3. For the distribution of cash dividends this time, if the distribution ratio needs to be revised due to the change to the distribution ratio caused by the changes in the number of the Company's outstanding shares, the Company authorizes the Chairman to handle it.
4. For the cash dividends to the shareholders, the Company will adopt the calculation method of "unconditionally removing the amount below NT\$1 and adjust the total change below NT\$1 based on the decimal places from big to small and the account number from front to back to make it consistent with the total cash dividend distribution.

## [Proposals and Discussions]

### Item I Proposed by the Board of Directors

Subject: 2021 Business Report and Financial Statements are hereby submitted for ratification.

Description: I. The Company's 2021 Business Report as well as Financial Statements and Consolidated Financial Statements reviewed by CPAs have been submitted to Audit Committee for audit and Review Reports have been issued.

II. The Business Report as well as the reports and various Financial Statements reviewed by CPAs are submitted for ratification.

(Please refer to Attachment I on Pages 8~10, and Attachment III on Pages 12~32)

Resolution:

### Item II Proposed by Board of Directors

Subject: 2021 Earnings Distribution is hereby submitted for ratification.

Description: I. Please refer to Attachment IV on Page 33 for the 2021 Earnings Distribution Table.

II. The proposal is hereby submitted for ratification.

Resolution:

### Item III Proposed by Board of Directors

Subject: The Amendment of the Company's "Articles of Incorporation" is hereby submitted for discussion.

Description: I. It is hereby proposed to amend some articles of the Company's Articles of Incorporation in support of the amendment of the Company Act and the operation needs of the Company.

II. The comparison table on the Articles of Incorporation before and after amendment is provided in Attachment V.

III. The proposal is hereby submitted for discussion.

Resolution:

### Item IV: Proposed by the Board of Directors

Subject: The Amendment to the Procedures for Acquisition and Disposal of Assets of the Company is hereby submitted for discussion.

Description: I. It is proposed to amend some articles of the Procedures for Acquisition and Disposal of Assets of the Company in support of the amendment of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies".

II. The comparison table on the provisions of the "Procedures for Acquisition and Disposal of Assets" before and after the amendment is provided in Attachment VI.

III. The proposal is hereby submitted for discussion.

Resolution:



[Extempore Motions]

[Adjournment]

## Attachment I

### Business Report



The Company's 2021 annual operating revenue was NT\$2,552,849 thousand, an increase of NT\$606,753 thousand as compared with the previous year, its gross profit was NT\$580,255 thousand, an increase of NT\$89,480 thousand as compared with the previous year, its profit from operations was NT\$119,244 thousand, an increase of NT\$49,468 thousand as compared with the previous year, its net profit after tax was NT\$450,887 thousand, a decrease of NT\$85,862 thousand as compared with the previous year, and its EPS after tax was NT\$1.51.

The production and sales status of the Company are described as follows:

- I. Production Status: In the current period, the Company weaved 3,782,499 yards, an increase of 991,805 yards as opposed to 2,790,694 yards in the previous period, and processed 15,531,956 yards after treatment, an increase of 5,907,835 yards as compared to 9,624,121 yards in the previous period.
- II. Operating Status: In the current period, the net operating revenue totaled NT\$2,552,849 thousand, an increase of NT\$606,753 thousand as compared to 1,946,096 thousand in the previous period, representing 124.76% of the budget.

Overview of the business operations of business departments is as follows:

- (I) Marketing Department: focused on export of finished fabrics. Its revenue of the current period was NT\$1,763,854 thousand, a decrease of 52.16% as compared with the same period of last year, reached 141.10% of the budget. The revenue growth came in part from the inadequate inventory supplement by the brand. At the same time, working at home became the mainstream during the COVID-19 pandemic, and the demand

for relaxing and comfortable athleisure wears rose sharply. Also, as the frequency of exercises at home rose, the consumer demand for functional wears drove the revenue growth. Besides, the power restriction in the Chinese Mainland and the COVID-19 pandemic severely affected production, and some orders flew back to suppliers in Taiwan.

- (II) Retail Department: focused on retailing in the domestic apparel market. Its revenue of the current period was NT\$635,542 thousand, remained flat with the operating revenue in the same period of the previous year, and reached 98.63% of the budget. The border control exerted to prevent the COVID-19 pandemic resulted in the stagnation of international business travel and tourism activities, which activated the domestic retail consumption market to some extent.
- (III) Business Development Department: Its revenue of the current period was NT\$153,453 thousand, remained flat as compared with the same period of the previous year, reached 101.13% of the budget.

The consolidated operating revenue throughout 2021 was NT\$2,748,914 thousand, an increase of NT\$599,701 thousand as compared with the same period of last year, reached 122.45% of the budget. Its net profit after tax owned by the Company's owner was NT\$450,887 thousand.

Looking ahead to the operation in 2022, the Company will continuously pay much attention to the economic ripple effect and adjust response measures from time to time, considering the influences from the geopolitical uncertainties as well as the interest rate hike and expected inflation in the international financial market.

Meanwhile, the Company will uphold the awareness of environmental protection and emphasize the multiple functions of functional textiles. In addition to the consideration of functionality, the Company will enhance the endurance and zero waste concept of products to reduce the negative impact on the environment. The Company will regulate the efficiency and capacity and achieve a good operating performance and financial results meeting the expectation.

Chairman:		Managerial Officer:		Accounting Manager:	
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## Attachment II

### Shinkong Textile Co., Ltd. Audit Committee's Review Report

The Board of Directors has submitted the Company's 2021 Business Report, Financial Statements, Earnings Distribution proposal, The Financial Statements and Consolidated Financial Statements have been duly audited by the CPA Li-Huang Li and CPA Jui-Chuan Chih from Deloitte and Audit Reports have been issued. The above-mentioned statements have been reviewed by us, the Audit Committee of the Company. Therefore, we, the Audit Committee, hereby issue this report in compliance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please review.

Shinkong Textile Co., Ltd.

Convener of the Audit Committee:  
David Ching



March 21, 2022

# Attachment III

## CPA's Audit Report and Financial Statements

### Independent Auditors' Report

To Shinkong Textile Co., Ltd. For general public information:

#### **Audit opinion**

We have audited the parent company only balance sheets of Sinkong Textile Co., Ltd. (hereinafter referred to as the "Company") as of December 31, 2020 and 2021; and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to parent company only financial statements (including a summary on significant accounting policies).

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

#### **Basis for Opinion**

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

#### **Key Audit Matters**

Key audit matters are ones that were of most significance in our audit of the parent company only financial statements of the Company for the year ended December 31, 2021 based on our professional judgment. These matters have been covered during the audit of the overall parent

company only financial statements and in forming the audit opinion. We will not express a separate opinion on these matters.

Key audit matters of the parent company only financial statements of Sinkong Textile Co., Ltd. for the year ended December 31, 2021 are as follows:

Authenticity of sales revenue from specific customers

The Company's principal source of income is the sale of various types of fabrics and finished clothing, apparel agency and property leasing. Significant risk is presumed in revenue recognition in view of significance and auditing standards. In our opinion, the authenticity on revenue from customers with specific trading terms has significant impact on the financial statements. Thus, we identified the authenticity of sales revenue from specific customers as a key audit matter. For the accounting policies related to revenue recognition, please refer to Note IV (XIII) of the notes to parent company only financial statements.

Our corresponding audit procedures were as follows:

1. We understood and tested the design and implementation of internal controls in relation to the recognition of sales revenue from specific customers.
2. From the sales details of specific customers above, we selected proper samples to inspect the relevant supporting documents and tested the collection conditions to confirm the authenticity of sales transactions.

**Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements**

The responsibilities of management are to prepare the parent company only financial statements with fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and maintain necessary internal controls associated with the preparation in order to ensure the parent company only financial statements are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

**Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements**

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error,

and to issue an independent auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. Amounts of misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users of the parent company only financial statements.

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

1. Identify and assess the risks of material misstatement of the parent company only 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 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 based on the audit evidence obtained. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only 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 parent company only financial statements, including the disclosures, and whether the parent company only 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 entities within the Company to express an opinion on the parent company only 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 the key audit matters of the Company's parent company only financial statements for the year ended December 31, 2021. We describe these matters in our independent auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter shall not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte & Touche

CPA Li-Huang Li

Securities and Futures Commission  
Approval No.

Tai-Cai-Zheng-6-0930128050

CPA Jui-Chuan Chih

Financial Supervisory Commission  
Approval No.

Jin-Guan-Zheng-Shen-1060023872

March 21, 2022

Shinkong Textile Co., Ltd.  
Parent Company Only Balance Sheets  
DECEMBER 31, 2021 and 2020

(In Thousands of New Taiwan Dollars)

Code	Assets	December 31, 2021		December 31, 2020	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents	\$ 746,846	5	\$ 506,335	4
1110	Financial assets at fair value through profit or loss	172,462	1	187,529	2
1120	Financial assets at fair value through other comprehensive income - current	1,764,409	13	1,240,057	10
1150	Notes receivable	29,684	-	7,152	-
1170	Accounts receivable	355,770	3	282,717	2
1180	Accounts receivable - related parties, net	44,700	-	37,908	-
1200	Other receivables	19,164	-	8,891	-
1210	Other receivables - related parties	82,382	1	19,640	-
1220	Current tax assets	46	-	848	-
130X	Inventories	756,826	5	446,537	4
1410	Prepayments	157,941	1	56,335	-
1470	Other current assets	12	-	7,737	-
11XX	Total current assets	<u>4,130,242</u>	<u>29</u>	<u>2,801,686</u>	<u>22</u>
	Non-current assets				
1517	Financial assets at fair value through other comprehensive income - non-current	4,599,348	32	4,216,295	34
1535	Financial assets at amortized cost - non-current	1,800	-	1,800	-
1550	Investments accounted for using the equity method	2,375,309	17	2,332,254	19
1600	Property, plant and equipment	351,627	2	271,270	2
1755	Right-of-use assets	146,950	1	95,613	1
1760	Investment properties	2,643,787	19	2,666,789	21
1780	Other intangible assets	2,338	-	2,218	-
1840	Deferred tax assets	28,602	-	36,326	-
1990	Other non-current assets	36,712	-	52,841	1
15XX	Total non-current assets	<u>10,186,473</u>	<u>71</u>	<u>9,675,406</u>	<u>78</u>
1XXX	TOTAL ASSETS	<u>\$ 14,316,715</u>	<u>100</u>	<u>\$ 12,477,092</u>	<u>100</u>
C o d e	L i a b i l i t i e s a n d e q u i t y				
	Current liabilities				
2100	Short-term borrowings	\$ 1,880,000	13	\$ 1,350,000	11
2110	Short-term notes payable	1,128,646	8	858,849	7
2130	Contract liabilities - current	25,960	-	49,901	-
2150	Notes payable	257,405	2	99,439	1
2160	Notes payable - related parties	38,340	-	12,039	-
2170	Accounts payable	97,338	1	58,740	-
2180	Accounts payable - related parties	7,653	-	529	-
2219	Other payables	116,620	1	80,718	1
2220	Other payables - related parties	1,166	-	1,231	-
2230	Current tax liabilities	16,594	-	28,560	-
2280	Lease liabilities - current	46,002	-	36,117	-
2320	Current portion of long-term borrowings	-	-	190,000	2
2399	Other current liabilities	23,684	-	2,260	-
21XX	Total current liabilities	<u>3,639,408</u>	<u>25</u>	<u>2,768,383</u>	<u>22</u>
	Non-current liabilities				
2570	Deferred tax liabilities)	519,828	4	517,977	4
2580	Lease liabilities - non-current	105,094	1	60,887	1
2645	Guarantee deposits	41,267	-	42,481	-
25XX	Total non-current liabilities	<u>666,189</u>	<u>5</u>	<u>621,345</u>	<u>5</u>
2XXX	Total liabilities	<u>4,305,597</u>	<u>30</u>	<u>3,389,728</u>	<u>27</u>
	Equity				
	Share Capital				
3110	Common shares	3,000,413	21	3,000,413	24
3200	Capital surplus	8,928	-	7,911	-
	Retained earnings				
3310	Legal reserve	497,780	4	459,911	4
3320	Special reserve	1,006,548	7	1,006,548	8
3350	Unappropriated earnings	1,058,957	7	951,961	7
3300	Total retained earnings	<u>2,563,285</u>	<u>18</u>	<u>2,418,420</u>	<u>19</u>
	Other equity				
3410	Exchange differences on translating the financial statements of foreign operations	( 6,638 )	-	( 5,019 )	-
3420	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	4,458,304	31	3,678,813	30
3400	Total other equity	<u>4,451,666</u>	<u>31</u>	<u>3,673,794</u>	<u>30</u>
3500	Treasury share	( 13,174 )	-	( 13,174 )	-
3XXX	Total equity	<u>10,011,118</u>	<u>70</u>	<u>9,087,364</u>	<u>73</u>
	TOTAL LIABILITIES AND EQUITY	<u>\$ 14,316,715</u>	<u>100</u>	<u>\$ 12,477,092</u>	<u>100</u>

Chairman: Hsin-En Wu

President: Hsin-En Wu

Accounting Manager: Su-Juan Ke

Shinkong Textile Co., Ltd.  
Parent Company Only Statements of Comprehensive Income  
January 1 to March 31, 2021 and 2020

Unit: In Thousands of NT\$, provided that  
Earnings per share are in NT\$

Code		2021		2020	
		Amount	%	Amount	%
	Operating revenue				
4100	Sales revenue	\$ 2,398,299	94	\$ 1,791,614	92
4300	Rental revenue	153,946	6	153,486	8
4800	Other operating revenue	<u>604</u>	<u>-</u>	<u>996</u>	<u>-</u>
4000	Total operating revenue	<u>2,552,849</u>	<u>100</u>	<u>1,946,096</u>	<u>100</u>
	Operating costs				
5110	Cost of goods sold	( 1,930,334 )	( 75 )	( 1,410,896 )	( 73 )
5300	Rental costs	( <u>42,260</u> )	( <u>2</u> )	( <u>44,425</u> )	( <u>2</u> )
5000	Total operating costs	( <u>1,972,594</u> )	( <u>77</u> )	( <u>1,455,321</u> )	( <u>75</u> )
5900	Gross Profit	<u>580,255</u>	<u>23</u>	<u>490,775</u>	<u>25</u>
	Operating expenses				
6100	Selling and marketing	( 326,769 )	( 13 )	( 305,145 )	( 16 )
6200	General and administrative	( 107,804 )	( 4 )	( 91,398 )	( 5 )
6300	Research and development	( 25,941 )	( 1 )	( 23,704 )	( 1 )
6400	Expected credit losses	( <u>497</u> )	<u>-</u>	( <u>650</u> )	<u>-</u>
6000	Total operating expenses	( <u>461,011</u> )	( <u>18</u> )	( <u>420,897</u> )	( <u>22</u> )
6500	Other operating income and expenses	<u>-</u>	<u>-</u>	( <u>102</u> )	<u>-</u>
6900	Profit from operations	<u>119,244</u>	<u>5</u>	<u>69,776</u>	<u>3</u>
	NON-OPERATING INCOME AND EXPENSES				
7100	Interest income	648	-	1,950	-
7010	Other income	281,555	11	242,415	13
7020	Other gains and losses	( 9,635 )	( 1 )	( 34,722 )	( 2 )

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Code		2021		2020	
		Amount	%	Amount	%
7050	Finance costs	( 21,407 )	( 1 )	( 21,158 )	( 1 )
7070	Share of profit or loss of subsidiaries, associates and joint ventures accounted for using the equity method	96,439	4	117,840	6
7000	Total non-operating income and expenses	347,600	13	306,325	16
7900	Income before income tax	466,844	18	376,101	19
7950	Income tax expense	( 15,957 )	-	( 11,076 )	-
8200	Net income	450,887	18	365,025	19
8310	Other comprehensive income Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans	( 5,991 )	-	3,110	-
8316	Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	793,533	31	320,507	17
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method	( 14,032 )	( 1 )	5,043	-

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8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translating the financial statements of foreign operations	( 80 )	-	( 24 )	-
8370	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method	( 1,555 )	-	( 3,584 )	( 1 )
8399	Income tax relating to items that may be reclassified subsequently to profit or loss	<u>16</u>	<u>-</u>	<u>5</u>	<u>-</u>
8300	Other comprehensive income/(loss) for the year (net of income tax)	<u>771,891</u>	<u>30</u>	<u>325,057</u>	<u>16</u>

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<u>Code</u>		<u>2021</u>		<u>2020</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
8500	Total comprehensive income	<u>\$ 1,222,778</u>	<u>48</u>	<u>\$ 690,082</u>	<u>35</u>
	Earnings per share (Note 26)				
	From continuing operations				
9710	Basic	<u>\$ 1.51</u>		<u>\$ 1.22</u>	
9810	Diluted	<u>\$ 1.51</u>		<u>\$ 1.22</u>	

Chairman: Hsin-En Wu    President: Hsin-En Wu    Accounting Manager: Su-Juan Ke

Shinkong Textile Co., Ltd.  
Parent Company Only Statements of Changes in Equity  
January 1 to March 31, 2021 and 2020

(In Thousands of New Taiwan Dollars)

Code		Share capital		Retained earnings			Unappropriated earnings	Other equity		Treasury share	Total Equity
		Number of Shares (In Thousand Shares)	Amount	Capital surplus	Legal reserve	Special reserve		Exchange Difference on translating the financial statements of foreign operations	Unrealized gains (losses) on financial assets at fair value through other comprehensive income		
A1	Balance at January 1, 2020	300,041	\$ 3,000,413	\$ 6,916	\$ 421,099	\$ 1,006,548	\$ 912,129	( \$ 1,416 )	\$ 3,371,877	( \$ 13,174 )	\$ 8,704,392
B1	Appropriation and distribution of earnings for 2019:										
	Legal reserve	-	-	-	38,812	-	( 38,812 )	-	-	-	-
B5	Cash dividends to shareholders of the Company	-	-	-	-	-	( 300,041 )	-	-	-	( 300,041 )
M1	Other changes in capital surplus:										
	Changes in capital surplus from dividends paid to subsidiaries	-	-	804	-	-	-	-	-	-	804
M7	Changes in percentage of ownership interests in subsidiaries	-	-	-	-	-	( 8,064 )	-	-	-	( 8,064 )
T1	Dividends not collected before the designated date	-	-	191	-	-	-	-	-	-	191
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	18,614	-	( 18,614 )	-	-
D1	Net income in 2020	-	-	-	-	-	365,025	-	-	-	365,025
D3	Other comprehensive income in 2020, net of tax	-	-	-	-	-	3,110	( 3,603 )	325,550	-	325,057
D5	Total comprehensive income in 2020	-	-	-	-	-	368,135	( 3,603 )	325,550	-	690,082
Z1	Balance at December 31, 2020	300,041	3,000,413	7,911	459,911	1,006,548	951,961	( 5,019 )	3,678,813	( 13,174 )	9,087,364
B1	Appropriation of 2020 earnings										
	Legal reserve	-	-	-	37,869	-	( 37,869 )	-	-	-	-
B5	Cash dividends to shareholders of the Company	-	-	-	-	-	( 300,041 )	-	-	-	( 300,041 )
M1	Other changes in capital surplus:										
	Changes in capital surplus from dividends paid to subsidiaries	-	-	804	-	-	-	-	-	-	804
T1	Dividends not collected before the designated date	-	-	213	-	-	-	-	-	-	213
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	10	-	( 10 )	-	-
D1	Net income in 2021	-	-	-	-	-	450,887	-	-	-	450,887
D3	Other comprehensive income in 2021, net of tax	-	-	-	-	-	( 5,991 )	( 1,619 )	779,501	-	771,891
D5	Total comprehensive income in 2021	-	-	-	-	-	444,896	( 1,619 )	779,501	-	1,222,778
Z1	Balance at December 31, 2021	300,041	\$ 3,000,413	\$ 8,928	\$ 497,780	\$ 1,006,548	\$ 1,058,957	( \$ 6,638 )	\$ 4,458,304	( \$ 13,174 )	\$ 10,011,118

Chairman: Hsin-En Wu    President: Hsin-En Wu    Accounting Manager: Su-Juan Ke

Shinkong Textile Co., Ltd.  
Parent Company Only Statements of Cash Flows  
January 1 to March 31, 2021 and 2020  
(In Thousands of New Taiwan Dollars)

Code		2021	2020
	Cash flows from operating activities		
A10000	Income before income tax	\$ 466,844	\$ 376,101
A20010	Adjustments:		
A20100	Depreciation	113,354	121,418
A20200	Amortization	1,852	1,568
A20300	Expected credit losses	497	650
A20400	Net (gain) loss on fair value change of financial assets and liabilities as at FVTPL	( 12,012 )	4,275
A20900	Finance costs	21,407	21,158
A21200	Interest income	( 648 )	( 1,950 )
A21300	Dividend income	( 279,724 )	( 232,894 )
A22400	Share of profit or loss of subsidiaries and associates accounted for using the equity method	( 96,439 )	( 117,840 )
A22500	Loss (gain) on disposal of property, plant and equipment	4,898	( 150 )
A23700	Write-downs of inventories	-	20,489
A23800	Gain from price recovery of inventories	( 21,024 )	-
A24500	Dividends not collected before the designated date reclassified to capital surplus	213	191
A29900	Gains (losses) on lease modification	-	98
A30000	Changes in operating assets and liabilities, net		
A31130	Notes receivable	( 22,532 )	( 270 )
A31150	Accounts receivable	( 80,342 )	( 115,871 )
A31180	Other receivables	9,367	22,059
A31200	INVENTORIES	( 289,265 )	14,895
A31230	Prepayments	( 1,606 )	( 47 )
A31240	Other current assets	7,725	( 6,895 )
A32125	Contract liabilities	( 23,941 )	11,927
A32130	Notes payable	184,267	8,953
A32150	Accounts payable	45,722	( 1,118 )
A32180	Other payables	34,943	( 653 )
A32230	Other current liabilities	21,507	204
A32240	Net defined benefit liabilities	( 879 )	( 819 )
A33000	Cash generated from operations	84,184	125,479

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Code		2021	2020
A33300	Interest paid	( 21,441 )	( 21,580 )
A33500	Income tax paid	( 26,195 )	( 30,576 )
AAAA	Net cash generated from operating activities	<u>36,548</u>	<u>73,323</u>
	Cash flows from investing activities		
B00010	Acquisition of financial assets at fair value through other comprehensive income	( 130,494 )	( 125,717 )
B00020	Disposal of the financial assets at fair value through other comprehensive income	53	24,394
B00030	Proceeds from capital reduction of financial assets at fair value through other comprehensive income	16,569	28,257
B00050	Disposal of financial assets at amortized cost	-	2,250
B00100	Acquisition of financial assets at fair value through profit or loss	( 71,182 )	( 176,587 )
B00200	Disposal of financial assets at fair value through profit or loss	98,986	90,341
B01800	Acquisition of long-term investment in shares accounted for using the equity method	( 9,665 )	( 9,607 )
B02000	Increase in prepayments for investments	( 100,000 )	-
B02700	Acquisition of property, plant, and equipment	( 107,557 )	( 28,782 )
B02800	Proceeds from disposal of property, plant, and equipment	1,548	150
B03700	Increase in refundable deposits	( 5,843 )	-
B03800	Decrease in refundable deposits	-	1,647
B04300	Other receivables from related parties	( 73,328 )	-
B04500	Acquisition of intangible assets	( 1,972 )	( 814 )
B07100	Increase in prepayments for equipment	( 12,640 )	( 39,349 )
B07500	Interest received	648	1,950
B07600	Dividends received from subsidiaries/associates	47,797	60,289
B07600	Other dividends received	<u>279,724</u>	<u>232,894</u>
BBBB	Net cash provided by (used in) investing activities	( <u>67,356</u> )	<u>61,316</u>
	Cash flows from financing activities		
C00100	Proceeds from short-term borrowings	530,000	-
C00200	Decrease in short-term borrowings	-	( 60,000 )
C00500	Increase in short-term bills payable	270,000	270,000
C01700	Repayments of long-term borrowings	( 190,000 )	-
C03000	Proceeds from guarantee deposits received	-	1,177
C03100	Refund of guarantee deposits received	( 1,214 )	-
C04020	Repayment of the principal portion of lease liabilities	( 37,426 )	( 38,321 )

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<u>C o d e</u>		<u>2021</u>	<u>2020</u>
C04500	Dividends paid	( <u>300,041</u> )	( <u>300,041</u> )
CCCC	Net cash provided by (used in) financing activities	<u>271,319</u>	( <u>127,185</u> )
EEEE	Net increase in cash and cash equivalents	240,511	7,454
E00100	Cash and cash equivalents at beginning of year	<u>506,335</u>	<u>498,881</u>
E00200	Cash and cash equivalents at end of year	<u>\$ 746,846</u>	<u>\$ 506,335</u>

Chairman: Hsin-En Wu    President: Hsin-En Wu    Accounting Manager: Su-Juan Ke

## **Independent Auditors' Report**

To Shinkong Textile Co., Ltd.

### **Audit opinion**

We have audited the consolidated balance sheets of Shinkong Textile Co., Ltd. and its subsidiaries (hereinafter referred to as the "Group") as of December 31, 2021 and 2020; and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to consolidated financial statements (including a summary on significant accounting policies).

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

### **Basis for Opinion**

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

### **Key Audit Matters**

Key audit matters are ones that were of most significance in our audit of the consolidated financial statements of the Group for the year ended December 31, 2021 based on our professional judgment. These matters have been covered during the audit of the overall consolidated financial statements and in forming the audit opinion. We will not express a separate opinion on these matters.

Key audit matters of the consolidated financial statements for the year ended December 31, 2021 are as follows:

### Authenticity of sales revenue from specific customers

The Group's principal source of income is the sale of various types of fabrics and finished clothing, apparel agency and property leasing. Significant risk is presumed in revenue recognition in view of significance and auditing standards. In our opinion, the authenticity on revenue from customers with specific trading terms has significant impact on the financial statements. Thus, we identified the authenticity of sales revenue from specific customers as a key audit matter. For the accounting policies related to revenue recognition, please refer to Note 4(14) of the notes to consolidated financial statements.

Our corresponding audit procedures were as follows:

1. We understood and tested the design and implementation of internal controls in relation to the recognition of sales revenue from specific customers.
2. From the sales details of specific customers above, we selected proper samples to inspect the relevant supporting documents and tested the collection conditions to confirm the authenticity of sales transactions.

### **Other Matters**

Shinkong Textile Co., Ltd. has also prepared parent company only financial statements for the years ended December 31, 2021 and 2020, which we had audited and issued an unqualified opinion.

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

The responsibilities of management are to prepare the consolidated financial statements with fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers as well as the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission, and maintain necessary internal controls associated with the preparation in order to ensure the consolidated financial statements are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

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

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities within the Group to express an opinion on the consolidated 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 the key audit matters of the Group's consolidated financial statements for the year ended December 31, 2021. We describe these matters in our independent auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter shall not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte & Touche

CPA Li-Huang Li

CPA Jui-Chuan Chih

Securities and Futures Commission

Approval No.

Tai-Cai-Zheng-6-0930128050

Financial Supervisory Commission

Approval No.

Jin-Guan-Zheng-Shen-1060023872

March 21, 2022

## Shinkong Textile Co., Ltd. and Subsidiaries

## Consolidated Balance Sheets

DECEMBER 31, 2021 and 2020

(In Thousands of New Taiwan Dollars)

Code	Assets	December 31, 2021		December 31, 2020	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents	\$ 1,409,594	9	\$ 594,798	4
1110	Financial assets at fair value through profit or loss	172,462	1	187,529	2
1120	Financial assets at fair value through other comprehensive income - current	1,770,277	11	1,245,718	9
1150	Notes receivable	29,684	-	7,195	-
1170	Accounts receivable	356,824	2	284,094	2
1180	Accounts receivable - related parties, net	43,253	-	37,203	-
1200	Other receivables	19,925	-	9,659	-
1210	Other receivables - related parties	4	-	1	-
1220	Current tax assets	139,795	1	848	-
130X	Inventories	778,609	5	452,093	3
1410	Prepayments	160,467	1	60,429	1
1460	Other non-current assets held for sale	118,922	1	-	-
1470	Other current assets	3,073	-	12,331	-
11XX	Total current assets	<u>5,002,889</u>	<u>31</u>	<u>2,891,898</u>	<u>21</u>
	Non-current assets				
1517	Financial assets at fair value through other comprehensive income - non-current	4,649,708	29	4,259,032	31
1535	Financial assets at amortized cost - non-current	1,800	-	1,800	-
1550	Investments accounted for using the equity method	705,251	4	695,686	5
1600	Property, plant and equipment	417,013	3	321,571	3
1755	Right-of-use assets	150,762	1	106,078	1
1760	Investment properties	5,023,510	31	5,093,701	38
1780	Other intangible assets	2,457	-	2,368	-
1840	Deferred tax assets	28,931	-	42,799	-
1990	Other non-current assets	152,804	1	164,195	1
15XX	Total non-current assets	<u>11,132,236</u>	<u>69</u>	<u>10,687,230</u>	<u>79</u>
1XXX	TOTAL ASSETS	<u>\$ 16,135,125</u>	<u>100</u>	<u>\$ 13,579,128</u>	<u>100</u>
C o d e	L i a b i l i t i e s a n d e q u i t y				
	Current liabilities				
2100	Short-term borrowings	\$ 2,480,000	16	\$ 2,003,500	15
2110	Short-term notes payable	1,178,598	7	948,687	7
2130	Contract liabilities - current	26,043	-	49,987	-
2150	Notes payable	257,405	2	99,440	1
2160	Notes payable - related parties	38,720	-	12,229	-
2170	Accounts payable	97,448	1	58,767	1
2180	Accounts payable - related parties	6,724	-	529	-
2219	Other payables	130,552	1	93,039	1
2220	Other payables - related parties	1,186	-	1,231	-
2230	Current tax liabilities	16,728	-	28,980	-
2280	Lease liabilities - current	49,764	-	42,911	-
2320	Current portion of long-term borrowings	-	-	190,000	1
2399	Other current liabilities	839,876	5	2,718	-
21XX	Total current liabilities	<u>5,123,044</u>	<u>32</u>	<u>3,532,018</u>	<u>26</u>
	Non-current liabilities				
2570	Deferred tax liabilities	767,723	5	765,872	6
2580	Lease liabilities - non-current	105,243	-	64,766	-
2670	Other non-current liabilities)	127,997	1	129,104	1
25XX	Total non-current liabilities	<u>1,000,963</u>	<u>6</u>	<u>959,742</u>	<u>7</u>
2XXX	Total liabilities	<u>6,124,007</u>	<u>38</u>	<u>4,491,760</u>	<u>33</u>
	Equity attributable to owners of the company				
	Share Capital				
3110	Common shares	3,000,413	19	3,000,413	22
3200	Capital surplus	8,928	-	7,911	-
	Retained earnings				
3310	Legal reserve	497,780	3	459,911	3
3320	Special reserve	1,006,548	6	1,006,548	8
3350	Unappropriated earnings	1,058,957	7	951,961	7
3300	Total retained earnings	<u>2,563,285</u>	<u>16</u>	<u>2,418,420</u>	<u>18</u>
	Other equity				
3410	Exchange differences on translating the financial statements of foreign operations	( 6,638 )	-	( 5,019 )	-
3420	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	4,458,304	27	3,678,813	27
3400	Total other equity	<u>4,451,666</u>	<u>27</u>	<u>3,673,794</u>	<u>27</u>
3500	Treasury share	( 13,174 )	-	( 13,174 )	-
31XX	Total equity attributable to owners of the Company	<u>10,011,118</u>	<u>62</u>	<u>9,087,364</u>	<u>67</u>
36XX	Non-controlling Interests	-	-	4	-
3XXX	Total equity	<u>10,011,118</u>	<u>62</u>	<u>9,087,368</u>	<u>67</u>
	TOTAL LIABILITIES AND EQUITY	<u>\$ 16,135,125</u>	<u>100</u>	<u>\$ 13,579,128</u>	<u>100</u>

Chairman: Hsin-En Wu

President: Hsin-En Wu

Accounting Manager: Su-Juan Ke

Shinkong Textile Co., Ltd. and Subsidiaries  
Consolidated Statements of Comprehensive Income  
January 1 to March 31, 2021 and 2020

Unit: In Thousands of NT\$, provided that  
Earnings per share are in NT\$

Code		2021		2020	
		Amount	%	Amount	%
	Operating revenue				
4110	Sales revenue	\$ 2,397,995	87	\$ 1,792,301	83
4300	Rental revenue	350,315	13	355,916	17
4800	Other operating revenue	<u>604</u>	<u>-</u>	<u>996</u>	<u>-</u>
4000	Total operating revenue	<u>2,748,914</u>	<u>100</u>	<u>2,149,213</u>	<u>100</u>
	Operating costs				
5110	Cost of goods sold	( 1,927,419)	( 70)	( 1,411,442)	( 66)
5300	Rental costs	( <u>92,600</u> )	( <u>4</u> )	( <u>114,649</u> )	( <u>5</u> )
5000	Total operating costs	( <u>2,020,019</u> )	( <u>74</u> )	( <u>1,526,091</u> )	( <u>71</u> )
5900	Gross Profit	<u>728,895</u>	<u>26</u>	<u>623,122</u>	<u>29</u>
	Operating expenses				
6100	Selling and marketing	( 380,347)	( 14)	( 337,249)	( 16)
6200	General and administrative	( 121,886)	( 4)	( 97,970)	( 5)
6300	Research and development	( 25,941)	( 1)	( 23,704)	( 1)
6450	Expected credit gain	( <u>497</u> )	<u>-</u>	( <u>650</u> )	<u>-</u>
6000	Total operating expenses	( <u>528,671</u> )	( <u>19</u> )	( <u>459,573</u> )	( <u>22</u> )
6500	Other operating income and expenses	<u>-</u>	<u>-</u>	( <u>102</u> )	<u>-</u>
6900	Profit from operations	<u>200,224</u>	<u>7</u>	<u>163,447</u>	<u>7</u>
	NON-OPERATING INCOME AND EXPENSES				
7100	Interest income	475	-	1,977	-
7010	Other income	286,643	10	245,295	12
7020	Other gains and losses	( 19,911)	( 1)	( 36,442)	( 2)
7050	Finance costs	( 28,371)	( 1)	( 27,997)	( 1)
7060	Share of profit or loss of associates and joint ventures accounted for using the equity method	<u>46,013</u>	<u>2</u>	<u>49,676</u>	<u>2</u>
7000	Total non-operating income and expenses	<u>284,849</u>	<u>10</u>	<u>232,509</u>	<u>11</u>

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Code		2021		2020	
		Amount	%	Amount	%
7900	Income before income tax	485,073	17	395,956	18
7950	Income tax expense	( 34,190 )	( 1 )	( 31,464 )	( 1 )
8200	Net income	450,883	16	364,492	17
8310	Other comprehensive income Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans	( 5,991 )	-	3,110	-
8316	Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	801,363	29	319,869	15
8320	Share of other comprehensive income of associates and joint ventures accounted for using the equity method	( 21,862 )	( 1 )	5,681	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translating the financial statements of foreign operations	( 80 )	-	( 27 )	-
8370	Share of other comprehensive income of associates and joint ventures accounted for using the equity method	( 1,555 )	-	( 3,584 )	-

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8399	Income tax relating to items that may be reclassified subsequently to profit or loss	<u>16</u>	<u>-</u>	<u>5</u>	<u>-</u>
8300	Other comprehensive income or loss (net value after tax) in this period	<u>771,891</u>	<u>28</u>	<u>325,054</u>	<u>15</u>
8500	Total comprehensive income	<u>\$ 1,222,774</u>	<u>44</u>	<u>\$ 689,546</u>	<u>32</u>
	Net income attributable to:				
8610	Owners of the Company	\$ 450,887	16	\$ 365,025	17
8620	Non-controlling Interests	( <u>4</u> )	<u>-</u>	( <u>533</u> )	<u>-</u>
8600		<u>\$ 450,883</u>	<u>16</u>	<u>\$ 364,492</u>	<u>17</u>
	Total comprehensive income attributable to:				
8710	Owners of the Company	\$ 1,222,778	44	\$ 690,082	32
		<u>2021</u>		<u>2020</u>	
<u>Code</u>		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
8720	Non-controlling Interests	( <u>4</u> )	<u>-</u>	( <u>536</u> )	<u>-</u>
8700		<u>\$ 1,222,774</u>	<u>44</u>	<u>\$ 689,546</u>	<u>32</u>
	Earnings per share (Note 28)				
9710	Basic	<u>\$ 1.51</u>		<u>\$ 1.22</u>	
9810	Diluted	<u>\$ 1.51</u>		<u>\$ 1.22</u>	

Chairman: Hsin-En Wu    President: Hsin-En Wu    Accounting Manager: Su-Juan Ke

Shinkong Textile Co., Ltd. and Subsidiaries  
Consolidated Statements of Changes in Equity  
January 1 to March 31, 2021 and 2020

(In Thousands of New Taiwan Dollars)

		Equity Attributable to Owners of the Company							Other equity				
		Share capital	Retained earnings					Exchange Difference on translating the financial statements of foreign operations	Unrealized gains (losses) on financial assets at fair value  through other comprehensive income	Treasury share	T o t a l	Non-controlling I n t e r e s t s	Total Equity
C o d e		Number of Shares (In Thousand S h a r e s )	A m o u n t	Capital surplus	Legal reserve	Special reserve	Unappropriated e a r n i n g s						
A1	Balance at January 1, 2020	300,041	\$ 3,000,413	\$ 6,916	\$ 421,099	\$ 1,006,548	\$ 912,129	( \$ 1,416 )	\$ 3,371,877	( \$ 13,174 )	\$ 8,704,392	\$ 34,756	\$ 8,739,148
	Appropriation and distribution of earnings for 2019:												
B1	Legal reserve	-	-	-	38,812	-	( 38,812 )	-	-	-	-	-	-
B5	Cash dividends to shareholders of the Company	-	-	-	-	-	( 300,041 )	-	-	-	( 300,041 )	-	( 300,041 )
	Other changes in capital surplus:												
M1	Changes in capital surplus from dividends paid to subsidiaries	-	-	804	-	-	-	-	-	-	804	-	804
M5	Acquisition of partial interests in subsidiaries (Note 30)	-	-	-	-	-	( 8,064 )	-	-	-	( 8,064 )	8,064	-
T1	Dividends not collected before the designated date	-	-	191	-	-	-	-	-	-	191	-	191
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	18,614	-	( 18,614 )	-	-	-	-
D1	Net income in 2020	-	-	-	-	-	365,025	-	-	-	365,025	( 533 )	364,492
D3	Other comprehensive income in 2020, net of tax	-	-	-	-	-	3,110	( 3,603 )	325,550	-	325,057	( 3 )	325,054
D5	Total comprehensive income in 2020	-	-	-	-	-	368,135	( 3,603 )	325,550	-	690,082	( 536 )	689,546
O1	Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	( 42,280 )	( 42,280 )
Z1	Balance at December 31, 2020	300,041	3,000,413	7,911	459,911	1,006,548	951,961	( 5,019 )	3,678,813	( 13,174 )	9,087,364	4	9,087,368
	Appropriation of 2020 earnings												
B1	Legal reserve	-	-	-	37,869	-	( 37,869 )	-	-	-	-	-	-
B5	Cash dividends to shareholders of the Company	-	-	-	-	-	( 300,041 )	-	-	-	( 300,041 )	-	( 300,041 )
	Other changes in capital surplus:												
M1	Changes in capital surplus from dividends paid to subsidiaries	-	-	804	-	-	-	-	-	-	804	-	804
T1	Dividends not collected before the designated date	-	-	213	-	-	-	-	-	-	213	-	213
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	10	-	( 10 )	-	-	-	-
D1	Net income in 2021	-	-	-	-	-	450,887	-	-	-	450,887	( 4 )	450,883
D3	Other comprehensive income in 2021, net of tax	-	-	-	-	-	( 5,991 )	( 1,619 )	779,501	-	771,891	-	771,891
D5	Total comprehensive income in 2021	-	-	-	-	-	444,896	( 1,619 )	779,501	-	1,222,778	( 4 )	1,222,774
Z1	Balance at December 31, 2021	<u>300,041</u>	<u>\$ 3,000,413</u>	<u>\$ 8,928</u>	<u>\$ 497,780</u>	<u>\$ 1,006,548</u>	<u>\$ 1,058,957</u>	<u>( \$ 6,638 )</u>	<u>\$ 4,458,304</u>	<u>( \$ 13,174 )</u>	<u>\$ 10,011,118</u>	<u>\$ -</u>	<u>\$ 10,011,118</u>

Chairman: Hsin-En Wu    President: Hsin-En Wu    Accounting Manager: Su-Juan Ke

## Shinkong Textile Co., Ltd. and Subsidiaries

## Consolidated Statements of Cash Flows

January 1 to March 31, 2021 and 2020

(In Thousands of New Taiwan Dollars)

C o d e		2021	2020
	Cash flows from operating activities		
A10000	Income before income tax	\$ 485,073	\$ 395,956
A20010	Adjustments:		
A20100	Depreciation	126,485	139,050
A20200	Amortization	1,883	1,570
A20300	Expected credit losses	497	650
A20400	Net (gain) loss on fair value change of financial assets and liabilities as at FVTPL	( 12,012 )	4,275
A20900	Finance costs	28,371	27,997
A21200	Interest income	( 475 )	( 1,977 )
A21300	Dividend income	( 281,990 )	( 235,190 )
A22300	Share of profit or loss of associates accounted for using the equity method	( 46,013 )	( 49,676 )
A22500	Loss (gain) on disposal of property, plant and equipment	4,898	( 150 )
A23700	Write-downs of inventories	-	20,489
A23800	Gain from price recovery of inventories	( 21,024 )	-
A24500	Dividends not collected before the designated date reclassified to capital surplus	213	191
A22900	Gains (losses) on lease modification	( 2 )	98
A30000	Changes in operating assets and liabilities, net		
A31130	Notes receivable	( 22,489 )	( 313 )
A31150	Accounts receivable	( 79,277 )	( 119,413 )
A31180	Other receivables	( 10,269 )	275
A31200	INVENTORIES	( 305,492 )	15,307
A31230	Prepayments	( 38 )	( 836 )
A31240	Other current assets	9,258	( 10,956 )
A31990	Other Non-Current Assets	( 5,110 )	-
A32125	Contract liabilities	( 23,944 )	11,948
A32130	Notes payable	184,456	8,952
A32150	Accounts payable	44,876	( 1,132 )
A32180	Other payables	36,532	201
A32230	Other current liabilities	21,859	520
A32240	Net defined benefit assets	( 879 )	( 819 )
A32990	Other non-current liabilities	17	-

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Code		2021	2020
A33000	Cash generated from operations	135,404	207,017
A33300	Interest paid	( 28,249 )	( 28,575 )
A33500	Income tax paid	( 169,265 )	( 31,407 )
AAAA	Net cash (outflow) inflow from operating activities	( 62,110 )	147,035
	Cash flows from investing activities		
B00010	Acquisition of financial assets at fair value through other comprehensive income	( 130,494 )	( 125,717 )
B00020	Disposal of the financial assets at fair value through other comprehensive income	53	24,394
B00030	Proceeds from capital reduction of financial assets at fair value through other comprehensive income	16,569	28,257
B00050	Disposal of financial assets at amortized cost	-	2,250
B00100	Acquisition of financial assets at fair value through profit or loss	( 71,182 )	( 176,587 )
B00200	Proceeds from financial assets at fair value through profit or loss	98,986	90,341
B01800	Acquisition of long-term investment in shares accounted for using the equity method	( 9,665 )	( 9,607 )
B02000	Increase in prepayments for investments	( 100,000 )	-
B02700	Acquisition of property, plant, and equipment	( 124,573 )	( 57,391 )
B02800	Proceeds from disposal of property, plant, and equipment	1,548	150
B02800	Received prepayments for land	815,382	-
B03800	Decrease in refundable deposits	( 5,847 )	1,165
B04500	Acquisition of intangible assets	( 1,972 )	( 966 )
B05400	Acquisition of investment properties	( 75,893 )	-
B07100	Increase in prepayments for equipment	( 12,640 )	( 39,349 )
B07300	Prepaid for land	376	( 17,469 )
B07500	Interest received	475	1,977
B07600	Dividends received	281,990	235,190
B09900	Dividends received from associates	22,307	34,798
BBBB	Net cash provided by (used in) financing activities	705,420	( 8,564 )
	Cash flows from financing activities		
C00100	Proceeds from short-term borrowings	476,500	-
C00200	Decrease in short-term borrowings	-	( 3,000 )
C00500	Increase in short-term bills payable	230,000	310,000
C01700	Repayments of long-term borrowings	( 190,000 )	-
C03100	Refund of guarantee deposits received	( 1,124 )	( 805 )

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<u>Code</u>		<u>2021</u>	<u>2020</u>
C04020	Repayment of the principal portion of lease liabilities	( 44,573 )	( 43,789 )
C04500	Dividends paid to owners of the Company	( 299,237 )	( 299,237 )
C05800	Changes in non-controlling interests	<u>-</u>	( <u>42,280</u> )
CCCC	Net cash provided by (used in) financing activities	<u>171,566</u>	( <u>79,111</u> )
DDDD	Effects of exchange rate changes on cash and cash equivalent	( <u>80</u> )	( <u>27</u> )
EEEE	Net increase in cash and cash equivalents	814,796	59,333
E00100	Cash and cash equivalents at beginning of year	<u>594,798</u>	<u>535,465</u>
E00200	Cash and cash equivalents at end of year	<u>\$ 1,409,594</u>	<u>\$ 594,798</u>

Chairman: Hsin-En Wu    President: Hsin-En Wu    Accounting Manager: Su-Juan Ke

## Attachment IV

### Shinkong Textile Co., Ltd. Earnings Distribution Table 2021

Unit: NT\$

Item	Amount
Opening unappropriated earnings	614,051,483
Current net profit	450,886,944
Disposal of financial assets at fair value through other comprehensive income	9,623
Retained earnings recognized from re-measurement of defined benefit plans	(5,990,593)
Current net profit and adjusted amount	444,905,974
Accrual of legal surplus reserve (10%)	(44,490,597)
Current earnings available for distribution	1,014,466,860
Distribution items	
Dividends to shareholders - Cash dividends (at NT\$1 per share)	(300,041,280)
Ending unappropriated earnings	714,425,580

Chairman:  
Manager:



Managerial Officer:



Accounting



## Attachment V

### Shinkong Textile Co., Ltd.

#### Comparison Table on “Articles of Incorporation” before and after Amendment

Article	Provision before amendment	Current provision	Statement on Amendment
Article 2	<p>The businesses of the Company are as follows:</p> <p>I. C302010 Knit fabric mills.</p> <p>II. C305010 Printing, dyeing, and finishing mills.</p> <p>III. C306010 Apparel industry.</p> <p>IV. C399990 Other textile and product manufacturing mills.</p> <p>V. <u>F102030 Cigarette and wine wholesale.</u></p> <p>VI. <u>F104110 Wholesale of cloths, clothes, shoes, hat, umbrella and apparel, as well as clothing accessories.</u></p> <p>VII. <u>F106020 Wholesale of daily necessities.</u></p> <p>VIII. <u>F108040 Wholesale of cosmetics.</u></p> <p>IX. <u>F109070 Wholesale of educational, cultural, musical and entertainment products.</u></p> <p>X. <u>F203020 Retail of cigarettes and wine.</u></p> <p>XI. <u>F204110 Retail of cloths, clothes, shoes, hat, umbrella and apparel, as well as clothing accessories.</u></p> <p>XI. <u>F206020 Retail of daily necessities.</u></p> <p>XIII. <u>F208040 Retail of cosmetics.</u></p> <p>XIV. <u>F209060 Retail of educational, cultural, musical and</u></p>	<p>The businesses of the Company are as follows:</p> <p>I. C302010 Knit fabric mills.</p> <p>II. C305010 Printing, dyeing, and finishing mills.</p> <p>III. C306010 Apparel industry.</p> <p>IV. C399990 Other textile and product manufacturing mills.</p> <p>V. F104110 Wholesale of cloths, clothes, shoes, hat, umbrella and apparel, as well as clothing accessories.</p> <p>VI. F106020 Wholesale of daily necessities.</p> <p>VII. F204110 Retail of cloths, clothes, shoes, hat, umbrella and apparel, as well as clothing accessories.</p> <p>VIII. F206020 Retail of daily necessities.</p> <p>IX. F301010 Department stores.</p> <p>X. F399040 Detail business without shops.</p> <p>XI. F401010 International trade.</p> <p>XXII. F401021 Import of restrained telecom radio frequency equipment and materials.</p> <p>XIII. G202010 Parking garage business.</p> <p>XIV. H701010 Residence and buildings development, leasing, and sale</p> <p>XV. H701020 Industrial factory buildings</p>	<p>The operation items are added to the Articles of Incorporation in support of the Company's business development needs and the other items are accordingly adjusted.</p>



Article	Provision before amendment	Current provision	Statement on Amendment
	<u>entertainment products.</u> <u>XV.</u> F301010 Department stores. <u>XVI.</u> F399040 Detail business without shops. <u>XVII.</u> F401010 International trade. <u>XVIII.</u> F401021 Import of restrained telecom radio frequency equipment and materials <u>XIX.</u> G202010 Parking garage business <u>XX.</u> H701010 Residence and buildings development, leasing, and sale <u>XXI.</u> H701020 Industrial factory buildings development, leasing, and sale <u>XXII.</u> H703090 Real estate trading business. <u>XXIII.</u> H703100 Real estate leasing business. <u>XXIV.</u> I301010 Information software services. <u>XXV.</u> I501010 Product design industry. <u>XXVI.</u> J202010 Industrial development. <u>XXVII.</u> JB01010 Conference and exhibition services. <u>XXVIII.</u> ZZ99999 Businesses that are not prohibited or restricted by law, except those which are subject to special approval.	development, leasing, and sale. XVI. H703090 Real estate trading business. XVII. H703100 Real estate leasing business. XVII. I301010 Information software services. XIX. I501010 Product design industry. XX. J202010 Industrial development. XXI. JB01010 Conference and exhibition services. XXII. ZZ99999 In addition to the approved business, the Company may engage in all businesses except those which are otherwise prohibited or restricted by law.	

Article	Provision before amendment	Current provision	Statement on Amendment
Article 10 - 1	<p><u>The Company shall hold the Shareholders' Meeting in the form of video conference or other manners announced by the central regulatory authority. If the Shareholders' Meeting is convened via video conferencing, a shareholder who attends the meeting via video conferencing shall be deemed to attend in person.</u></p> <p><u>When the Company holds the Shareholders' Meeting in the form of video conference or other manners announced by the central regulatory authority, the conditions that shall be satisfied, working procedures and other matters that shall be observed shall be subject to the provisions of the securities regulation authority.</u></p>		<ol style="list-style-type: none"> <li>1. This article is added.</li> <li>2. It is made clear that the Company may hold the Shareholders' Meeting in the form of video conference or other manners announced by the central regulatory authority, in support of the amendment made to Article 172-2 of the Company Act on December 29, 2021.</li> </ol>
Article 27	<p>If profit is made by the Company in the year, no less than one percent of the said profit shall be allocated as the remuneration for employees. The Board of Directors shall adopt an <u>extraordinary</u> resolution on whether to issue the remuneration in shares or cash. The Company permits its Board of Directors to allocate no more than five percent of the amount of the aforementioned profit as the remuneration for Directors through an extraordinary resolution. The proposal for distribution of remuneration to</p>	<p>If profit is made by the Company in the year, no less than one percent of the said profit shall be allocated as the remuneration for employees. The Board of Directors shall resolve whether to issue the remuneration in shares or cash. The Company permits its Board of Directors to allocate no more than five percent of the amount of the aforementioned profit as the remuneration for Directors. The proposal for distribution of remuneration to employees and Directors shall be reported at the Shareholders' Meeting.</p>	<ol style="list-style-type: none"> <li>1. Item 3 of Article 235-1 of the Company Act stipulates that “employee dividends in the first two items shall be distributed in the form of shares or cash, and director dividends shall be distributed in the form of cash. The</li> </ol>

Article	Provision before amendment	Current provision	Statement on Amendment
	<p>employees and Directors shall be reported at the Shareholders' Meeting. However, in case of any cumulative losses, the Company shall keep a certain amount in advance to cover the losses, and then allocate a certain amount based on the said proportion as the remuneration for employees and Directors.</p> <p>The Company offers employee treasury stocks, employee stock options, new shares subscription by employees, new restricted employee shares, and employee remuneration, etc., their payment objects may include such employees of the companies controlled by or affiliated to the Company as relating to the Company's businesses.</p>	<p>However, in case of any cumulative losses, the Company shall keep a certain amount in advance to cover the losses, and then allocate a certain amount based on the said proportion as the remuneration for employees and Directors.</p> <p>The Company offers employee treasury stocks, employee stock options, new shares subscription by employees, new restricted employee shares, and employee remuneration, etc., their payment objects may include such employees of the companies controlled by or affiliated to the Company as relating to the Company's businesses.</p>	<p>distribution of dividends shall be approved by more than one half of the Directors present at the Board of Directors' meeting attended by at least two-thirds of all Directors, and shall be reported at the Shareholders' Meeting.</p> <p>Thus, the provision is amended to make it clear that the remunerations to employees shall be distributed in the form of shares or cash and determined by the Board of Directors through an extraordinary resolution.</p> <p>2. The determination procedure for</p>

Article	Provision before amendment	Current provision	Statement on Amendment
			<p>the annual remunerations to the directors and supervisors shall be compared to that for the remunerations to employees, and resolved by the Board of Directors at a meeting attended by more than two thirds of the directors and approved by more than one half of the directors present at the meeting, pursuant to the Letter of Interpretation numbered Jing Shang Zi 10402413890 and the Letter of Interpretation numbered Jing Shang Zi 10402427800 issued by the Ministry of</p>

Article	Provision before amendment	Current provision	Statement on Amendment
			Economic Affairs on June 11, 2015 and October 15, 2015.
Article 27 - 1	<p>If there are current net profits after tax in the Company's annual final accounts, 10 % of the balance, after deducting cumulative losses (including adjustment to unappropriated earnings), shall be allocated as statutory surplus reserves, except when the cumulative statutory surplus has reached the paid-in capital of the Company. Special surplus reserves shall also be allocated or written off in accordance with laws and regulations; if there's any balance, the Board of Directors shall issue earnings distribution plan for such balance and the opening unappropriated earnings (including adjustment to unappropriated earnings).</p> <p><u>If the "net increase in accumulated fair value of property held for investment in previous period" and the "net decrease in accumulated other equities in pervious periods" are not accrued in full, the Company shall, before distributing the earnings, accrue the special surplus reserve in the same amount out of the undistributed earnings in the current period,</u></p>	<p>If there are current net profits after tax in the Company's annual final accounts, 10 % of the balance, after deducting cumulative losses (including adjustment to unappropriated earnings), shall be allocated as statutory surplus reserves, except when the cumulative statutory surplus has reached the paid-in capital of the Company. Special surplus reserves shall also be allocated or written off in accordance with laws and regulations; if there's any balance, the Board of Directors shall issue earnings distribution plan for such balance and the opening unappropriated earnings (including adjustment to unappropriated earnings). Where the earnings are distributed in the form of cash dividends, it shall be resolved by over half of the Directors present at a meeting attended by more than two-thirds of the Board of Directors, and shall be reported to the Shareholders' Meeting. Where they are distributed by issuing shares or paying dividends, it shall be resolved at the Shareholders' Meeting.</p>	<ol style="list-style-type: none"> <li>Item 1 of the current provision is split and listed as Items 1 and 3 of the amended article.</li> <li>Item 2 is added in accordance with Decrees FSC Securities Document 10901500221 and 1090150022 promulgated by the Financial Supervisory Commission.</li> <li>Item 2 of the current provision is listed as Item 4 of the amended article.</li> </ol>

Article	Provision before amendment	Current provision	Statement on Amendment
	<p><u>and if there is still any discrepancy, the Company shall accrue it out of the undistributed earnings, which are the after-tax net profit in the current period plus the other items in the current period.</u></p> <p>Where the earnings are distributed in the form of cash dividends, it shall be resolved by over half of the Directors present at a meeting attended by more than two-thirds of the Board of Directors, and shall be reported to the Shareholders' Meeting. Where they are distributed by issuing shares or paying dividends, it shall be resolved at the Shareholders' Meeting.</p> <p>The Company adopts a remaining dividend policy, in order to make cooperation in long-term financial planning to seek sustainable and stable business development and to consider the demands for capital budget and working capital. Earnings shall be distributed in cash and/or by issuing shares, with the cash dividends no less than ten percent of the total dividends.</p>	<p>The Company adopts a remaining dividend policy, in order to make cooperation in long-term financial planning to seek sustainable and stable business development and to consider the demands for capital budget and working capital. Earnings shall be distributed in cash and/or by issuing shares, with the cash dividends no less than ten percent of the total dividends.</p>	
Article 30	These Articles of Incorporation were formulated on April 15, 1955, ... and the thirty-ninth amendment was made on June 22, 2015. The 40th amendment was made on June 13, 2016. The	These Articles of Incorporation were formulated on April 15, 1955, ... and the thirty-ninth amendment was made on June 22, 2015. The 40th amendment was made on June 13, 2016. The	Add the amendment date

Article	Provision before amendment	Current provision	Statement on Amendment
	41st amendment was made on May 26, 2017. The 42nd amendment was made on June 14, 2019. The 43rd amendment was made on June 19, 2020. <u>The 44th amendment was made on June 10, 2022.</u>	41st amendment was made on May 26, 2017. The 42nd amendment was made on June 14, 2019. The 43rd amendment was made on June 19, 2020.	

## Attachment VI

### Shinkong Textile Co., Ltd.

Comparison Table on “Procedures for Acquisition and Disposal of Assets” before and after Amendment

A m e n d e d   A r t i c l e	C u r r e n t   p r o v i s i o n	Description
<p>Article 5</p> <p>Professional appraisers and their appraisal officers, certified public accountants, attorneys and securities underwriters, who provide the Company with appraisal reports or opinions shall meet the following requirements:</p> <p>I. They have not previously received a final and non-appealable sentence of imprisonment for one year or more for a violation of Regulations Governing the Acquisition and Disposal of Assets by Public Companies, the Company Act, Banking Act, Insurance Act, Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery, or occupational crime. However, this provision does not apply if three years have passed since the completion of the sentence, expiration of the term of probation, or grant of a pardon.</p> <p>II. They shall not be a related party or de facto related party of any party to the transaction.</p> <p>III. If the Company is required to obtain appraisal reports from two or more professional appraisers, such professional appraisers or appraisal officers shall not be related parties or de facto related parties of each</p>	<p>Article 5</p> <p>Professional appraisers and their appraisal officers, certified public accountants, attorneys and securities underwriters, who provide the Company with appraisal reports or opinions shall meet the following requirements:</p> <p>I. They have not previously received a final and non-appealable sentence of imprisonment for one year or more for a violation of Regulations Governing the Acquisition and Disposal of Assets by Public Companies, the Company Act, Banking Act, Insurance Act, Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery, or occupational crime. However, this provision does not apply if three years have passed since the completion of the sentence, expiration of the term of probation, or grant of a pardon.</p> <p>II. They shall not be a related party or de facto related party of any party to the transaction.</p> <p>III. If the Company is required to obtain appraisal reports from two or more professional appraisers, such professional appraisers or appraisal officers shall not be related parties or de facto related parties of each</p>	<p>1. Amended in accordance with Decree FSC Securities Document No. 1110380465 promulgated by the Financial Supervisory Commission on January 28, 2022.</p> <p>2. It is intended to define the procedures external experts shall observe and their responsibilities and make it clear that professional appraisers and their appraisal officers, certified public accountants, attorneys and securities underwriters who provide the Company with appraisal reports or opinion letters</p>



Amended Article	Current provision	Description
<p>other.</p> <p>The professionals referred to in the preceding paragraph shall comply with the <u>self-regulation codes of respective industry associations</u> and the following matters when preparing and issuing an appraisal report or opinion letter:</p> <p>I. Prior to accepting an assignment, they shall carefully evaluate their own professional capabilities, practice experience, and independence.</p> <p>II. When <u>working</u> on an assignment, they shall adopt and implement adequate operating procedures in formulating a conclusion and use the conclusion as the basis for issuing the report or opinion letter. The procedures implemented, data collected, and conclusion reached shall be fully and accurately recorded in the working papers.</p> <p>III. They shall conduct an item-by-item evaluation on the <u>suitability</u> and reasonableness of the sources of data, parameters, and information used as the basis of the appraisal report or opinion letter.</p> <p>IV. They shall issue a statement attesting to the professional competence and independence of the personnel who are involved in the preparation and issuance of the report or opinion letter, and that they have evaluated and found that the information used is <u>appropriate</u></p>	<p>other.</p> <p>The professionals referred to in the preceding paragraph shall comply with the following provisions when preparing and issuing an appraisal report or opinion letter:</p> <p>I. Prior to accepting an assignment, they shall carefully evaluate their own professional capabilities, practice experience, and independence.</p> <p>II. When <u>investigating</u> a case, they shall adopt and implement adequate operating procedures in formulating a conclusion and use the conclusion as the basis for issuing the report or opinion letter. The procedures implemented, data collected, and conclusion reached shall be fully and accurately recorded in the working papers.</p> <p>III. They shall conduct an item-by-item evaluation on the <u>completeness, accuracy, and reasonableness</u> of the sources of data, parameters, and information used as the basis of the appraisal report or opinion letter.</p> <p>IV. They shall issue a statement attesting to the professional competence and independence of the personnel who are involved in the preparation and issuance of the report or opinion letter, and that they have evaluated and found that the information used is reasonable</p>	<p>shall follow the self-regulation codes of respective industry associations in addition to completing relevant working procedures when they undertake and execute the case.</p> <p>3. Considering the experts' work to execute and issue the appraisal report or letter of opinion on reasonableness is not the review of the financial report, paragraph 2 "investigating a case" under item 2 is amended to "executing a case".</p> <p>4. To keep consistent with the actual appraisal</p>

A m e n d e d   A r t i c l e	C u r r e n t   p r o v i s i o n	D e s c r i p t i o n
and reasonable, and that they have complied with applicable laws and regulations.	and <u>accurate</u> , and that they have complied with applicable laws and regulations.	matters, including data sources and parameters used by experts, the expression of “completeness, accuracy, and reasonableness” is hereby amended to “suitability and reasonableness” and the expressions in paragraphs 3 and 4 in item 2 are hereby amended to be commensurate with the actual condition.
<p>Article 9</p> <p>In the event of the Company's acquisition or disposal of real property, right-of-use assets for property, equipment or right-of-use assets thereof where the transaction amount reaches NT\$300 million or more, except for the transactions with domestic government agencies, engaging others to build on their own lands, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof for business use, the Company shall obtain an appraisal report from a professional appraiser prior to the</p>	<p>Article 9</p> <p>In the event of the Company's acquisition or disposal of real property, right-of-use assets for property, equipment or right-of-use assets thereof where the transaction amount reaches NT\$300 million or more, except for the transactions with domestic government agencies, engaging others to build on their own lands, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof for business use, the Company shall obtain an appraisal report from a professional appraiser prior to the</p>	<p>1. Amended in accordance with Decree FSC Securities Document No. 1110380465 promulgated by the Financial Supervisory Commission on January 28, 2022.</p> <p>2. Considering Article 5 has been amended</p>

A m e n d e d   A r t i c l e	C u r r e n t   p r o v i s i o n	D e s c r i p t i o n
<p>Date of Occurrence and shall comply with the following provisions:</p> <p>I. In the event that, due to special circumstances, the transaction price shall refer to a limited price, a specified price or a special price, the transaction shall be adopted at the Board of Directors' meeting, and the same procedure shall apply to subsequent changes to the terms and conditions of the transaction.</p> <p>II. Where the transaction amount is more than NT\$ 1 billion, appraisals from two or more professional appraisers shall be obtained.</p> <p>III. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>(I) Where the discrepancy</p>	<p>Date of Occurrence and shall comply with the following provisions:</p> <p>I. In the event that, due to special circumstances, the transaction price shall refer to a limited price, a specified price or a special price, the transaction shall be adopted at the Board of Directors' meeting, and the same procedure shall apply to subsequent changes to the terms and conditions of the transaction.</p> <p>II. Where the transaction amount is more than NT\$ 1 billion, appraisals from two or more professional appraisers shall be obtained.</p> <p>III. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal <u>in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (abbreviated as ARDF hereafter)</u> and render a specific opinion regarding the reason for the discrepancy and the</p>	<p>and added the requirement that the self-regulation standards external experts should comply with the self-regulation standards of respective industry associations, and this requirement already covers the executive procedure for the CPA to issue the letter of opinion, the content related to the audit standards the CPA shall observe is thus deleted.</p> <p>3. In the construction industry now, if the Company fails to obtain the appraisal report for the due reason, obtains the appraisal report within</p>

Amended Article	Current provision	Description
<p>between the appraisal result and the transaction amount is 20% or more of the transaction amount.</p> <p>(II) Where the discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.</p> <p>IV. The date of the report issued by the professional valuer and the date of the establishment of the contract shall not exceed 3 months. However, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, the original professional appraiser may still issue an opinion.</p> <p>If the Company transforms to the construction industry, the Company will use the limited price, specific price or special price as the reference basis for the transaction price. When failing to obtain the appraisal report immediately for a due reason, the Company shall obtain the appraisal report within two weeks after the occurrence data of such fact and <u>obtain the CPA's opinion within two weeks after obtaining the appraisal report.</u></p>	<p>appropriateness of the transaction price:</p> <p>(I) Where the discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount.</p> <p>(II) Where the discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.</p> <p>IV. The date of the report issued by the professional valuer and the date of the establishment of the contract shall not exceed 3 months. However, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, the original professional appraiser may still issue an opinion.</p> <p>If the Company transforms to the construction industry, the Company will use the limited price, specific price or special price as the reference basis for the transaction price. When failing to obtain the appraisal report immediately for a due reason, the Company shall obtain the appraisal report within two weeks after the occurrence data of such fact and <u>obtain the CPA's opinion.</u></p>	<p>two weeks after the occurrence data of such fact and the valuation result in paragraph 3 of item 1 deviates from the transaction price to certain extent, the Company shall require the CPA to issue the letter of opinion. Considering the actual working time requirement of the CPA, item 2 has been amended, and the period of obtaining the letter of opinion from the CPA has been relaxed to no more than two weeks after obtaining the appraisal report.</p>
<p>Article 10</p> <p>When acquiring or disposing of negotiable securities, the Company</p>	<p>Article 10</p> <p>When acquiring or disposing of negotiable securities, the Company</p>	<p>The reason for amendment is the same as the</p>

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shall obtain the most recent financial statements of the target company verified, assured or reviewed by the accountant to serve as the reference for the transaction price. If the transaction amount is NT\$300 million or more, the Company shall require the CPA to provide an opinion regarding the reasonableness of the transaction price. However, this requirement does not apply to publicly quoted prices of securities that have an active market, or where otherwise provided by the securities regulations.	shall obtain the most recent financial statements of the target company verified, assured or reviewed by the accountant to serve as the reference for the transaction price. If the transaction amount is 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. <u>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 ARDE.</u> However, this requirement does not apply to publicly quoted prices of securities that have an active market, or where otherwise provided by the securities regulations.	description in Article 9.
Article 11 If the transaction amount is NT\$300 million or more in the acquisition or disposal of intangible assets, right-of-use assets for intangible assets or member certificates, the Company shall require the CPA to provide an opinion regarding the reasonableness of the transaction price, excluding transactions with domestic government organs.	Article 11 If the transaction amount is NT\$300 million or more in the acquisition or disposal of intangible assets, right-of-use assets for intangible assets or member certificates, the Company shall require the CPA to provide an opinion regarding the reasonableness of the transaction price, excluding transactions with domestic government organs, and the <u>CPA shall follow the provisions of the Audit Standard Announcement No. 20 published by the Accounting Research and Development Foundation.</u>	The reason for amendment is the same as the description in Article 9.
Articles 15 When the Company acquires or	Articles 15 When the Company acquires or	1. Amended in accordance

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disposes of any property or the right-of-use asset for property or assets other than the property or right-of-use asset thereof to or from a related party and the transaction amount reaches NT\$300 million or more, the Company shall submit the following documents to the Audit Committee for approval, submit it to the Board of Directors for approval before signing the transaction contract and paying the price, except for the trading of government bonds, trading of bonds with buyback or redemption options, or subscription or redemption of money market funds issued by domestic securities investment trust firms :	disposes of any property or the right-of-use asset for property or assets other than the property or right-of-use asset thereof to or from a related party and the transaction amount reaches NT\$300 million or more, the Company shall submit the following documents to the Audit Committee for approval, submit it to the Board of Directors for approval before signing the transaction contract and paying the price, except for the trading of government bonds, trading of bonds with buyback or redemption options, or subscription or redemption of money market funds issued by domestic securities investment trust firms :	with Decree FSC Securities Document No. 1110380465 promulgated by the Financial Supervisory Commission on January 28, 2022.
I. The purpose, necessity and expected benefits of the acquisition or disposal of assets;	I. The purpose, necessity and expected benefits of the acquisition or disposal of assets;	2. Items 3 to 5 in the current provision are moved and listed as items 2-4 of the amended article.
II. The reason for choosing a related party as the counterparty;	II. The reason for choosing a related party as the counterparty;	3. According to the practices in the major international capital markets, item 5 is added to reinforce the management of related party transactions: If a public company or its subsidiary other than a domestic public company acquires or disposes of
III. Documents used to assess whether the predefined transaction terms are reasonable or not in accordance with Article 16 and Article 17, when the Company acquires property or right-of-use asset thereof from a related party.	III. Documents used to assess whether the predefined transaction terms are reasonable or not in accordance with Article 16 and Article 17, when the Company acquires property or right-of-use asset thereof from a related party.	
IV. The date and price of original acquisition by the related party, counterparty, relation with the Company and the related party, and other affairs;	IV. The date and price of original acquisition by the related party, counterparty, relation with the Company and the related party, and other affairs;	
V. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluate the	V. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluate the necessity of the transaction and	

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<p>necessity of the transaction and reasonableness of the fund utilization;</p> <p>VI. The appraisal report from a professional appraiser or a CPA's opinion obtained in accordance with the preceding paragraph.</p> <p>7. Restrictive covenants and other important stipulations associated with the transaction.</p> <p>When the Company engages in the following transaction with the parent company, a subsidiary or a subsidiary where the Company directly or indirectly holds 100% of the issued shares or total capital, the Board of Directors shall authorize the Chairman to decide the transaction to the extent of certain limit and then report it to the most recent meeting of the Board of Directors for retroactive confirmation, according to paragraph 3 of Article 7-1:</p> <p>I. Acquisition or disposal of equipment for business purpose or right-of-use asset thereof;</p> <p>II. Acquisition or disposal of property for business purpose or right-of-use asset thereof;</p> <p>When submitting a transaction to the Board of Directors for discussion in accordance with item 1, the Company shall fully consider the opinions of the Independent Directors. Where an</p>	<p>reasonableness of the fund utilization;</p> <p>VI. The appraisal report from a professional appraiser or a CPA's opinion obtained in accordance with the preceding paragraph.</p> <p>7. Restrictive covenants and other important stipulations associated with the transaction.</p> <p>The transaction amount in the previous item shall be calculated in accordance with the provision of Article 31-2, unless the Company has submitted it to the Audit Committee and the Board of Directors and for approval within one year before the occurrence date of the recent transaction in accordance with this operating procedure.</p> <p>When the Company engages in the following transaction with the parent company, a subsidiary or a subsidiary where the Company directly or indirectly holds 100% of the issued shares or total capital, the Board of Directors shall authorize the Chairman to decide the transaction to the extent of certain limit and then report it to the most recent meeting of the Board of Directors for retroactive confirmation, according to paragraph 3 of Article 7-1:</p> <p>I. Acquisition or disposal of equipment for business purpose or right-of-use asset thereof;</p> <p>II. Acquisition or disposal of property for business purpose or right-of-use asset thereof;</p> <p>When submitting a transaction to the Board of Directors for discussion in</p>	<p>assets with a related party and the transaction amount reaches ten percent or more of the total assets of the public company, the public company shall submit related documents to the Shareholders' Meeting for approval before conducting the transaction to assure the rights and interests of the shareholders, but the transactions between the public company and its parent company or subsidiary or between its subsidiaries can be exempted from being submitted to</p>

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<p>Independent Director takes a negative opinion or reserves opinion, it shall be recorded in the meeting record of the Board of Directors.</p> <p>The Company shall first obtain the approval from more than half of all members of the Audit Committee in accordance with item 1 and submit it to the Board of Directors for resolution in accordance with the provisions of items 4 and 5 in Article 6.</p> <p><u>If the Company or any of its subsidiary other than a domestic public company conducts the transaction under item 1, and the transaction amount reaches ten percent or more of the total assets of the Company, the Company shall submit various documents listed in item 1 to the Shareholders' Meeting for approval before signing the transaction contract and paying the price. However, this is not applicable to the transaction between the Company and the parent company or subsidiary or between the subsidiaries.</u></p> <p><u>The transaction amount in item 1 and the previous item shall be calculated in accordance with the provision of Article 31-2, unless the Company has submitted it to the Audit Committee, the Board of Directors and the Shareholders' Meeting for approval within one year before the occurrence date of the recent transaction in accordance with this operating procedure.</u></p>	<p>accordance with item 1, the Company shall fully consider the opinions of the Independent Directors. Where an Independent Director takes a negative opinion or reserves opinion, it shall be recorded in the meeting record of the Board of Directors.</p> <p>The Company shall first obtain the approval from more than half of all members of the Audit Committee in accordance with item 1 and submit it to the Board of Directors for resolution in accordance with the provisions of items 4 and 5 in Article 6.</p>	<p>the Shareholders' Meeting for resolution.</p> <p>4. Item 2 in the current provision is moved and listed as item 6 of the amended article, and item 5 is added in relation to the calculation of the transaction amount that shall be submitted to the Shareholders' Meeting for approval.</p>
Article 31	Article 31	1. Amended in



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<p>When the Company's acquisition or disposal of assets involves any of the following circumstances, the Company shall, depending on the nature and in accordance with the specified format, submit related documents to the website designated by the securities regulator to complete the announcement and disclosure procedure within two days after the occurrence of such fact:</p> <p>I. When the Company acquires or disposes of any property or the right-of-use asset for property or assets other than the property or right-of-use asset thereof to or from a related party and the transaction amount reaches NT\$300 million or more. However, the trading of domestic government bonds or bonds with the buyback or redemption clause or the subscription or purchase of domestic securities investments or money market funds issued by the trust industry are not included.</p> <p>II. Conduct the share merger, split, acquisition or transfer.</p> <p>3. The loss from the engagement in derivative trading reaches the loss ceiling in all or part of contracts specified by the disposal procedure.</p> <p>IV. The Company acquires or disposes of the equipment for business purpose or right-of-use asset thereof the counterparty is not a related party and the</p>	<p>When the Company's acquisition or disposal of assets involves any of the following circumstances, the Company shall, depending on the nature and in accordance with the specified format, submit related documents to the website designated by the securities regulator to complete the announcement and disclosure procedure within two days after the occurrence of such fact:</p> <p>I. When the Company acquires or disposes of any property or the right-of-use asset for property or assets other than the property or right-of-use asset thereof to or from a related party and the transaction amount reaches NT\$300 million or more. However, the trading of domestic government bonds or bonds with the buyback or redemption clause or the subscription or purchase of domestic securities investments or money market funds issued by the trust industry are not included.</p> <p>II. Conduct the share merger, split, acquisition or transfer.</p> <p>3. The loss from the engagement in derivative trading reaches the loss ceiling in all or part of contracts specified by the disposal procedure.</p> <p>IV. The Company acquires or disposes of the equipment for business purpose or right-of-use asset thereof the counterparty is not a related party and the</p>	<p>accordance with Decree FSC Securities Document No. 1110380465 promulgated by the Financial Supervisory Commission on January 28, 2022.</p> <p>2. Considering public companies are exempted from reporting and disclosing the trading of government bonds, item 1 in paragraph 7 of clause 1 is thus amended to relax the credit rating of foreign government bonds no lower than the sovereign rating of our country.</p> <p>3. Considering the pure commodity nature of foreign government bonds and the</p>

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<p>transaction amount reaches one of the following amounts specified below:</p> <p>(I) If the paid-in capital of the Company is no more than NT\$10 billion, the transaction amount reaches NT\$500 million or above.</p> <p>(II) If the paid-in capital of the Company is more than NT\$10 billion, the transaction amount reaches NT\$1billion or above.</p> <p>V. If the Company transforms to the construction industry, the Company acquires or disposes of the property for business purpose or right-of-use asset thereof, the counterparty is not a related party and the transaction amount reaches NT\$500 million or above. In particular, if the paid-in capital of the Company is more than NT\$10 billion, the Company disposes of the property developed by itself, the counterparty is not a related party and the transaction amount reaches NT\$1 billion or above.</p> <p>VI. If the Company acquires the property by means of fiduciary construction on its own land, fiduciary construction on the leased land, house sharing through joint construction, sharing through joint construction and separate sales through joint construction, the counterparty is not a related party and the transaction amount</p>	<p>transaction amount reaches one of the following amounts specified below:</p> <p>(I) If the paid-in capital of the Company is no more than NT\$10 billion, the transaction amount reaches NT\$500 million or above.</p> <p>(II) If the paid-in capital of the Company is more than NT\$10 billion, the transaction amount reaches NT\$1billion or above.</p> <p>V. If the Company transforms to the construction industry, the Company acquires or disposes of the property for business purpose or right-of-use asset thereof, the counterparty is not a related party and the transaction amount reaches NT\$500 million or above. In particular, if the paid-in capital of the Company is more than NT\$10 billion, the Company disposes of the property developed by itself, the counterparty is not a related party and the transaction amount reaches NT\$1 billion or above.</p> <p>VI. If the Company acquires the property by means of fiduciary construction on its own land, fiduciary construction on the leased land, house sharing through joint construction, sharing through joint construction and separate sales through joint construction, the counterparty is not a related party and the transaction amount</p>	<p>indexed investment securities are similar to the indexed stock funds in nature, item 1 in paragraph 7 of clause 2 is hereby amended to exempt the company that engages in the investment operation from disclosing the subscription of foreign government bonds or subscription or redemption of indexed investment securities in the primary market.</p>

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<p>expected by the Company reaches NT\$500 million or above.</p> <p>VII. For the asset transaction, credit disposal by the financial institution or the investment in the Chinese Mainland, the amount of every transaction or the accumulated amount of the transactions with the same counterparty or the subject assets in the same nature within one year, or the accumulated amount of the property acquired or disposed of (acquisition and disposal are accumulated separately) under the same development project within one year or the amount of the same negotiable securities reaches NT\$300 million or above. However, this is not applicable to the following cases:</p> <p>(I) Trade domestic government bonds or <u>foreign government bonds with the credit rating no lower than the sovereign rating of our country.</u></p> <p>(II) Engage in the investment operation, trade negotiable securities at the stock exchange or the business premise of the securities company, or subscribe for <u>foreign government bonds</u> in the primary market, offer general corporate bonds and general financial bonds that don't involve equities</p>	<p>expected by the Company reaches NT\$500 million or above.</p> <p>VII. For the asset transaction, credit disposal by the financial institution or the investment in the Chinese Mainland, the amount of every transaction or the accumulated amount of the transactions with the same counterparty or the subject assets in the same nature within one year, or the accumulated amount of the property acquired or disposed of (acquisition and disposal are accumulated separately) under the same development project within one year or the amount of the same negotiable securities reaches NT\$300 million or above. However, this is not applicable to the following cases:</p> <p>(I) Trade domestic government bonds.</p> <p>(II) Engage in the investment operation, trade negotiable securities at the stock exchange or the business premise of the securities company, or subscribe for general corporate bonds offered and general financial bonds that don't involve equities (excluding subordinated bonds) in the primary market, or subscribe for or redeem</p>	

Amended Article	Current provision	Description
<p>(excluding subordinated bonds), or subscribe for or redeem securities investment trust funds or futures trust funds, <u>or subscribe for or redeem indexed investment securities</u>, or the securities company, serves as the tutor or sponsor of the OTC company based on the need of the underwriting business, or subscribes for negotiable securities in accordance with the provisions of the Taipei Exchange.</p> <p>(III) However, the trading of bonds with the buyback or redemption clause or the subscription or purchase of domestic securities investments or money market funds issued by the trust industry are not included.</p> <p>The transaction amount in the previous item is calculated in the following manner:</p> <p>I. Amount of every transaction.</p> <p>II. Accumulated amount of the transactions with the same counterparty or the subject assets in the same nature.</p> <p>III. Accumulated amount of the property acquired or disposed of (acquisition and disposal are accumulated separately) or the right-of-use assets thereof under the same development project</p>	<p>securities investment trust funds or futures trust funds, or the securities company, serves as the tutor or sponsor of the OTC company based on the need of the underwriting business, or subscribes for negotiable securities in accordance with the provisions of the Taipei Exchange.</p> <p>(III) However, the trading of bonds with the buyback or redemption clause or the subscription or purchase of domestic securities investments or money market funds issued by the trust industry are not included.</p> <p>The transaction amount in the previous item is calculated in the following manner:</p> <p>I. Amount of every transaction.</p> <p>II. Accumulated amount of the transactions with the same counterparty or the subject assets in the same nature.</p> <p>III. Accumulated amount of the property acquired or disposed of (acquisition and disposal are accumulated separately) or the right-of-use assets thereof under the same development project within one year.</p> <p>IV. Accumulated amount of the same negotiable securities acquired or disposed of (acquisition and</p>	

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<p>within one year.</p> <p>IV. Accumulated amount of the same negotiable securities acquired or disposed of (acquisition and disposal are accumulated separately) within one year.</p> <p>“Within one year” in the previous item means that the part disclosed in accordance with this standard will not be included again one year before the occurrence date of the recent transaction as the base,</p> <p>The Company shall, on a monthly basis, enter the information on the derivative transactions performed by the Company and its subsidiaries other than domestic public companies until the end of the previous month into the information reporting website designated by the securities regulator prior to the tenth day of every month. If any error or omission shall be corrected when the Company discloses any item in accordance with the provisions, the Company disclose and report all items again within two days after knowing it.</p> <p>When acquiring or disposing of any asset, the Company shall keep relevant contract, meeting minutes, memorandum, valuation report or opinion letter of the CPA, the attorney or the securities company at the Company and save them for at least five years, unless otherwise specified by other laws.</p>	<p>disposal are accumulated separately) within one year.</p> <p>“Within one year” in the previous item means that the part disclosed in accordance with this standard will not be included again one year before the occurrence date of the recent transaction as the base,</p> <p>The Company shall, on a monthly basis, enter the information on the derivative transactions performed by the Company and its subsidiaries other than domestic public companies until the end of the previous month into the information reporting website designated by the securities regulator prior to the tenth day of every month. If any error or omission shall be corrected when the Company discloses any item in accordance with the provisions, the Company disclose and report all items again within two days after knowing it.</p> <p>When acquiring or disposing of any asset, the Company shall keep relevant contract, meeting minutes, memorandum, valuation report or opinion letter of the CPA, the attorney or the securities company at the Company and save them for at least five years, unless otherwise specified by other laws.</p>	

## Appendix I

# Shinkong Textile Co., Ltd. Articles of Incorporation

### Chapter I General Principles

Article 1: The Company shall be incorporated in accordance with the provisions on the company limited by shares of the Company Act, and its name shall be "新光紡織股份有限公司." Its English name is SHINKONG TEXTILE CO., LTD.

Article 2: The businesses of the Company are as follows:

- I. C302010 Knit fabric mills.
- II. C305010 Printing, dyeing, and finishing mills.
- III. C306010 Apparel industry.
- IV. C399990 Other textile and product manufacturing mills.
- V. F104110 Wholesale of cloths, clothes, shoes, hat, umbrella and apparel, as well as clothing accessories.
- VI. F106020 Wholesale of daily necessities.
- VII. F204110 Retail of cloths, clothes, shoes, hat, umbrella and apparel, as well as clothing accessories.
- VIII. F206020 Retail of daily necessities.
- IX. F301010 Department stores.
- X. F399040 Detail business without shops.
- XI. F401010 International trade.
- XII. F401021 Import of restrained telecom radio frequency equipment and materials
- XIII. G202010 Parking garage business
- XIV. H701010 Residence and buildings development, leasing, and sale
- XV. H701020 Industrial factory buildings development, leasing, and sale
- XVI. H703090 Real estate trading business.
- XVII. H703100 Real estate leasing business.

- XVIII. I301010 Information software services.
- XIX. I501010 Product design industry.
- XX. J202010 Industrial development.
- XXI. JB01010 Conference and exhibition services.
- XXII. ZZ99999 In addition to the approved business, the Company may engage in all businesses except those which are otherwise prohibited or restricted by law.

Article 3: The Company may act as a guarantor for an external party if such an act can be justified as business related.

Article 4: The Company may act as a shareholder of limited liability for other companies with the Board of Directors' resolution, and its total investment amount, unless otherwise stipulated by the law, shall be exempt from the restrictions that the total investment amount shall not exceed forty percent of the Company's paid-in capital.

Article 5: The Company shall have its head-office in Taipei City and, if necessary, may set up branches and plants in other proper locations. The set-up and cancellation shall be determined by the Board of Directors.

## Chapter II: Shares

Article 6: The total amount of the Company's capital stock is NT\$3.6 billion, which is divided into 360,000,000 shares. They are all ordinary shares, with NT\$10 per share. The Board of Directors is authorized to issue the unissued shares in separate installments.

Article 7: The Company's share certificates shall be name-bearing certificates, duly signed by or affixed with seals by the Director on behalf of the Company, and legally authenticated by the bank acting as a stock issuer before issuance.

The Company may issue shares without certificates, and such shares shall be registered with a central securities depository.

Article 8: The Company's shares shall be handled according to the "Regulations Governing the Administration of Shareholder Service of Public Companies" issued by the securities regulatory agency.

Article 9: No registration of transfer of shares shall be made within sixty days prior to an Annual Shareholders' Meeting, nor within thirty days prior to an Extraordinary Shareholders' Meeting, nor within five days prior to the day on which dividend, bonus, or other benefits is scheduled to be paid by the Company.

### Chapter III Shareholders' Meetings

Article 10: The Shareholders' Meetings of the Company are divided into the Annual Shareholders' Meeting and Extraordinary Shareholders' Meeting. The former shall be convened annually within six months after the closing of each accounting year. The latter may be duly convened according to relevant laws whenever necessary.

Article 11: Unless otherwise stipulated by the law, one vote shall be offered for each share at the Shareholders' Meeting of the Company.

Article 12: Where a Shareholders' Meeting is convened by the Board of Directors, the chairperson shall be the Chairman. If the Chairman asks for leave or cannot perform the duty due to any reason, the Vice Chairman shall act in his place. If there's no Vice Chairman or the Vice Chairman also asks for leave or cannot perform the duty due to any reason, the Chairman shall appoint a Director to act in his place; In the event that the Chairman does not appoint a Director, one Director shall be elected from among themselves to act in his place. If the meeting is convened by a person with the authority to convene other than the Board of Directors, such person shall act as the chairperson at that meeting; if there are more than one persons with the authority to convene, the chairperson for the meeting shall be appointed from among them.

Article 13: Except as otherwise provided by relevant law, the resolutions of Shareholders' Meeting shall be adopted upon the approval of over half of the voting shares of the shareholders present at the meeting attended by the holders of more than half of the total issued and outstanding shares of the Company or their proxies.

The Company's shareholders may exercise voting rights by electronic means, and relevant matters shall be handled in



accordance with the laws and regulations.

Article 14: Resolutions made during the Shareholders' Meeting shall be made into a book of meeting minutes, and they shall be made, distributed, announced, and kept in accordance with laws and regulations.

#### Chapter IV Directors and Audit Committee

Article 15: The Company will have five to nine Directors. Each Director will serve an office term of three years and may be re-elected. All Directors shall comply with the rules of the securities regulatory authorities concerning their total shareholding ratio.

There shall be no less than three Independent Directors among the number of Directors to be elected referred to in the preceding paragraph, and shall not be less than one-fifth of Directors. The election of the Company's Directors and Independent Directors shall be organized under a nomination system and the shareholders shall make election and appointment from the list of candidates of Directors and Independent Directors. The election shall be processed in accordance with Article 192-1 of the Company Act.

The restrictions on professional qualifications, shareholding, and concurrent positions held, as well as the manner of nomination and election of Independent Directors, and other related compliance matters shall comply with the relevant regulations prescribed by the competent authority.

During the election of Directors, Independent and Non-Independent Directors are elected at the same time, but the elected ones will be counted separately. Those who have won the votes representing more voting rights will serve as Independent and Non-Independent Directors respectively.

Article 15-1: In accordance with Article 14-4 of the Securities and Exchange Act, the Company shall set up an Audit Committee composed of all Independent Directors, which shall be responsible for exercising the functions and powers of supervisors prescribed by the Company Act, Securities and Exchange Act, and other regulations.

Article 16: A Chairman and a Vice Chairman shall be elected among the Directors by the Board of Directors upon the approval of over half of the Directors present at a meeting attended by more than two-thirds of all Directors. The Chairman is the Company's representative.

Article 16-1: Remuneration shall be paid to the Company's Directors for the performance of their duties, regardless of profits or losses. The Board of Directors is authorized to determine upon the remunerations for Directors according to their participation in and the value of their contribution to the Company operation and with reference to the common remuneration level in the industry.

Article 17: In case that the vacancies in the office of Directors reach one-third of the Board of Directors or if all Independent Directors have been dismissed, the Board of Directors shall convene an Extraordinary Shareholders' Meeting within sixty days to elect new Directors to hold office for the unexpired term of the former Directors.

Article 18: The powers of the Board of Directors are as follows:

- I. Determine business plans.
- II. Review important rules and contracts.
- III. Establish and cancel branches.
- IV. Approve budgets and final accounts.
- V. Submit proposals regarding capital increase or decrease, and direct and supervise businesses.
- VI. Appoint, dismiss, and determine the remuneration for Managerial Officers.
- VII. Appoint the directors and supervisors of wholly-owned subsidiaries.
- VIII. Deliberate the matters proposed by the Board of Directors of subsidiaries.
- IX. Make decisions on purchase and disposal of real estate.
- X. Make decisions on lending and borrowing funds to and from the

external.

XI. Other matters set forth by the Company Act or this Articles of Incorporation

Article 19: The Board of Directors' meeting shall be convened by the Chairman, but the first meeting of each Board of Directors shall be convened in accordance with the provisions of the Company Act.

Upon convening a Board of Directors' Meeting, the reasons for convening the meeting shall be notified to each Director at least seven days in advance. However, in the event of an emergency, the meeting may be convened at any time. The notices of convening the Board of Directors' Meeting may be served in writing or by means of facsimile or e-mail, etc.

Article 20: Except as otherwise provided by the Company Act, resolutions of the Board of Directors shall be adopted upon the approval of over half of the Directors present at a meeting attended by more than half of the Directors.

Article 21: If a Director is unable to attend a Board of Directors' meeting for any cause, he/she shall appoint another Director to attend such meeting. However, if a Director attends the Board of Directors as a proxy, he/she shall be appointed as a proxy for one other Director only.

If a Board of Directors' meeting is convened via video conferencing, Directors who attend the meeting via video conferencing shall be deemed to have attended the meeting in person.

Article 22: (Delete)

Article 23: (Delete)

Chapter V Managerial Officer

Article 24: The Company has Managerial Officers to handle all the businesses of the Company based on the resolutions of the Board of Directors. The engagement, discharge and remuneration of the Managerial Officers shall be adopted upon the approval of more than half of the Directors present at a meeting attended by over half of the Directors.

## Chapter VI Accounting

Article 25: The Company's accounting year begins from Jan. 1 and ends on Dec. 31.

Article 26: At the end of the Company's each accounting year, the Board of Directors shall submit and apply to the Shareholders' Meeting to ratify, according to legal procedures:

I. Business report.

II. Financial statements.

III. Proposals for earnings distribution or loss coverage.

Article 27: If profit is made by the Company in the year, no less than one percent of the said profit shall be allocated as the remuneration for employees. The Board of Directors shall resolve whether to issue the remuneration in shares or cash. The Company permits its Board of Directors to allocate no more than five percent of the amount of the aforementioned profit as the remuneration for Directors. The proposal for distribution of remuneration to employees and Directors shall be reported at the Shareholders' Meeting. However, in case of any cumulative losses, the Company shall keep a certain amount in advance to cover the losses, and then allocate a certain amount based on the said proportion as the remuneration for employees and Directors. The Company offers employee treasury stocks, employee stock options, new shares subscription by employees, new restricted employee shares, and employee remuneration, etc., their payment objects may include such employees of the companies controlled by or affiliated to the Company as relating to the Company's businesses.

Article 27-1: If there are current net profits after tax in the Company's annual final accounts, 10 % of the balance, after deducting cumulative losses (including adjustment to unappropriated earnings), shall be allocated as statutory surplus reserves, except when the cumulative statutory surplus has reached the paid-in capital of the Company. Special surplus reserves shall also be allocated or written off in accordance with laws and regulations; if there's any balance, the Board of

Directors shall issue earnings distribution plan for such balance and the opening unappropriated earnings (including adjustment to unappropriated earnings). Where the earnings are distributed in the form of cash dividends, it shall be resolved by over half of the Directors present at a meeting attended by more than two-thirds of the Board of Directors, and shall be reported to the Shareholders' Meeting. Where they are distributed by issuing shares or paying dividends, it shall be resolved at the Shareholders' Meeting.

The Company adopts a remaining dividend policy, in order to make cooperation in long-term financial planning to seek sustainable and stable business development and to consider the demands for capital budget and working capital. Earnings shall be distributed in cash and/or by issuing shares, with the cash dividends no less than ten percent of the total dividends.

## Chapter VII Bylaws

Article 28: The Company's Organization Rules and Detailed Measures shall be formulated separately.

Article 29: The matters not specified in these Articles of Incorporation shall be governed by the Company Act.

Article 30: This Articles of Incorporation was established on Apr. 15, 1955. The 1st amendment was made on Jul. 10, 1956. The 2nd amendment was made on Nov. 1, 1957. The 3rd amendment was made on Apr. 30, 1959. The 4th amendment was made on Feb. 1, 1962. The 5th amendment was made on Sep. 1, 1963. The 6th amendment was made on Mar. 6, 1965. The 7th amendment was made on Apr. 10, 1965. The 8th amendment was made on Sep. 7, 1966. The 9th amendment was made on Jun. 15, 1969. The 10th amendment was made on Aug. 29, 1972. The 11th amendment was made on May 17, 1973. The 12th amendment was made on May 30, 1974. The 13th amendment was made on May 23, 1975. The 14th amendment was made on Aug. 19, 1975. The 15th amendment was made on May 24, 1976. The 16th amendment was made on Apr. 26, 1977. The 17th amendment was made on Apr. 14, 1979. The 18th amendment was made on Apr. 24,

1980. The 19th amendment was made on Apr. 13, 1981. The 20th amendment was made on May 13, 1983. The 21st amendment was made on Jun. 8, 1985. The 22nd amendment was made on Oct. 1, 1985. The 23rd amendment was made on May 20, 1986. The 24th amendment was made on Jun. 28, 1988. The 25th amendment was made on Mar. 24, 1990. The 26th amendment was made on Jun. 20, 1991. The 27th amendment was made on Apr. 27, 1996. The 28th amendment was made on May 12, 2000. The 29th amendment was made on Jun. 26, 2002. The 30th amendment was made on Dec. 26, 2003. The 31st amendment was made on Jun. 14, 2005. The 32nd amendment was made on Jun. 23, 2006. The 33rd amendment was made on Jun. 13, 2007. The 34th amendment was made on Jun. 25, 2010. The 35th amendment was made on Jun. 22, 2011. The 36th amendment was made on Jun. 19, 2012. The 37th amendment was made on Jun. 13, 2013. The 38th amendment was made on Jun. 6, 2014. The 39th amendment was made on Jun. 22, 2015. The 40th amendment was made on Jun. 13, 2016. The 41st amendment was made on May 26, 2017. The 42nd amendment was made on Jun. 14, 2019. The 43rd amendment was made on Jun. 19, 2020.

## Appendix II

### Shinkong Textile Co., Ltd.

#### Rules of Procedure for Shareholders' Meetings

Article 1     The Shareholders' Meeting of the Company shall be conducted in accordance with these Rules.

Article 2     The "shareholders" as set forth in these Rules refer to the shareholders themselves and the proxies entrusted by them to attend a meeting. In the event that a juristic person is entrusted to attend a Shareholders' Meeting, that juristic person may appoint only one representative to attend the meeting. When shareholders (or their proxies) attend a meeting, they shall wear attendance certificates, and the Company shall provide an attendance register for shareholders to sign in, or require the attending shareholders to submit their sign-in cards in lieu of signing the register. The calculation of the number of shares present shall be based on the attendance register or sign-in cards submitted by the shareholders and those shares whose voting rights are exercised in written or electronically.

The attending and voting by shareholders shall be duly calculated based on the number of shares they hold. The Company shall record the entire process of the Shareholders' Meeting by means of audio or video and keep it for at least one year.

Article 3     The Shareholders' Meeting of the Company shall be held in the place where the Company is located or in any other place that is convenient for the shareholders to attend and appropriate to convene such meeting, and shall commence at a time no earlier than 9:00 a.m. and no later than 3:00 p.m.

Article 4     The Shareholders' Meeting shall be duly chaired by the Chairman if it is convened by the Board of Directors. If the Chairman asks for leave or cannot perform the duty due to any reason, the Vice Chairman shall act in his place. If there's no Vice Chairman or the Vice Chairman also asks for leave or cannot perform the duty due to any reason, the Chairman shall appoint a Director to act in his place.

In the event that the Chairman does not appoint a Director, one Director shall be elected from among themselves to act in his place.

If Shareholders' Meeting is convened by any other person with the authority to convene such meeting other than the Board of Directors, the meeting shall be duly chaired by such person. If there are two or more conveners, one of them shall be elected from among themselves to chair the meeting.

Article 5     The chairperson shall announce commencement of a meeting, if the meeting is attended by the shareholders representing over half of all the issued and outstanding shares. If the number of shares present does not meet statutory number and the meeting is delayed, the chairperson may announce postponement. The postponements shall be limited to two times, and the postponed time shall not exceed one hour in total. If, after two postponements, the number still does not reach statutory number of shares, but the meeting is attended by the shareholders representing more than one-third of the total issued and outstanding shares, tentative resolutions may be adopted, upon the resolution made by the shareholders present at the meeting representing over half of their voting rights, in accordance with Article 175 of the Company Act. Upon execution of the said tentative resolution, if the number of shares represented by the attending shareholders has reached statutory number of shares, the chairperson may announce commencement of the meeting at any time and put the tentative resolutions already passed at the meeting for ratification.

Article 6     The agenda for the Shareholders' Meeting shall be set by the Board of Directors if such meeting is convened by the Board of Directors. The meeting shall be carried out in accordance with the scheduled agenda, and no change may be made thereto without resolution made at the Shareholders' Meeting.

The preceding paragraph shall apply mutatis mutandis to meetings convened by any person, other than the Board of Directors, with the authority to convene such meeting.



The chairperson may not, absent a resolution, unilaterally announce the adjournment of the meeting before the scheduled agenda referred to in the preceding two paragraphs has been resolved. In the event that the chairperson announces adjournment of the meeting against the Rules of Procedure, one person may be elected, upon the approval of the shareholders present at the meeting representing over half of shareholders' voting rights, to act as the chairperson to proceed the meeting.

After the meeting is adjourned, the shareholders shall not elect another chairperson to resume such meeting at the same location or seek an alternative venue.

Article 7     An attending shareholder or proxy shall fill in a floor note before speaking, specifying the key points of his/her speaking, shareholder account number (or the code of the attending certificate) and name, so that the chairperson may fix the order of speaking.

An attending shareholder or proxy who submits a note but does not speak is deemed to have not spoken. In the event of any inconsistency between the contents of shareholder's speaking and those recorded on the note, the contents of shareholder's speaking shall prevail.

When an attending shareholder or proxy is speaking, no other shareholder may interrupt the speaking shareholder unless otherwise approved by the chairperson and such speaking shareholder or proxy; the chairperson shall stop any such violations.

In the event that a juristic person shareholder appoints two or more representatives to attend a shareholder meeting, only one representative may speak for the same issue.

Article 8     On the same issue, each shareholder shall not speak for more than two times and a shareholder shall not speak for more than five minutes for each round, unless agreed upon by the chairperson. The chairperson may stop the speaking of any shareholder that is in violation of the preceding paragraph or exceeds the scope of the proposal.

Article 9     The Company may appoint the entrusted attorney(s), CPAs or relevant personnel to attend a Shareholders' Meeting as an observer.

After a shareholder speaks, the chairperson may make a reply in person or through related person designated by him/her.

Where the chairperson believes that an issue has been discussed in the meeting up to the level for voting, the chairperson may announce discontinuance of the discussion process and bring that issue to a vote.

Article 10    Except as otherwise provided under the Company Act and/or the Company's Articles of Incorporation, a resolution shall be adopted upon the approval of the shareholders present at the meeting representing over half of their voting rights.

In the event that an amendment or a substitute comes out of the same issue, the chairperson shall fix the order of voting in consolidation with the original issue. When one among them is duly resolved, other issue(s) is (are) deemed to have been vetoed and no voting process is required.

The person(s) supervising the voting and the person(s) counting the votes are designated by the chairperson, provided that the person(s) supervising the voting shall be a shareholder. The voting results shall be announced at the meeting and shall be recorded.

Article 11    During the process of the meeting, the chairperson may announce a recess at an appropriate time determined at his/her discretion.

Article 12    The clerks and the sergeant at arms or security personnel dealing with the affairs for the Shareholders' Meeting shall wear ID badges or arm badges.

The chairperson may direct sergeant at arms or security personnel to assist in maintaining the order of the meeting. Shareholders (or proxies) shall obey the direction of the chairperson, sergeant at arms or security personnel on maintaining the order. The chairperson or sergeant at arms or security personnel may escort those obstructing out of the Shareholders' Meeting.

- Article 13 The matters not specified in these Rules shall be governed by the Company Act, the Company's Articles of Incorporation, as well as relevant laws and regulations.
- Article 14 These Rules and any amendments thereto shall be implemented after they are approved at the Shareholders' Meeting.
- Articles 15 These Rules of Procedure were established on Jun. 6, 1955. The first amendment was made on Apr. 17, 1998, and the second amendment was made on Jun. 26, 2002. The third amendment was made on Jun. 13, 2016.

## Appendix III

### Shareholdings of All Directors

- I. The Company's total paid-in capital is NT\$3,000,412,800, which is 300,041,280 shares. The minimum shareholding of all Directors shall be 12,001,651 shares.
- II. As of the book closure date for the Shareholders' Meeting this time, all Directors' shareholdings recorded in the Company's shareholders register are as follows:

Book Closure Date: Apr. 12, 2022

Title	Name	Shareholding	Shareholding Ratio (%)
Chairman Director Director	Chichen Co., Ltd. Representative: Hsing-En Wu Representative: Hsin-Hung Wu Representative: Chin-Fa Chiu	19,650,000	6.55
Director	Representative of Shin Kong Wu Tung Ching Foundation: Po-Han Lin	51,660	0.02
Independent Director	David Ching	0	0
Independent Director	Mao-Jung Wang	0	0
Independent Director	Wei-Kan Chen (Note)	0	0
Total		19,701,660	6.57

Note : Independent Director took office from July. 16, 2021.