

Stock code:4426

LI CHENG ENTERPRISE CO., LTD.



**The 2023 Annual Meeting of Shareholders
Handbook**

MEETING TIME: June 19, 2023

PLACE: No. 8, Dougong 12th Rd., Douliu City, Yunlin County
(First floor meeting room)

LI CHENG ENTERPRISE CO., LTD.

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LI CHENG ENTERPRISE CO., LTD.

Procedures of the 2023 Annual Meeting of Shareholders

1. Call the Meeting to Order
2. Chairperson Remarks
3. Management Presentation
4. Proposals
5. Discussions
6. Elections
7. Other Matters
8. Questions and Motions
9. Adjournment

LI CHENG ENTERPRISE CO., LTD.

2023 Annual Shareholders Meeting Agenda

Convocation method: Physical shareholders meeting

Time & Date: 2 p.m., Monday, June 19, 2023

Venue: No. 8, Dougong 12th Rd., Douliu City, Yunlin County (First floor meeting room)

1. Call the Meeting to Order. (Announce the number of shares attending)
2. Chairperson Remarks
3. Management Presentations
 - a. 2022 Business Report
 - b. Audit Committee's Review Report on the 2022 Financial Statements
 - c. 2022 Report on Directors' Remuneration and Employee Remuneration Distribution
 - d. Amendment to the Rules of Procedure for Board of Directors Meetings
4. Proposals
 - a. Proposal for 2022 Business Report and Financial Statements
 - b. Proposal for 2022 Deficit Compensation
5. Discussions
 - a. Amendment to the Operational Procedures for Loaning and Endorsements and Guarantees
6. Elections
The 7th Election of Directors
7. Other Matters
Proposal of Releasing the Prohibition on Directors from Participation in Competitive Business
8. Questions and Motions
9. Adjournment

1. Management Presentations

1. 2022 Business Report

Explanation: The 2022 Business Report is attached as pp. 8-9, Attachment 1.

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

Explanation: The Audit Committee's Review Report on the 2022 Financial Statements are attached as pp. 10, Attachment 2.

3. 2022 Report on Directors' Remuneration and Employee Remuneration Distribution

Explanation:

(1) According to Article 27 of the Articles of Incorporation, if there is surplus of the profit status (that is, the pre-tax profit deducts the profit before the distribution of employee and director remuneration) less the accumulated loss, it should set aside no lower than 2% for employee compensation and no more than 5% of director's compensation.

(2) Director's compensation and employee's compensation will not be distributed.

4. Amendment to the Rules of Procedure for Board of Directors Meetings

Explanation: To comply with "Regulations Governing Procedure for Board of Directors Meetings of Public Companies", the Company amended the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies". Please refer to pp. 11-12 Attachment 3.

2. Proposals

1. Proposed by the Board

Proposal: Adoption of the 2022 Business Report and Financial Statements

Explanation: (1) Li Cheng Enterprise's Financial Statements, including the balance sheet, income statement, statement of changes in shareholders' equity, and statement of cash flows, were audited by independent auditors, Johnny Chang and Eric Wu of KPMG Taiwan. Also, Business Report and Financial Statements have been approved by the Board and examined by the Audit Committee of Li Cheng Enterprise.

- (2) The 2022 Business Report, independent auditors' audit report is attached as pp. 8-9, Attachment 1, and the above-mentioned Financial Statements are attached as pp.13-31 Attachment 4.

Resolution:

2. Proposed by the Board

Proposal: Proposal for 2022 Deficit Compensation

Explanation: (1) The Company's 2022 year after tax net loss is NT\$79,480,827. As of December 31, 2022, the distributable surplus is NT\$518,100,349. Considering the future operation and the need of working capital, it is planned not to distribute the surplus.

- (2) The 2022 Deficit Compensation table is attached as p.32 Attachment 5.

Resolution:

3. Discussions

1. Proposed by the Board

Proposal: Amendment to the Operational Procedures for Loaning and Endorsements and Guarantees. Please proceed to discuss.

Explanation: In order to conform to the needs of commercial practice, the company hereby proposes to amend the Operational Procedures for Loaning and Endorsements and Guarantees. Please refer to PP. 33-34 Attachment 6 for details.

Resolution:

4. Elections

Proposed by the Board

Proposal: The company is responsible for identifying and evaluating nominees for director seats and recommending to the Board a slate of nominees for the 7th Directors election.

Explanation: (1) The term directors of the 6th Board will be end on 6/21/2023. Accordingly, the company proposes to duly elect new Board members at this year's Annual Meeting of Shareholders.

(2) According to Article 17 of the Articles of Incorporation, a total of 7 directors (including 4 independent directors) shall be elected from the nomination list prepared by the company. The newly elected directors have a 3-year term starting from 6/19/2023 and conclude on 6/18/2026. The original board members term will end by this annual meeting of shareholders.

(3) The qualification of the nominated directors (including independent directors) has been reviewed by the Board meeting on 5/9/2023. Personal information of the nominees is as follows:

1. List of Nominees of directors:

	1	2	3
Name	Hong, Wen Yao	Hong, Jiang Chuan	Suzanne Anderson
Shareholding	15,392,323 shares	1,344,665 shares	0 Shares
Education	M.S. Computer Science and Information Systems - Computing Management, Bradley University	National Changhua Senior High School of Commerce	Bachelor of Arts Interdisciplinary Studies - EWU Masters Organizational Leadership- Gonzaga University
Experience	Chairman, Li Cheng Enterprise Co., Ltd.	Chairman, Dasheng Investment Co.,Ltd. Chairman, Yihe Investment Co.,Ltd. Supervisor, Hoye Textile Co., Ltd.	Consultant - Li-Cheng Enterprises Founder - Business Consulting Company NIKE, Inc.

2. List of Nominees of independent directors:

	1	2	3	4
Name	Chen, Rong Er	Lin, Min Kai	Fu, Lung-Ming	Guu, Yuan-Kuang
Shareholding	0 shares	0 shares	0 shares	0 shares
Education	B.S. in Chemical Textile Engineering National Taipei University of Technology	PhD in Asia-Pacific Studies, Social Law, National Sun Yat-sen University	PhD in Engineering, National Cheng Kung University	PhD in Food Science, Cornell University
Experience	VP and General Manager of Asia-pacific SC Products Group, DuPont Taiwan	Secretary General, Forensic Accounting Research and Development Association Independent Director, Lagis Enterprise Co., Ltd Lawyer	Distinguished Professor, Department of Engineering Science, National Cheng Kung University Jointly Appointed Professor, Department of Materials Engineering, National Pingtung University of Science and Technology MOST Grant Review Committee of Department of Engineering and Life Science	Honorary Professor, National Pingtung University Chair Professor, Meiho University Adjunct chair professor, I-Shou University Deputy County Governor, Pingtung County Government Principal, National Pingtung University

(4) Please proceed to vote.

Voting Results:

5. Other Matters

Proposed by the Board

Proposal: Proposal of Releasing the Prohibition on Directors from Participation in Competitive Business. Please proceed to discuss.

Explanation: (1) According to Article 209 of Company Act, “A director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.”

(2) The directors of the company may invest in or operate other companies with the same or similar business scope as the company and may serve as directors. According to the Act, the company propose to release the prohibition on directors newly elected from participation in competitive business.

(3) List of new directors to be released from participation in competitive business:

Title	Name	Concurrent title
director	Hong, Jiang Chuan	Supervisor, Hoye Textile Co., Ltd.

Resolution:

6. Questions and Motions

Adjournment

7. Attachments

【 Attachments 1 】

LI CHENG ENTERPRISE CO., LTD.

2022 Business Report

The 2022 business plan implementation results, budget execution, financial revenue and expenditure, profitability, and research and development status are as below:

(1) Implementation results of the business plan

Amounts in Thousands of New Taiwan Dollars

Item	2022 Actual amount	2021 Actual amount	Growth rate	
			Amount	Percentage
Net operating income	1,398,219	642,896	755,323	117.49%
Operating cost	1,274,049	912,071	361,978	39.69%
Operating profit	124,170	(269,175)	393,345	-146.13%
Operating expense	282,761	166,850	115,911	69.47%
Income from operations	(158,591)	(436,025)	277,434	-63.63%
Non-operating income and expenses	100,881	(28,197)	129,078	-457.77%
Income before tax	(57,710)	(464,222)	406,512	-87.57%
Net income	(79,481)	(371,570)	292,089	-78.61%

The company's net operating income of 2022 is NT\$ 1,398,219 thousand, which, comparing with NT\$642, 896 of 2021, has increased NT\$ 755,323 with a growing of 117.49%. Net income (loss) is (NT\$79,481), comparing with 2021's (\$371, 570) has a decrease of NT\$292,089, decreasing about 78.61%.

(2) Budget execution

Amounts in Thousands of New Taiwan Dollars

Item	2022 Actual amount	2022 Budgeted amount	Achievement rate	
			Amount	Percentage
Net operating income	1,398,219	1,081,336	316,883	129.30%
Operating cost	1,274,049	1,248,798	25,251	102.02%
Operating profit	124,170	(167,462)	291,632	-74.15%
Operating expense	282,761	264,764	17,997	106.80%
Income from operations	(158,591)	(432,226)	273,635	36.69%
Non-operating income and expenses	100,881	(2,922)	103,803	-3452.46%
Income before tax	(57,710)	(435,148)	377,438	13.26%
Net income	(79,481)	(348,118)	268,637	22.83%

The company's 2022 budget execution status are: actual net operating income is NT\$1,398,219 thousand, with the budget amount of NT\$1,081,336 thousand, showing an achievement rate of 129.30%; Net income actual amount is (NT\$79,481), with a budget amount of (NT\$348,118) thousand, showing an achievement rate of 22.83%.

(3) Financial revenue and expenditure analysis

As of December 31, 2022, the total asset of the company is NT\$4,906,314 thousand, and the liability amount is NT\$2,208,859 thousand. The debt ratio is 47.22%. Current asset amount is NT\$1,040,385 thousand, and the current liability is NT\$830,821 thousand, with a current ratio of 125.22%. The above results show that the financial structure of the company is stable.

(4) Profitability analysis

Analyses		2022	2021
Profitability	Return on assets (%)	-0.83	-7.17
	Return on equity (%)	-2.93	-12.72
	Ratio to paid-in capital (%)		
	Net income	-9.18	-25.25
	Income before tax	-3.34	-26.88
	Net profit margin (%)	-5.68	-57.80
Earnings per share(EPS)	(0.46)	(2.15)	

(5) Research and development status

The 2022 research and development expense is NT\$16,585 thousand, and the results are the research of improvement of jacquard fabrics, etc. To catch up with the changes of industrial patterns and consumer awareness, we will continue to invest in human resource, material and resources to research on various products and the improvement of production technology in the future.

Chairman: Hong, Wen Yao



CEO: Hong, Wen Yao



Accounting manager: Chien, Wei Lung



【Attachments 2】

LI CHENG ENTERPRISE CO., LTD.
Audit Committee's Review Report on the 2022 Financial Statements

The board of directors have prepared the company's 2022 Business Report, Financial Statements, and the proposal of deficit compensation, etc. The financial statements were audited by KPMG and an audit report was issued. The aforementioned business report, financial statements, and the deficit compensation plan are reviewed by the Audit Committee, and they are considered no discrepancies. We hereby provide the report according to the Securities and Exchange Act and the Company Act. Please review.

To

LI CHENG ENTERPRISE CO., LTD.
The 2023 Annual Meeting of Shareholders

The convener of Audit Committee: Chen, Rong Er



March 28, 2023

【Attachment 3】

LI CHENG ENTERPRISE CO., LTD.

The Comparison Table of the Rules of Procedure for Board of Directors Meeting

Before amendment		After amendment		Notes
Articles	Content	Articles	Content	
Article 3	<p>(Board convening and meeting notice)</p> <p>The board of directors of the company shall meet at least once a quarter, but may be called at any time in case of emergency.</p> <p>The convening of the board of directors shall state the reasons and notify all directors seven days in advance, which may be done electronically.</p> <p>All matters set out in the subparagraphs of Article 12, paragraph 1, shall be specified in the notice of the reasons for calling a board of directors meeting, except for emergencies or justified reasons, none of them may be raised by an extraordinary motion.</p>	Article 3	<p>(Board convening and meeting notice)</p> <p>The board of directors of the company shall meet at least once a quarter, but may be called at any time in case of emergency.</p> <p>The convening of the board of directors shall state the reasons and notify all directors seven days in advance, which may be done electronically.</p> <p>All matters set out in the subparagraphs of Article 12, paragraph 1, shall be specified in the notice of the reasons for calling a board of directors meeting, and none of them may be raised by an extraordinary motion.</p>	Amend in accordance with Article 3 of Regulations Governing Procedure for Board of Directors Meetings of Public Companies.
Article 12	<p>(Items shall be discussed by the board of directors)</p> <p>A company shall submit the following items for discussion by the board of directors:</p> <ol style="list-style-type: none"> 1. Corporate business plan. 2. Annual and semi-annual financial reports 3. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Act, and an assessment of the effectiveness of the internal control system. 4. Adoption or amendment, pursuant to Article 36-1 of the Act of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, and endorsements or guarantees for others 5. Matters involving directors' own interests. 6. Material transactions of assets or derivatives. 7. Material monetary loans, and endorsements or guarantees for others. 8. The offering, issuance, or private placement of any equity-type securities. <p>9. The appointment, dismissal or remuneration of accountants.</p> <p>10. The appointment or discharge of a financial, accounting, or internal audit officer.</p> <p>11. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.</p> <p>12. Any matter required by Article 14-3 of the Act or any other law, regulation, or bylaw to be approved by resolution at a shareholders' meeting or board of directors meeting, or</p>	Article 12	<p>(Items shall be discussed by the board of directors)</p> <p>A company shall submit the following items for discussion by the board of directors:</p> <ol style="list-style-type: none"> 1. Corporate business plan. 2. Annual and semi-annual financial reports 3. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Act, and an assessment of the effectiveness of the internal control system. 4. Adoption or amendment, pursuant to Article 36-1 of the Act of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, and endorsements or guarantees for others 5. Matters involving directors' own interests. 6. Material transactions of assets or derivatives. 7. Material monetary loans, and endorsements or guarantees for others. 8. The offering, issuance, or private placement of any equity-type securities. 9. The appointment or dismissal of chairman should the board of directors does not have a managing director. 10. The appointment, dismissal or remuneration of accountants. 11. The appointment or discharge of a financial, accounting, or internal audit officer. 12. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition. 13. Any matter required by Article 14-3 of the Act or any other law, regulation, or bylaw to be approved by resolution at a shareholders' meeting or board of directors meeting, or 	Amend in accordance with Article 7 of Regulations Governing Procedure for Board of Directors Meetings of Public Companies.

Before amendment		After amendment		Notes
Articles	Content	Articles	Content	
	<p>any such significant matter as may be prescribed by the competent authority.</p> <p>13. If the compensation of directors and managers recommended by the Compensation Committee does not adopt or revise the recommendation the Compensation Committee, more than two-thirds of all directors should attend, and more than half of the directors present should agree to do so, and explain the board of directors in the resolution whether the approved remuneration is better than the recommendation of the Compensation Committee.</p> <p>The term "related party" in Article 14 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means any individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NTD100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year.</p> <p>The term "within a 1-year period" in the preceding paragraph means a period of 1 year calculated retroactively from the date on which the current board of directors meeting is convened. Amounts already submitted to and passed by a resolution of the board are exempted from inclusion in the calculation.</p>		<p>any such significant matter as may be prescribed by the competent authority.</p> <p>14. If the compensation of directors and managers recommended by the Compensation Committee does not adopt or revise the recommendation the Compensation Committee, more than two-thirds of all directors should attend, and more than half of the directors' present should agree to do so, and explain the board of directors in the resolution whether the approved remuneration is better than the recommendation of the Compensation Committee.</p> <p>The term "related party" in Article 12 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means any individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NTD100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year.</p> <p>The term "within a 1-year period" in the preceding paragraph means a period of 1 year calculated retroactively from the date on which the current board of directors meeting is convened. Amounts already submitted to and passed by a resolution of the board are exempted from inclusion in the calculation.</p>	
Article 19	<p>The Rules of Procedure were established on February 15, 2006.</p> <p>The first amendment is on January 18, 2007.</p> <p>The second amendment is on March 25, 2008.</p> <p>The third amendment is on March 21, 2012.</p> <p>The fourth amendment is on March 28, 2013.</p> <p>The fifth amendment is on May 8, 2020.</p>	Article 19	<p>The Rules of Procedure were established on February 15, 2006.</p> <p>The first amendment is on January 18, 2007.</p> <p>The second amendment is on March 25, 2008.</p> <p>The third amendment is on March 21, 2012.</p> <p>The fourth amendment is on March 28, 2013.</p> <p>The fifth amendment is on May 8, 2020.</p> <p>The sixth amendment is on May 9, 2023.</p>	

**LI CHENG ENTERPRISE CO.,LTD AND
SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Report
For the Years Ended December 31, 2022 and 2021**

Address: No. 5, Dougong 12th Rd., Douliu City, Yunlin County 640153 , Taiwan (R.O.C.)
Telephone: (05)557-1010

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

Representation Letter

The entities that are required to be included in the combined financial statements of LI CHENG ENTERPRISE CO.,LTD as of and for the year ended December 31, 2022 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, LI CHENG ENTERPRISE CO.,LTD and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: LI CHENG ENTERPRISE CO.,LTD
Chairman: Hung Wen-Yau
Date: March 28, 2023



Independent Auditors' Report

To the Board of Directors of LI CHENG ENTERPRISE CO.,LTD:

Opinion

We have audited the consolidated financial statements of LI CHENG ENTERPRISE CO.,LTD and its subsidiaries (“the Group”), which comprise the consolidated balance sheet as of December 31, 2022 and 2021, the consolidated statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

1. Revenue recognition

Please refer to Note 4(14) "Revenue" and Note 6(19) of the consolidated financial statements for accounting policies on revenue recognition and revenue recognition, respectively.

Description of key audit matter:

Some of the sales of the Group need to provide discounts to customers based on the agreement of the contract. The company has the estimation series of the management authority of the limited company for the above matters is a deduction of revenue. Therefore, the test for revenue recognition is one of the important assessment items performed by the accountants for the purpose of auditing the financial statements of the Group.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principle audit procedures included testing the internal control system for revenue recognition of the financial statements, analyzing there is any major abnormality in a change in customers between the current year and the prior year, and checking relevant customer sales and contract terms and testing profit. The consistency of accounting treatment related to the sales terms of the business of the Group.

2. Inventory valuation

Please refer to Note 4(8) "Accounting policies", Note 5 "Uncertainty of accounting estimates and assumptions", and Note 6(5) "Related disclosures for inventory valuation".

Description of key audit matter:

The Group' s inventories are measured at the lower of cost and net realizable value. However, the cost of inventory might exceed its net realizable value due to the rapid advancement in technology. Therefore, the valuation of inventories has been identified as one of the key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures include assessing the Group' s allowance on inventory according to its characteristics, including conducting sampling test to examine accuracy of inventory aging; assessing the Group' s inventory decline or rationality of debt ratio; examining accuracy of allowance on inventory for past years, and comparing with this period, in order to assess whether estimation method for this period is presented fairly.

3. Impairment of long-term non-financial assets (excluding goodwill)

Refer to Note 4(13) "Impairment of nonfinancial assets", Note 5 "Critical accounting judgments and key sources of estimation and assumption uncertainty", and Note 6(7) "Impairment-non-financial assets of estimation" of the consolidated financial statements.

Description of key audit matter:

The Group operates in an industry with high investment costs, and may experience volatility in response to changes in the external market; hence, it is important to assess the impairment of its long-term non-financial assets. The impairment assessment includes identifying cash-generating units, determining a valuation model, determining those significant assumptions, and computing the recoverable amounts. With the complexity of the impairment assessment process and the involvement of significant management judgment regarding the assumptions used, impairment assessment one of the key areas our audit focused on.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included assessing whether there are impairment indications for the identified cash-generating units of the Group and its related assets; understanding and assessing the appropriateness of the valuation model used by the management in the impairment assessment and the significant assumptions used to determine related assets' future cash flows projection, useful lives, and weighted-average cost of capital; retrospectively reviewing the accuracy of assumptions used in prior-period estimates and performing a sensitivity analysis of key assumptions and results; In addition to the above audit procedures, we have appointed specialists to evaluate the appropriateness of the weighted-average cost of capital used and related assumptions; We also performed an inquiry of the management and identified any event after the balance sheet date to determine whether it is able to affect the results of the impairment assessment.

Other Matter

The Group's has prepared its parent-company-only financial statements as of and for the years ended December 31, 2022 and 2021, on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Tzu-Hsin Chang and Chun-Yuan Wu.

KPMG
Taipei, Taiwan (Republic of China)
March 28, 2023

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
LI CHENG ENTERPRISE CO.,LTD AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2022		December 31, 2021			December 31, 2022		December 31, 2021	
	Amount	%	Amount	%		Amount	%	Amount	%
Assets:									
Current assets:					Liabilities and Equity				
1100 Cash and cash equivalents (Note 6(1))	\$ 402,732	8	879,764	18	Current liabilities:				
1120 Current financial assets at fair value through other comprehensive income (Note 6(2))	541	-	642	-	2100 Short-term borrowings (Note 6(11) and 8)	\$ 444,670	9	300,110	6
1150 Notes receivable, net (Note 6(3))	26,197	1	6,562	-	2151 Notes payable	31,007	1	12,824	-
1170 Accounts receivable, net (Note 6(3))	265,614	5	101,679	2	2170 Accounts payable	12,895	-	7,855	-
1200 Other receivables (Note 6(4))	26,032	1	6,379	-	2200 Other payables	110,271	2	86,999	2
1220 Current tax assets	463	-	221	-	2280 Current lease liabilities (Note 6(14))	15,288	1	15,080	1
1310 Inventories (Note 6(5))	266,349	5	293,158	6	2300 Other current liabilities (Note 6(12))	7,311	-	4,024	-
1470 Other current assets (Note 6(10))	52,457	1	44,331	1	2320 Long-term borrowings, current portion (Note 6(13) and 8)	209,379	4	260,295	5
	<u>1,040,385</u>	<u>21</u>	<u>1,332,736</u>	<u>27</u>		<u>830,821</u>	<u>17</u>	<u>687,187</u>	<u>14</u>
Non-current assets:					Non-Current liabilities:				
1550 Investments accounted for using equity method, net (Note 6(6))	20,477	-	1,095	-	2540 Long-term borrowings (Note 6(13) and 8)	1,335,488	27	1,503,753	30
1600 Property, plant and equipment (Note 6(7) and 8)	3,018,778	62	2,987,244	60	2570 Deferred tax liabilities (Note 6(16))	4,031	-	-	-
1755 Right-of-use assets (Note 6(8))	216,182	5	205,816	4	2580 Non-current lease liabilities (Note 6(14))	9,992	-	13,616	-
1780 Intangible assets (Note 6(9))	1,329	-	2,054	-	2640 Net defined benefit liability (Note 6(15))	4,861	-	4,224	-
1840 Deferred tax assets (Note 6(16))	214,364	4	232,104	5	2670 Other non-current liabilities	23,666	1	25,663	1
1915 Prepayments for business facilities	121,654	3	43,968	1		<u>1,378,038</u>	<u>28</u>	<u>1,547,256</u>	<u>31</u>
1920 Guarantee deposits paid	44,327	1	44,368	1	Total liabilities	<u>2,208,859</u>	<u>45</u>	<u>2,234,443</u>	<u>45</u>
1960 Non-current prepayments for investments (Note 6(6))	12,188	-	-	-	Equity :(Note 6(17))				
1984 Other non-current financial assets, others (Note 8)	215,470	4	111,220	2	3100 Common stock	1,726,773	35	1,726,773	35
1900 Other non-current assets	1,160	-	1,160	-	3200 Capital surplus	42,859	1	42,859	1
	<u>3,865,929</u>	<u>79</u>	<u>3,629,029</u>	<u>73</u>	3300 Retained earnings	908,736	19	1,025,157	20
					3400 Other equity interest	19,087	-	(67,467)	(1)
					Total equity	<u>2,697,455</u>	<u>55</u>	<u>2,727,322</u>	<u>55</u>
Total assets	<u>\$ 4,906,314</u>	<u>100</u>	<u>4,961,765</u>	<u>100</u>	Total liabilities and equity	<u>\$ 4,906,314</u>	<u>100</u>	<u>4,961,765</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
LI CHENG ENTERPRISE CO.,LTD AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Share)

		2022		2021	
		Amount	%	Amount	%
4000	Operating revenue (Note 6(19))	\$ 1,398,219	100	642,896	100
5000	Operating costs (Note 6(5) - (15) and (20))	<u>1,274,049</u>	<u>91</u>	<u>912,071</u>	<u>142</u>
	Gross profit (loss) from operations	<u>124,170</u>	<u>9</u>	<u>(269,175)</u>	<u>(42)</u>
	Operating expenses (Note 6(15) and (20)):				
6100	Selling expenses	128,826	9	54,001	8
6200	Administrative expenses	133,302	10	98,809	15
6300	Research and development expenses	16,585	1	15,674	3
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9 (Note 6(3))	<u>4,048</u>	<u>-</u>	<u>(1,634)</u>	<u>-</u>
	Net operating loss	<u>(158,591)</u>	<u>(11)</u>	<u>(436,025)</u>	<u>(68)</u>
	Non-operating income and expenses:				
7010	Other income (Note 6(21))	4,090	-	24,847	4
7020	Other gains and losses (Note 6(21))	118,275	9	(33,725)	(5)
7050	Finance costs (Note 6(21))	(27,967)	(2)	(20,033)	(3)
7060	Share of losses of associates accounted for using equity method (Note 6(16))	1,426	-	-	-
7100	Interest income (Note 6(21))	<u>5,057</u>	<u>-</u>	<u>714</u>	<u>-</u>
	Loss before income tax	<u>(57,710)</u>	<u>(4)</u>	<u>(464,222)</u>	<u>(72)</u>
7950	Less: Income tax expenses(benefit) (Note 6(16))	<u>21,771</u>	<u>2</u>	<u>(92,652)</u>	<u>(14)</u>
	Loss	<u>(79,481)</u>	<u>(6)</u>	<u>(371,570)</u>	<u>(58)</u>
8300	Other comprehensive income:				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Remeasurements of defined benefit obligation (Note 6(15))	(1,069)	-	749	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (Note 6(17))	(1,068)	-	192	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>(2,137)</u>	<u>-</u>	<u>941</u>	<u>-</u>
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements (Note 6(17))	51,751	4	(17,028)	(2)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>51,751</u>	<u>4</u>	<u>(17,028)</u>	<u>(2)</u>
8300	Other comprehensive income (loss) for the period,net of tax	<u>49,614</u>	<u>4</u>	<u>(16,087)</u>	<u>(2)</u>
8500	Total comprehensive income for the year	<u>\$ (29,867)</u>	<u>(2)</u>	<u>(387,657)</u>	<u>(60)</u>
	Earnings per share(NT Dollars) (Note 6(18))				
9750	Basic earnings per share	<u>\$ (0.46)</u>		<u>(2.15)</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
LI CHENG ENTERPRISE CO.,LTD AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings						Other equity			
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total	Total equity
Balance at January 1, 2021	\$ 1,726,773	42,859	359,040	25,586	1,011,352	1,395,978	(15,849)	(34,782)	(50,631)	3,114,979
Loss for the period	-	-	-	-	(371,570)	(371,570)	-	-	-	(371,570)
Other comprehensive income for the period	-	-	-	-	749	749	(17,028)	192	(16,836)	(16,087)
Total comprehensive income for the period	-	-	-	-	(370,821)	(370,821)	(17,028)	192	(16,836)	(387,657)
Appropriation and distribution of retained earnings:										
Special reserve	-	-	-	25,045	(25,045)	-	-	-	-	-
	-	-	-	25,045	(25,045)	-	-	-	-	-
Balance at December 31, 2021	\$ 1,726,773	42,859	359,040	50,631	615,486	1,025,157	(32,877)	(34,590)	(67,467)	2,727,322
Balance at January 1, 2022	1,726,773	42,859	359,040	50,631	615,486	1,025,157	(32,877)	(34,590)	(67,467)	2,727,322
Loss for the period	-	-	-	-	(79,481)	(79,481)	-	-	-	(79,481)
Other comprehensive income for the period	-	-	-	-	(1,069)	(1,069)	51,751	(1,068)	50,683	49,614
Total comprehensive income for the period	-	-	-	-	(80,550)	(80,550)	51,751	(1,068)	50,683	(29,867)
Appropriation and distribution of retained earnings:										
Special reserve	-	-	-	16,836	(16,836)	-	-	-	-	-
	-	-	-	16,836	(16,836)	-	-	-	-	-
Disposal of equity investments measured at fair value through other comprehensive income	-	-	-	-	(35,871)	(35,871)	-	35,871	35,871	-
Balance at December 31, 2022	\$ 1,726,773	42,859	359,040	67,467	482,229	908,736	18,874	213	19,087	2,697,455

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
LI CHENG ENTERPRISE CO.,LTD AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from (used in) operating activities:		
Loss before tax	\$ (57,710)	(464,222)
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	294,318	376,785
Amortization expense	1,125	1,092
Expected credit (gain)/ Provision for bad debt expense	4,048	(1,634)
Interest expense	27,967	20,033
Interest income	(5,057)	(714)
Dividend income	(66)	(16)
Share of profit of associates accounted for using equity method	(1,426)	-
Loss on disposal of property, plan and equipment	-	650
Property, plan and equipment transferred to expenses	100	225
Total adjustments to reconcile profit	<u>321,009</u>	<u>396,421</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
(Increase) decrease in notes receivable	(19,635)	3,211
(Increase) decrease in accounts receivable	(167,983)	77,260
Increase in other receivable	(19,320)	(1,445)
Decrease (increase) in inventories	26,809	(101,734)
(Increase) decrease in prepayments	(28,307)	439
Decrease (increase) in other current assets	20,181	(15,210)
Total changes in operating assets	<u>(188,255)</u>	<u>(37,479)</u>
Changes in operating liabilities:		
Increase (decrease) in notes payable	18,183	(3,490)
Increase in accounts payable	5,040	1,701
Increase (decrease) in other payable	28,029	(22,642)
Increase (decrease) in other current liabilities	3,287	(1,983)
Decrease in other non-current liabilities	(1,997)	(1,990)
Decrease in net defined benefit liabilities	(432)	(395)
Total changes in operating liabilities	<u>52,110</u>	<u>(28,799)</u>
Total changes in operating assets and liabilities	<u>(136,145)</u>	<u>(66,278)</u>
Total adjustments	<u>184,864</u>	<u>330,143</u>
Cash inflow (outflow) generated from operations	127,154	(134,079)
Interest received	4,724	709
Dividends received	66	16
Interest paid	(27,553)	(19,888)
Income taxes paid	(242)	(21)
Net cash flows from (used in) operating activities	<u>104,149</u>	<u>(153,263)</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(16,970)	-
Increase in prepayments for investments	(12,188)	-
Acquisition of property, plant and equipment	(241,934)	(272,776)
Decrease (Increase) in refundable deposits	41	(246)
Acquisition of intangible assets	(400)	-
Increase in prepayments for business facilities	(95,282)	(30,899)
Increase in other non-current financial assets	(104,250)	(53,760)
Net cash flows used in investing activities	<u>(470,983)</u>	<u>(357,681)</u>
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	290,670	576,510
Decrease in short-term borrowings	(146,110)	(407,270)
Proceeds from long-term borrowings	93,000	510,000
Repayments of long-term borrowings	(312,181)	(271,102)
Payment of lease liabilities	(30,374)	(29,897)
Net cash flows from (used in) financing activities	<u>(104,995)</u>	<u>378,241</u>
Effect of exchange rate changes on cash and cash equivalents	(5,203)	(5,503)
Net decrease in cash and cash equivalents	(477,032)	(138,206)
Cash and cash equivalents at beginning of period	879,764	1,017,970
Cash and cash equivalents at end of period	<u>\$ 402,732</u>	<u>879,764</u>

See accompanying notes to consolidated financial statements.

LI CHENG ENTERPRISE CO., LTD.

Parent Company Only Financial Statements

**With Independent Auditors' Report
For the Years Ended December 31, 2022 and 2021**

Address: No. 5, Dougong 12th Rd., Douliu City, Yunlin County 640153 , Taiwan (R.O.C.)
Telephone: (05)557-1010

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

Independent Auditors' Report

To the Board of Directors of LI CHENG ENTERPRISE CO.,LTD:

Opinion

We have audited the financial statements of LI CHENG ENTERPRISE CO.,LTD(“ the Company”), which comprise the balance sheet as of December 31, 2022 and 2021, the statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of 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 of our opinion.

Key Audit Matters

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

1. Revenue recognition

Please refer to Note 4(14) "Revenue" and Note 6(19) of the financial statements for accounting policies on revenue recognition and revenue recognition, respectively.

Description of key audit matter:

Some of the sales of the Company need to provide discounts to customers based on the agreement of the contract. The company has the estimation series of the management authority of the limited company for the above matters is a deduction of revenue. Therefore, the test for revenue recognition is one of the important assessment items performed by the accountants for the purpose of auditing the financial statements of the Company.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principle audit procedures included testing the internal control system for revenue recognition of the financial statements, analyzing there is any major abnormality in a change in customers between the current year and the prior year, and checking relevant customer sales and contract terms and testing profit. The consistency of accounting treatment related to the sales terms of the business of the Company.

2. Inventory valuation

Please refer to Note 4(7) "Accounting policies", Note 5 "Uncertainty of accounting estimates and assumptions", and Note 6(5) "Related disclosures for inventory valuation".

Description of key audit matter:

The Company's inventories are measured at the lower of cost and net realizable value. However, the cost of inventory might exceed its net realizable value due to the rapid advancement in technology. Therefore, the valuation of inventories has been identified as one of the key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures include assessing the Company's allowance on inventory according to its characteristics, including conducting sampling test to examine accuracy of inventory aging; assessing the Company's inventory decline or rationality of debt ratio; examining accuracy of allowance on inventory for past years, and comparing with this period, in order to assess whether estimation method for this period is presented fairly.

3. Impairment of long-term non-financial assets (excluding goodwill)

Refer to Note 4(13) "Impairment of nonfinancial assets", Note 5 "Critical accounting judgments and key sources of estimation and assumption uncertainty", and Note 6(7) "Impairment-non-financial assets of estimation" to the financial statements.

Description of key audit matter:

The Company operates in an industry with high investment costs, and may experience volatility in response to changes in the external market; hence, it is important to assess the impairment of its long-term nonfinancial assets. The impairment assessment includes identifying cash-generating units, determining a valuation model, determining those significant assumptions, and computing the recoverable amounts. With the complexity of the impairment assessment process and the involvement of significant management judgment regarding the assumptions used, impairment assessment one of the key areas our audit focused on.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included assessing whether there are impairment indications for the identified cash-generating units of the Company and its related assets ; understanding and assessing the appropriateness of the valuation model used by the management in the impairment assessment and the significant assumptions used to determine related assets' future cash flows projection, useful lives, and weighted-average cost of capital; retrospectively reviewing the accuracy of assumptions used in prior-period estimates and performing a sensitivity analysis of key assumptions and results; We also appointed an inquiry of the management and identified any event after the balance sheet date to determine whether it is able to affect the results of the impairment assessment.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Tzu-Hsin Chang and Chun-Yuan Wu.

KPMG
Taipei, Taiwan (Republic of China)
March 28, 2023

Notes to Readers

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

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

(English Translation of Only Financial Statements and Report Originally Issued in Chinese)
LI CHENG ENTERPRISE CO.,LTD

Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2022		December 31, 2021				December 31, 2022		December 31, 2021	
		Amount	%	Amount	%			Amount	%	Amount	%
Current Assets						Liabilities and Equity					
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (Note 6(1))	\$ 391,307	8	744,415	15	2100	Short-term borrowings (Note 6(11) and 8)	\$ 444,670	9	300,110	6
1120	Current financial assets at fair value through other comprehensive income (Note 6(2))	541	-	642	-	2151	Notes payable	31,007	1	12,824	-
1150	Notes receivable, net (Note 6(3))	26,197	1	6,562	-	2170	Accounts payable	12,895	-	7,855	-
1170	Accounts receivable, net (Note 6(3))	265,693	5	101,728	2	2200	Other payables	109,032	2	86,455	2
1200	Other receivables (Note 6(4))	7,169	-	22	-	2220	Other payables to related parties (Note 7)	481	-	476	-
1210	Other receivables from related parties (Note 6(4) and (7))	273,009	6	166,080	3	2280	Current lease liabilities (Note 6(14))	15,288	1	15,080	1
1220	Current tax assets	463	-	221	-	2300	Other current liabilities (Note 6(12))	7,077	-	3,992	-
1310	Inventories (Note 6(5))	266,349	5	293,158	6	2320	Long-term borrowings, current portion (Note 6(13) and 8)	209,379	4	260,295	5
1470	Other current assets (Note 6(10))	50,917	1	43,766	1			829,829	17	687,087	14
		<u>1,281,645</u>	<u>26</u>	<u>1,356,594</u>	<u>27</u>						
Non-current assets						Non-Current liabilities:					
1550	Investments accounted for using equity method (Note 6(6))	511,684	11	460,846	9	2540	Long-term borrowings (Note 6(13) and 8)	1,335,488	27	1,503,753	30
1600	Property, plant and equipment (Note 6(7) and (8))	2,556,312	52	2,696,662	54	2570	Deferred tax liabilities (Note 6(16))	4,031	-	-	-
1755	Right-of-use assets (Note 6(8))	25,153	1	28,323	1	2580	Non-current lease liabilities (Note 6(14))	9,992	-	13,616	-
1780	Intangible assets (Note 6(9))	1,329	-	2,054	-	2640	Net defined benefit liability (Note 6(15))	4,861	-	4,224	-
1840	Deferred tax assets (Note 6(16))	214,364	4	232,104	5	2670	Other non-current liabilities	23,666	1	25,663	1
1915	Prepayments for business facilities	41,809	1	28,408	1			1,378,038	28	1,547,256	31
1920	Guarantee deposits paid	44,208	1	44,294	1			2,207,867	45	2,234,343	45
1960	Non-current prepayments for investments (Note 6(6))	12,188	-	-	-						
1984	Other non-current financial assets, others (Note 8)	215,470	4	111,220	2						
1900	Other non-current assets	1,160	-	1,160	-						
		3,623,677	74	3,605,071	73						
		<u>4,905,322</u>	<u>100</u>	<u>4,961,665</u>	<u>100</u>						
	Total assets	\$ <u>4,905,322</u>	<u>100</u>	<u>4,961,665</u>	<u>100</u>						
						Total liabilities and equity					
								\$ <u>4,905,322</u>	<u>100</u>	<u>4,961,665</u>	<u>100</u>

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
LI CHENG ENTERPRISE CO.,LTD

Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
4000 Operating revenue (Note 6(19))	\$ 1,398,219	100	642,896	100
5000 Operating costs (Note 6(5) 、(15) 、(20))	<u>1,274,049</u>	<u>91</u>	<u>912,071</u>	<u>142</u>
Gross profit (loss) from operations	<u>124,170</u>	<u>9</u>	<u>(269,175)</u>	<u>(42)</u>
Operating expenses (Note 6(15) 、(20) and 7):				
6100 Selling expenses	128,827	9	54,001	8
6200 Administrative expenses	116,863	8	90,409	14
6300 Research and development expenses	16,585	1	15,674	3
6450 Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9 (Note 6(3))	<u>4,048</u>	<u>-</u>	<u>(1,634)</u>	<u>-</u>
	<u>266,323</u>	<u>18</u>	<u>158,450</u>	<u>25</u>
Net operating loss	<u>(142,153)</u>	<u>(9)</u>	<u>(427,625)</u>	<u>(67)</u>
Non-operating income and expenses:				
7010 Other income (Note 6(21))	4,090	-	24,847	4
7020 Other gains and losses (Note 6(21))	118,281	8	(29,687)	(4)
7050 Finance costs (Note 6(21))	(27,967)	(2)	(20,033)	(3)
7070 Share of losses of associates accounted for using equity method (Note 6(6))	(16,916)	(1)	(14,526)	(2)
7100 Interest income (Note 6(21))	<u>6,955</u>	<u>-</u>	<u>2,802</u>	<u>-</u>
	<u>84,443</u>	<u>5</u>	<u>(36,597)</u>	<u>(5)</u>
7900 Loss before income tax	(57,710)	(4)	(464,222)	(72)
7950 Less: Income tax expenses(benefit) (Note 6(16))	<u>21,771</u>	<u>2</u>	<u>(92,652)</u>	<u>(14)</u>
Loss	<u>(79,481)</u>	<u>(6)</u>	<u>(371,570)</u>	<u>(58)</u>
8300 Other comprehensive income:				
8310 Components of other comprehensive income that will not be reclassified to profit or loss				
8311 Remeasurements of defined benefit obligation (Note 6(15))	(1,069)	-	749	-
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (Note 6(17))	(1,068)	-	192	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(2,137)</u>	<u>-</u>	<u>941</u>	<u>-</u>
8360 Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361 Exchange differences on translation of foreign financial statements (Note 6(17))	51,751	4	(17,028)	(2)
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>51,751</u>	<u>4</u>	<u>(17,028)</u>	<u>(2)</u>
8300 Other comprehensive income (loss) for the period,net of tax	<u>49,614</u>	<u>4</u>	<u>(16,087)</u>	<u>(2)</u>
8500 Total comprehensive income for the year	<u>\$ (29,867)</u>	<u>(2)</u>	<u>(387,657)</u>	<u>(60)</u>
Earnings per share (NT Dollars) (Note 6(18))				
9750 Basic earnings per share	<u>\$ (0.46)</u>		<u>(2.15)</u>	

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
LI CHENG ENTERPRISE CO.,LTD

Statements of Changes in Equity
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings					Other equity				
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total	Total equity
Balance at January 1, 2021	\$ 1,726,773	42,859	359,040	25,586	1,011,352	1,395,978	(15,849)	(34,782)	(50,631)	3,114,979
Loss for the period	-	-	-	-	(371,570)	(371,570)	-	-	-	(371,570)
Other comprehensive income for the period	-	-	-	-	749	749	(17,028)	192	(16,836)	(16,087)
Total comprehensive income for the period	-	-	-	-	(370,821)	(370,821)	(17,028)	192	(16,836)	(387,657)
Appropriation and distribution of retained earnings:										
Special reserve	-	-	-	25,045	(25,045)	-	-	-	-	-
	-	-	-	25,045	(25,045)	-	-	-	-	-
Balance at December 31, 2021	\$ 1,726,773	42,859	359,040	50,631	615,486	1,025,157	(32,877)	(34,590)	(67,467)	2,727,322
Balance at January 1, 2022	\$ 1,726,773	42,859	359,040	50,631	615,486	1,025,157	(32,877)	(34,590)	(67,467)	2,727,322
Loss for the period	-	-	-	-	(79,481)	(79,481)	-	-	-	(79,481)
Other comprehensive income for the period	-	-	-	-	(1,069)	(1,069)	51,751	(1,068)	50,683	49,614
Total comprehensive income for the period	-	-	-	-	(80,550)	(80,550)	51,751	(1,068)	50,683	(29,867)
Appropriation and distribution of retained earnings:										
Special reserve	-	-	-	16,836	(16,836)	-	-	-	-	-
	-	-	-	16,836	(16,836)	-	-	-	-	-
Disposal of equity investments measured at fair value through other comprehensive income	-	-	-	-	(35,871)	(35,871)	-	35,871	35,871	-
Balance at December 31, 2022	\$ 1,726,773	42,859	359,040	67,467	482,229	908,736	18,874	213	19,087	2,697,455

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
LI CHENG ENTERPRISE CO.,LTD

Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from (used in) operating activities:		
Loss before tax	\$ (57,710)	(464,222)
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	288,590	371,412
Amortization expense	1,125	1,092
Expected credit (gain)/ Provision for bad debt expense	4,048	(1,634)
Interest expense	27,967	20,033
Interest income	(6,955)	(2,802)
Dividend income	(66)	(16)
Share of loss of subsidiaries, associates and joint ventures accounted for using equity method	16,916	14,526
Loss on disposal of property, plan and equipment	-	218
Property, plan and equipment transferred to expenses	100	225
Total adjustments to reconcile profit	<u>331,725</u>	<u>403,054</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
(Increase) decrease in notes receivable	(19,635)	3,211
(Increase) decrease in accounts receivable	(168,013)	77,656
(Increase) decrease in other receivable	(6,814)	4,864
(Increase) decrease in other receivable due from related parties	(106,929)	24,450
Decrease (Increase) in inventories	26,809	(101,734)
Increase in prepayments	(27,348)	(207)
Decrease (increase) in other current assets	20,197	(15,455)
Total changes in operating assets	<u>(281,733)</u>	<u>(7,215)</u>
Changes in operating liabilities:		
Increase (decrease) in notes payable	18,183	(3,490)
Increase in accounts payable	5,040	1,701
Increase (decrease) in other payable	27,334	(22,280)
Increase (decrease) in other payable due from related parties	5	(985)
Increase (decrease) in other current liabilities	3,085	(1,997)
Decrease in other non-current liabilities	(1,997)	(1,990)
Decrease in net defined benefit liabilities	(432)	(395)
Total changes in operating liabilities	<u>51,218</u>	<u>(29,436)</u>
Total changes in operating assets and liabilities	<u>(230,515)</u>	<u>(36,651)</u>
Total adjustments	<u>101,210</u>	<u>366,403</u>
Cash inflow (outflow) generated from operations	43,500	(97,819)
Interest received	6,622	2,797
Dividends received	66	16
Interest paid	(27,553)	(19,888)
Income taxes paid	(242)	(21)
Net cash flows from (used in) operating activities	<u>22,393</u>	<u>(114,915)</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(16,970)	-
Acquisition of investments accounted for using the equity method	-	(288,291)
Increase in prepayments for investments	(12,188)	-
Acquisition of property, plant and equipment	(105,787)	(150,501)
Increase in refundable deposits	86	(391)
Acquisition of intangible assets	(400)	-
Increase in prepayments for business facilities	(30,997)	(15,339)
Decrease in other non-current financial assets	(104,250)	(53,760)
Net cash flows used in investing activities	<u>(270,506)</u>	<u>(508,282)</u>
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	290,670	576,510
Decrease in short-term borrowings	(146,110)	(407,270)
Proceeds from long-term borrowings	93,000	510,000
Repayments of long-term borrowings	(312,181)	(271,102)
Payment of lease liabilities	(30,374)	(29,897)
Net cash flows from (used in) financing activities	<u>(104,995)</u>	<u>378,241</u>
Net (decrease) increase in cash and cash equivalents	<u>(353,108)</u>	<u>(244,956)</u>
Cash and cash equivalents at beginning of period	<u>744,415</u>	<u>989,371</u>
Cash and cash equivalents at end of period	<u>\$ 391,307</u>	<u>744,415</u>

See accompanying notes to parent company only financial statements.

【Attachment 5】

LI CHENG ENTERPRISE CO., LTD.
Table of 2022 Deficit Compensation



Amounts in Thousands of New Taiwan Dollars

Items	Amount	Notes
Undistributed surplus, beginning of the year	<u>598,650,037</u>	
Add: Changes in pension actuarial gains and losses of the period	(1,068,861) (79,480,827)	
Add: Net income (loss) of the period	<u>518,100,349</u>	
Surplus distributable		
Less:		
Set aside special surplus reserve		0
Distributable surplus, end of year	<u>518,100,349</u>	

If the company has any surplus after the annual settlement, it shall be distributed in the following order:

1. Pay income tax according to law.
2. Compensate loss from previous years.
3. Set aside 10% as legal reserve.
4. Set aside special reserve when necessary.

After deducting the balance of the previous items, the board of directors shall prepare a shareholders' dividend distribution proposal based on the balance and the previous year's earnings and submit it to the shareholders' meeting for a resolution on distribution.

The distribution of the company's dividends should take into account the company's current and future investment opportunities, capital needs, domestic and foreign competition conditions, and the company's budget, while taking care of the interests of shareholders. Every year, the board of directors drafts a distribution proposal according to law and submits it to the shareholders' meeting for resolution. However, the ratio of cash dividends shall not be lower than 10% of the proposed distribution of shareholder dividends in principle.

Chairman: Hong, Wen Yao



CEO: Hong, Wen Yao



Accounting manager:
Chien, Wei Lung



【Attachment 6】

LI CHENG ENTERPRISE CO., LTD.

The Comparison Table of the Operational Procedures for Loaning and Endorsements and Guarantees

Before amendment		After amendment		Notes
Articles	Content	Articles	Content	
Article 6	<p>1. Between companies, firms, or foreign subsidiaries that directly or indirectly hold 100% of the voting shares that have business dealings with the company, the total amount of loans shall not exceed 2020% of the company's net worth, and the amount of individual loans shall not exceed the amount of business transactions between the two parties. The so-called business transaction amount refers to the purchase or sale amount between the two parties, whichever is higher.</p> <p>2. Between companies or firms that need short-term financing, or between foreign subsidiaries that the company directly or indirectly hold 100% of the voting shares, the total amount of the loan shall not exceed 2020% of the company's net value, and the amount of individual loans shall be no more than 4040% of the company's net worth.</p>	Article 6	<p>1. Between companies, firms, or foreign subsidiaries that directly or indirectly hold 100% of the voting shares that have business dealings with the company, the total amount of loans shall not exceed 2040% of the company's net worth, and the amount of individual loans shall not exceed the amount of business transactions between the two parties. The so-called business transaction amount refers to the purchase or sale amount between the two parties, whichever is higher.</p> <p>2. Between companies or firms that need short-term financing, or between foreign subsidiaries that the company directly or indirectly hold 100% of the voting shares, the total amount of the loan shall not exceed 2040% of the company's net value, and the amount of individual loans shall be no more than 4020% of the company's net worth.</p>	Amend according to the actual situation.
Article 7	<p>1. Omitted</p> <p>2. Omitted</p> <p>3. Scope of Authorization: The company's handling of capital loans must be submitted to the general manager for approval and submitted to the board of directors for approval after the credit investigation by the company's finance department. No other person may be authorized to make such decisions. Loans between the company and its subsidiaries, or between subsidiaries, shall be submitted to the resolution of the board of directors in accordance with the provisions of the preceding paragraph, and may authorize the chairman of the board of directors to allocate a certain amount of the same loan object in stages within a period not exceeding one year or for revolving use. The certain amount referred to in the preceding paragraph, unless meets the provisions of Article 4, Paragraph 4, means the amount of loans of the company or its subsidiaries provide to a single entity shall not exceed 4040% of the net value of the company's most recent financial. Also, the opinions of independent directors shall be fully considered. If independent directors have objections or reservations, they shall be stated in the minutes of the board meeting.</p>	Article 7	<p>1. Omitted</p> <p>2. Omitted</p> <p>3. Scope of Authorization: The company's handling of capital loans must be submitted to the general manager for approval <u>and the Audit Committee for alignment</u>, and then submitted to the board of directors for approval after the credit investigation by the company's finance department. No other person may be authorized to make such decisions. Loans between the company and its subsidiaries, or between subsidiaries, shall be submitted to the resolution of the board of directors in accordance with the provisions of the preceding paragraph, and may authorize the chairman of the board of directors to allocate a certain amount of the same loan object in stages within a period not exceeding one year or for revolving use. The certain amount referred to in the preceding paragraph, unless meets the provisions of Article 4, Paragraph 4, means the amount of loans of the company or its subsidiaries provide to a single entity shall not exceed 2020% of the net value of the company's most recent financial. <u>The company appoints independent directors according to regulations, and</u> the opinions of independent directors shall be fully considered. If independent directors have objections or reservations, they shall be stated in the minutes of the board meeting.</p>	Amend according to the actual situation.
Article 16	The Company's handling of endorsement and	Article	The Company's handling of endorsement and	Amend

	<p>guarantees must be approved by the board of directors, submitted to the Audit Committee, and sent for shareholders' meeting for resolution. If the directors have different opinions and those opinions are documented or in hardcopy statement, the opinions shall be sent for Audit Committee and shareholders' meeting for discussion, the same for any revisions. The opinions of independent directors shall be fully considered. If independent directors have opposing opinions or reserved opinions, they shall be stated in the minutes of the board meeting. The board of directors may authorize the chairman of the board of directors to decide within the limit of NT\$50 million for a single transaction in accordance with the relevant provisions of this handling procedure, and then report to the board of directors for ratification, and report matters related to the handling situation to the shareholders' meeting for reference.</p>	16	<p>guarantees <u>must be approved by the board of directors after getting the alignment of the Audit Committee.</u> If the directors have different opinions and those opinions are documented or in hardcopy statement, the opinions shall be sent for Audit Committee and shareholders' meeting for discussion, the same for any revisions. The opinions of independent directors shall be fully considered. If independent directors have opposing opinions or reserved opinions, they shall be stated in the minutes of the board meeting. The board of directors may authorize the chairman of the board of directors to decide within the limit of NT\$50 million for a single transaction in accordance with the relevant provisions of this handling procedure, and then report to the board of directors for ratification, and report matters related to the handling situation to the shareholders' meeting for reference.</p>	according to the actual situation.
Article 23	<ol style="list-style-type: none"> 1. After the procedure is approved by the board of directors, it shall be submitted to the audit committee and submitted to the shareholders' meeting for approval. If any director expresses objection and there are records or written statements, the company shall submit the objection to the audit committee and the shareholders' meeting for discussion, the same for any revisions. 2. When submitting this handling procedure to the board of directors for discussion in accordance with the provisions of the preceding paragraph, the opinions of independent directors shall be fully considered. If independent directors have objections or reservations, they shall be stated in the minutes of the board meeting. 3. Matters not covered in this procedure shall be handled in accordance with relevant regulations and the relevant regulations of the company. 	Article 23	<ol style="list-style-type: none"> 1. After the operating procedure <u>is approved by the Audit Committee, it will be submitted to the board of directors for approval</u> and then submitted to the shareholders' meeting for approval. If any director expresses objection and there is a record or written statement, the company should submit the objection to the audit committee and the shareholders' meeting for discussion, the same for any revisions. 2. When submitting this handling procedure to the board of directors for discussion in accordance with the provisions of the preceding paragraph, the opinions of independent directors shall be fully considered. If independent directors have objections or reservations, they shall be stated in the minutes of the board meeting. 3. Matters not covered in this procedure shall be handled in accordance with relevant regulations and the relevant regulations of the company. 4. <u>This Procedure is published on May 23, 2003. The first amendment is on June 23, 2006. The second amendment is on June 18, 2009. The third amendment is on June 17, 2010. The fourth amendment is on June 20, 2013. The fifth amendment is on June 11, 2018. The sixth amendment is on June 14, 2019. The seventh amendment is on June 22, 2020. The eighth amendment is on June 19, 2023.</u> 	Amend according to the actual situation and add the amendment dates.

8. Appendix

【Appendix 1】

LI CHENG ENTERPRISE CO., LTD.

Rules of Procedure for Board of Directors Meetings

Article 1 (The basis of the Rules)

To establish a strong governance system and sound supervisory capabilities for the Company's board of directors and to strengthen management capabilities, these Rules are adopted pursuant to Article 2 of the Regulations Governing Procedure for Board of Directors Meetings of Public Companies.

Article 2 (The scope of the Rules)

With respect to the board of directors' meetings ("board meetings") of the Company, the main agenda items, working procedures, required content of meeting minutes, public announcements, and other compliance requirements shall be handled in accordance with the provisions of these Rules.

Article 3 (Convention of board of directors meeting and meeting notification)

The board of directors shall meet at least quarterly. But in case of emergency circumstances, a board meeting can be initiated anytime.

A notice of the reasons for convening a board meeting shall be given to each director before 7 days before the meeting is convened and can be electronically transmitted.

All matters set forth under Article 12, paragraph 1 of these Rules shall be specified in the notice of the reasons for convening a board meeting. None of those matters may be raised by an extraordinary motion except in the case of an emergency or for other legitimate reason.

Article 4 (Meeting notification and meeting materials)

The stock affair department is designated to handle the administrative matters relating to the Company's Board meetings.

The meeting administrative office is responsible for drafting the agenda for the Board meeting and preparing sufficient meeting materials to be mailed with the notice of the meeting.

A director who is of the opinion that the meeting materials provided are insufficient may request their supplementation by the unit responsible for board meetings. If a director is of the opinion that materials concerning any proposal are insufficient, the deliberation of such proposal may be postponed by a resolution of the board of directors.

Article 5 (Preparation of attendance book and attendance appointment)

When a board meeting is held, an attendance book shall be provided for signing-in by attending directors.

Directors shall attend board meetings in person. A director unable to attend in person may appoint another director to attend the meeting in his or her place in accordance with the Company's articles of incorporation. Attendance by videoconference will be deemed attendance in person.

Independent directors should submit matters to be resolved by the board of directors as stipulated in Article 7, Item 1 of Regulations Governing Procedure for Board of Directors Meetings of Public Companies, and should all attend the meeting. If unable to attend in person shall appoint another independent director to attend the meeting in his or her place. If independent directors have objections and reservations, they should be stated in the minutes of the board meeting; if the independent directors cannot attend in person to state the objections and reservations, unless there are justifiable reasons, a written opinion shall be issued in advance and shall be recorded in the minutes of the board meeting.

Article 6 (Principles of meeting place and time of the board of directors)

A board meeting shall be held at the premises and during the business hours of the Company, or at a place and time convenient for all directors to attend and suitable for holding board meetings.

Article 7 (Chairman and proxy)

Board meetings of company shall be convened and chaired by the chairman. However, with respect to the first meeting of each newly elected board of directors, it shall be called and chaired by the director that received votes representing the largest portion of voting rights at the shareholders meeting in which the directors were elected; if two or more directors are so entitled to convene the meeting, they shall select from among themselves one director to serve as chair.

When the board of directors is convened by more than half of the directors, the directors shall elect one of them as chairman.

When the chairperson of the board is on leave or for any reason unable to exercise the powers of chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson is also on leave or for any reason unable to exercise the powers of vice chairperson, the chairperson shall appoint one of the managing directors to act. If no such designation is made by the chairperson, the managing directors or directors shall select one person from among themselves to serve as chair.

Article 8 (Board meeting reference materials and non-voting participants)

When a board meeting is held, the management shall furnish the attending directors with relevant materials for ready reference.

As merited by the content of a proposal to be put forward at a board meeting, personnel from a relevant department or a subsidiary may be notified to attend the meeting as non-voting participants. When necessary, certified public accountants, attorneys, or other professionals retained by the Company may also be invited to attend the meeting as non-voting participants and to make explanatory statements, provided that they shall leave the meeting when deliberation or voting takes place.

The chair shall call the board meeting to order at the appointed meeting time and when more than one-half of all the directors are in attendance. If one-half of all the directors are not in attendance at the appointed meeting time, the chair may announce postponement of the meeting time, provided that no more than two such postponements may be made. If the quorum is still not met after two postponements, the chair shall reconvene the meeting in accordance with the procedures in Article 3, paragraph 2.

The number of "all directors," as used in the preceding paragraph and in Article 16, paragraph 2, subparagraph 2, shall be counted as the number of directors then actually in office.

Article 9 (Recording or video recording of board meetings)

Proceedings of a board meeting shall be recorded in their entirety in audio or video, and the recording shall be retained for a minimum of 5 years. The record may be retained in electronic form.

If any litigation arises with respect to a resolution of a board meeting before the end of the retention period of the preceding paragraph, the relevant audio or video record shall be retained until the conclusion of the litigation.

Where a board meeting is held by videoconference, the audio or video documentation of the meeting constitutes part of the meeting minutes and shall be retained for the duration of the existence of the Company.

Article 10 (Agenda)

Agenda items for regular board meetings of the Company shall include at least the following:

1. Matters to be reported:

- A. Minutes of the last meeting and action taken.
- B. Important financial and business matters.
- C. Internal audit activities.
- D. Other important matters to be reported.

2. Matters for discussion:

- A. Items for continued discussion from the last meeting.
- B. Items for discussion at this meeting.

3. Extraordinary motions.

Article 11 (Matters to discuss)

A board meeting shall follow the agenda given in the meeting notice. However, the agenda may be changed with the approval of a majority of directors in attendance at the board meeting.

The chair may not declare the meeting closed without the approval of a majority of the directors in attendance at the meeting.

At any time during the course of a board meeting, if the number of directors sitting at the meeting does not constitute a majority of the attending directors, then upon the motion by a director sitting at the meeting, the chair shall declare a suspension of the meeting, in which case Article 8, paragraph 3 shall apply mutatis mutandis.

Article 12 (Matters that shall be raised for board meeting discussion)

The matters listed below as they relate to the Company shall be raised for discussion at a board meeting:

1. The Company's business plan.
2. Annual and second quarterly financial reports subject to the verification of an accountant.

3. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act and the evaluation of the effectiveness of the internal control system.
4. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act of any handling procedures for material financial or business transactions, such as the acquisition or disposal of assets, derivatives trading, loans of funds to others, and endorsements or guarantees for others.
5. Matters involving the interests of the directors themselves.
6. Material transactions of assets or derivatives.
7. Material capital loans, endorsements or guarantees.
8. The offering, issuance, or private placement of equity-type securities.
9. The appointment and discharge of the chairman should there be no managing directors in the board of directors.
10. The appointment, discharge, or remuneration of certified accountants.
11. The appointment or discharge of a financial, accounting, or internal audit officer.
12. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief that is made for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.
13. Material matters that, under Article 14-3 of the Securities and Exchange Act or any other law, regulation, or bylaw, must be approved by resolution at a shareholders meeting or board meeting.
14. Should the directors or managers compensation do not adopt or amend according to Compensation Committee's suggestion, more than two-third of the directors shall be present and more than half of the attendees shall agree, while stating in the resolution whether the compensation passed by the board of directors is better than the recommendation of the Compensation Committee.

The term "related party" in subparagraph 12 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means an individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NTD100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year.

The term "within a 1-year period" in the preceding paragraph means a period of 1 year calculated retroactively from the date on which the current board of directors meeting is convened. Amounts already submitted to and passed by a resolution of the board are exempted from inclusion in the calculation.

Article 13 (Vote 1)

When the chair at a board meeting is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call a vote.

When a proposal comes to a vote at a board meeting, if no attending director voices an objection following an inquiry by the chair, the proposal will be deemed approved. If there is an objection following an inquiry by the chair, the proposal shall be brought to a vote.

One voting method for proposals at a board meeting shall be selected by the chair from among those below, provided that when an attending director has an objection, the chair shall seek the opinion of the majority to make a decision:

1. A show of hands or a vote by voting machine.
2. A roll call vote.
3. A vote by ballot.

"Attending directors," as used in the preceding two paragraphs, does not include directors that may not exercise voting rights pursuant to Article 15, paragraph 1.

Article 14 (Vote 2 and methods of monitoring and counting)

Except where otherwise provided by the Securities and Exchange Act and the Company Act, the passage of a proposal at a board meeting shall require the approval of a majority of the directors in attendance at a board of directors meeting attended by a majority of all directors.

When there is an amendment or alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. If anyone among them is passed, the other proposals shall then be deemed rejected, and no further voting on them shall be required.

If a vote on a proposal requires monitoring and counting personnel, the chair shall appoint such personnel, providing that all monitoring personnel shall be directors.

Voting results shall be made known on-site immediately and recorded in writing.

Article 15 (Director's avoidance system)

If a director or a juristic person that the director represents is an interested party in relation to an agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interest of the Company, that director may not participate in discussion or voting on that agenda item and shall recuse himself or herself from the discussion or the voting on the item, and may not exercise voting rights as proxy for another director.

Where the spouse of a director, a second blood relative or a company having a controlling affiliation with the director has an interest in the matters of the meeting, the director shall be deemed to have an interest in the matter.

Where a director is prohibited by the exercising voting rights with respect to a resolution at a board meeting, the provisions of Article 180, paragraph 2 of the Company Act apply mutatis mutandis in accordance with Article 206, paragraph 3 of the same Act.

Article 16 (Meeting minutes and signatures)

Discussions at a board meeting shall be recorded in the meeting minutes, and the minutes shall fully and accurately state the matters listed below:

1. The meeting session (or year) and the time and place of the meeting.
2. The name of the chair.
3. The directors' attendance at the meeting, including the names and the number of directors in attendance, excused, and absent.
4. The names and titles of those attending the meeting as non-voting participants.
5. The name of the minute taker.
6. The matters reported at the meeting.
7. Agenda items: the method of resolution and the result for each proposal; a summary of the comments made by directors, experts, or other persons; the name of any director that is an interested party as referred to in paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; opinions expressing objections or reservations at the meeting that were included in records or stated in writing; and any opinion issued in writing by an independent director pursuant to Article 12, paragraph 4.
8. Extraordinary motions: The name of the mover, the method of resolution and the result, a summary of the comments of any director, expert, or other person; the name of any director that is an interested party as referred to in paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; and their objections or reservations and any recorded or written statements.
9. Other matters required to be recorded.
10. The remuneration approved by the board of directors is superior to the recommendation of the Compensation Committee.

The occurrence of any of the following circumstances, with respect to a resolution passed at a board meeting, shall be stated in the meeting minutes and shall be publicly announced and filed on the website of the Market Observation Post System designated by the Financial Supervisory Commission, within 2 days from the date of the meeting:

Any objection or expression of reservations by an independent director expresses of which there is a record or written statement.

The minutes of a board meeting shall bear the signature or seal of both the chair and the minute taker, and a copy of the minutes shall be distributed to each director within 20 days after the meeting. The minutes shall be deemed important corporate records and appropriately preserved during the existence of the Company.

The meeting minutes may produce and distributed in electronic form.

Article 17 (Board meeting's authorization)

When the chairman exercise his or her authority during adjournment, aside from the authorities of board of directors and independent directors and related-party transactions that should be approved through board resolution by-laws or related regulations, the authorized contents or items to the chairman are as below:

1. Represent the company externally within the scope of the company's business.
2. Capital movement (including the movement within the loan amount).
3. Acquisition of material assets, the part that authorize chairman within "Procedures of

acquisition or disposal of assets” of the company.

4. The approval of major technical cooperation contracts authorized to the chairman in accordance with company regulations.
5. The part that authorized chairman in the “Operational Procedures for Endorsements and Guarantees”.
6. Evaluate, examine, and monitor the existing or potentially existing risks of all kinds.
7. Matters approved by shareholders meeting or board of directors that is authorized to handle by the chairman in accordance with the law or with full authority.
8. Other items that board of directors authorized the chairman.

Article 18 (By-laws)

These Rules of Procedure shall be adopted by the approval of meeting of the board of directors and shall be reported to the shareholders meeting. The board of directors may be authorized to adopt, by resolution, any future amendments to these Rules.

Article 19 The Rules of Procedure were set on February 15, 2006.

The first amendment was on January 18, 2007.

The second amendment is on March 25, 2008.

The third amendment is on March 21, 2012.

The fourth amendment is on March 28, 2013.

The fifth amendment is on May 8, 2020.

The sixth amendment is on May 9, 2023.

【Appendix 2】

LI CHENG ENTERPRISE CO., LTD.

Articles of Incorporation

Section I--General Provisions

- Article 1 The Company shall be incorporated under the provisions for company limited by shares of the Company Act and its name shall be LI CHENG ENTERPRISE CO., LTD. (the “Company”) and the English name should be LI CHENG ENTERPRISE CO., LTD.
- Article 2 The scope of business of the Company shall be as follows:
1. F104110: Wholesale of Fabrics and Clothing Accessories
 2. F204110: Retail of Fabrics and Clothing Accessories
 3. C301010: Spinning of Yarn
 4. C302010: Weaving of Textiles
 5. C305010: Finishing of Textiles
 6. C306010: Wearing Apparel
 7. C307010: Manufacture of Clothing Accessories
 8. F401010: International Trade
 9. CB01010: Manufacture of Machinery and Equipment
 10. ZZ99999: All business activities that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 2-1 Due to the needs of business execution, the Company may endorse the external guarantee with the approval of the board of directors
- Article 2-2 The company's reinvestment amount shall not exceed 60% of the paid-in capital at most and shall not be restricted by Article 13 of the Company Act.
- Article 3 The Company shall have its head office in Yunlin County, the Republic of China (Taiwan). When necessary, the Company can establish, abolish, or change the branch office, subsidiaries, or offices within our outside the territory of the Republic of China through the resolutions passed by the Board of Directors.
- Article 4 The company's announcement method shall be handled in accordance with Article 28 of the Company Act.

Section II – Capital Stock

- Article 5 The Company’s total capital is established at NT\$2 billion, which has been divided into 200 million shares. Each share is NT\$10, and shares are authorized to Board of Directors to issue in installments.
- Article 6 The share certificate of the Company shall be affixed with the signatures or personal seals of the director representing the company and issued upon certification by the bank authorized by authority to handle the registration of issuance of stock certificates.
- Article 6-1 The Company may issue shares without printing share certificates; but such shares shall be registered at a Centralized Securities Depository Enterprise and handled in accordance with related regulations.
- Article 7 The counterpart which the Company buy back its share according to the law, issuance of employee stock option certificates, counterpart that the Company distribute new shares restricting employee rights, and the targets for the issuance of new shares may include the employees of the controlling or subordinate companies who meet certain conditions. The terms and distribution methods are authorized to be determined by the board of directors.
- Article 8 All transfer of stocks, pledge of rights, loss, succession, gift, loss of seal, amendment of seal, change of address or similar stock transaction conducted by shareholders of the Corporation shall follow the “Guidelines for Stock Operations for Public Companies” unless specified otherwise by law and securities regulations.
- Article 9 Deleted.
- Article 10 Registration for transfer of shares shall be suspended for sixty (60) days immediately before the day of an Annual General Meeting of shareholders, for thirty (30) days immediately before the day of any Special General Meeting of shareholders, and for five (5) days before the day on which dividends or any other benefit is scheduled to be paid by the Company.

Section III—Shareholders’ Meeting

- Article 11 The Corporation's Shareholders' meeting shall be divided into two kinds: Annual General meeting of shareholders and Extraordinary General meeting of shareholders. Annual General meeting of shareholders will be held once every year within six months after close of each fiscal year by the Board of Directors in accordance with Article 172 of Company Act, while the Extraordinary General meeting of shareholders will be held when necessary in accordance with related regulations.
- Article 11-1 The ordinary shareholders meeting shall be convened 30 days in advance, and the extraordinary shareholders meeting shall be called 15 days in advance, and the date, place and reason for the meeting shall be notified and announced to all shareholders. The convening notice of the general meeting of shareholders may be issued electronically if the counterparty agrees. For shareholders holding less than 1,000 registered shares, the convening notice referred to in the preceding Paragraph may be issued in the form of an announcement.
- Article 11-2 To apply for suspension of the public offering, a shareholders' meeting attended by shareholders representing more than two-thirds of the total issued shares shall be held and it shall be approved by more than half of the voting rights of the present shareholders.
- Article 12 If a shareholder is unable to attend the shareholders' meeting for any reason, he may issue a power of attorney and entrust a proxy to attend in accordance with Article 177 of the Company Act and Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies.
- Article 13 Aside from otherwise regulated by the Company Act, shareholders meeting are convened by the board of directors with the chairman as the chairman. In the absence of the chairman, the chairman shall designate a director to act as the proxy. whereas for a shareholders' meeting convened by any other person having the convening right, the chairman should be appointed in accordance to Article 182-1 of the Company Act.
- Article 14 Each share of stock shall be entitled to one vote, but this is not applicable to those who are restricted or have no voting rights as listed in Article 179 Item 2 of the Company Act. When the company convenes a general meeting of shareholders, it may exercise its voting rights in written or electronic means; when exercising its voting rights in written or electronic means, the method of exercise shall be specified in the shareholders meeting convening notice. Shareholders who exercise their voting rights in writing or electronically in the preceding paragraph shall be deemed to have attended the shareholders' meeting in person. However, it shall be regarded as abstaining from voting on the extraordinary motion of the shareholders meeting and the amendment of the original motion.
- Article 15 Unless otherwise provided by the Company Act, a resolution of the shareholders' meeting shall be adopted by a majority of the shareholders attending such meeting, and the shareholders attending such meeting shall represent the majority of the total number of the issued shares.
- Article 16 The resolutions of the shareholders' meeting shall be recorded in the minutes, and such minutes shall be signed by or sealed with the chop of the chairman of the meeting and distributed to the shareholders within twenty days after the meeting. The distribution of the minutes can be by announcement or electronic transmission. The reservation of such minutes should be in accordance with Article 183 of the Company Act.
- Section IV--Directors and Audit Committee
- Article 17 The Corporation shall have five to seven Directors with the term of office of three years. All Directors shall be eligible for re-election. The aforesaid Board of Directors must have at least two independent directors, which shall not be less than one fifth of the total seats of the directors. The relevant professional qualifications, restrictions on shareholdings and concurrent positions held, assessment of independence, method of nomination and election, and other matters of compliance with respect to Independent Directors shall be governed by the Securities and Exchange Act and relevant laws and regulations. Directors shall be elected by a shareholders' meeting from a list of director candidates through nomination system as specified in Article 192-1 of the Company Act. The Company's election of director adopts a cumulative voting system, each share has the same voting rights equal to the number of Directors to be elected, and a shareholder may cast all his/her voting rights to one candidate or among several candidates; those

candidates receiving more voting rights shall be elected as Directors.

The company shall purchase liability insurance for the directors during their term of office in respect of their legally borne compensation liabilities within the scope of their business.

- Article 17-1 According to Article 14-4 of the Securities and Exchange Act, the company has set up an Audit Committee to replace the powers of the supervisor to implement the provisions of the Company Act, the Securities and Exchange Act and other laws and regulations. The Audit Committee is composed of all independent directors, and the number of members, term, authority and other regulations are handled in accordance with related regulations.
- Article 18 When the vacancy of directors reaches one-third or all independent directors are dismissed, the board of directors shall convene an extraordinary meeting of shareholders within 60 days for by-election, and the term of office shall be limited to the time limit for making up the original term.
- Article 19 When the term of office of directors expires and there is no time for re-election, the shareholders' meeting shall extend the performance of their duties until the re-elected director takes office. However, the authority shall order the company to re-elect within a limited period; those who still do not re-elect within the time limit shall be dismissed when the time limit expires.
Before the term of office of directors expires, if all directors are re-elected by resolution, if the unresolved directors will be dismissed upon the expiration of their term of office, it shall be regarded as early dismissal.
The re-election referred to in the preceding paragraph shall be conducted with the consent of shareholders representing more than half of the total number of issued shares present.
- Article 20 The directors organize the board of directors, and with the attendance of more than two-thirds of the directors and the consent of more than half of the directors present, a chairman is elected among themselves, and all affairs of the company are carried out in accordance with laws, regulations, resolutions of shareholders' meeting and the board of directors.
- Article 21 The company's operating policies and other important matters are resolved by the board of directors meeting. Except for the first meeting of the board of directors in each session in accordance with the provisions of Article 203 of the Company Law, the rest are convened and hosted by the chairman. When the chairman is unable to perform his or her duties, the chairman shall designate a director to act as the proxy, and if no appointment is made, the directors shall recommend one of them to act on behalf of the chairman.
- Article 22 Unless otherwise stipulated by the Company Act, a resolution of the Board shall be adopted by the majority of the Directors attending the meeting and the Directors attending the meeting shall represent the majority of the Board of Directors. When a director is unable to attend the meeting for any reason, he shall issue a power of attorney each time, enumerating the scope of authorization for the reason for the convening, and authorize other directors to attend the board meeting on his behalf, but each director is limited to one authorization for another.
When the meeting of the board of directors is held, if the meeting is held by video conference, the directors who participate in the meeting through video conference shall be deemed to have attended the meeting in person.
The convening of the board of directors shall specify the reason for the convening and notify all directors seven days in advance, but in case of emergency, it may be convened at any time. The convening of the board of directors may be notified in writing, by fax or by electronic mail (E-mail).
- Article 23 The proceedings of the board of directors shall be recorded in minutes, signed or sealed by the chairman, and the minutes shall be distributed to all directors within 20 days after the meeting. Such minutes shall record the year, month, date, place, chairman's name, resolution method, discussion and its results, and should be reserved permanently within the existence of the Company.
- Article 24 The remuneration of the Directors, regardless of the Company's profit or loss, shall be determined by the Board of Directors in accordance with each Director's involvement in and contribution to the Company's operation and taking into consideration the remuneration standards of the industry.
If the chairman of the board of directors holds a position in the company, the salary shall

be paid in accordance with the relevant regulations on the salary and treatment of employees.

Section V--Managerial Officers

Article 25 The company may have several managers, whose appointment, dismissal and remuneration shall be handled in accordance with Article 29 of the Company Act. The manager shall not concurrently serve as the manager of other profit-making enterprises, and shall not operate the same kind of business for himself or for others, except when more than half of the directors of the company's board of directors are present and more than half of the directors present agree.

Section VI--Closing of Accounts

Article 26 After the close of each fiscal year, the Board of Directors shall prepare the following reports and forward the same to the Annual General Meeting of shareholders for acceptance in accordance with the legal procedures:

- (1) Business report;
- (2) Financial statements; and
- (3) Proposal concerning appropriation of net profits or making up losses.

Article 27 1. Employees' remuneration: If the Company makes profits in the year, it should allocate employee remuneration that is no less than 2% of the pre-tax profit of the current period.

2. Directors' remuneration: no more than 5% of the pre-tax profit of the current period. However, if the Company has accumulated losses, the Company shall first reserve an amount to make up the losses, and then set aside the Employees' and the Directors' remuneration as specified in items 1 & 2 above.

The Employees' remuneration may be distributed in shares or in cash. Employees of the Company's subsidiaries or subsidiaries controlled by the Company who meet certain requirements may also receive such remuneration.

Before the Audit Committee is established, the distribution ratio of the supervisor's remuneration shall be determined according to the first item.

Article 27-1 If the company has any surplus after the annual closing of accounts, it shall be distributed in the following order:

1. Pay income tax according to law;
2. Make up for previous year's losses;
3. Set aside 10% as legal reserve; and
4. Set aside special reserve when necessary.

After deducting the balance of the previous items, the board of directors shall prepare a shareholder's dividend distribution proposal based on the balance and the previous year's earnings, and submit it to the shareholders' meeting for a resolution on distribution.

The dividend distribution of the company shall take into account the company's current and future investment opportunities, capital needs, domestic and foreign competition conditions, and the company's budget, and take into account the interests of shareholders.

The board of directors shall draft a distribution proposal according to law every year and submit it to the shareholders' meeting for resolution. However, the ratio of cash dividends shall not be lower than 10% of the proposed distribution of shareholder dividends in principle.

Section VII--Supplementary Provisions

Article 28 The organizational regulations shall be established by the Board of Directors.

Article 29 In regard to any and all matters not provided for in these Articles of Incorporation, the Company Act and other relevant laws and regulations shall govern.

Article 30

These Articles of Incorporation were established on August 26, 1997.
The 1st amendment was made on November 5, 1997.
The 2nd amendment was made on April 1, 1998.
The 3rd amendment was made on August 15, 1998.
The 4th amendment was made on September 20, 1998.
The 5th amendment was made on June 16, 1999.
The 6th amendment was made on November 10, 1999.
The 7th amendment was made on July 16, 2001.
The 8th amendment was made on September 2, 2001.
The 9th amendment was made on June 27, 2002.
The 10th amendment was made on May 23, 2003.
The 11th amendment was made on May 23, 2003.
The 12th amendment was made on May 27, 2005.
The 13th amendment was made on June 23, 2006.
The 14th amendment was made on January 18, 2007.
The 15th amendment was made on June 19, 2008.
The 16th amendment was made on June 19, 2009.
The 17th amendment was made on June 17, 2010.
The 18th amendment was made on June 9, 2011.
The 19th amendment was made on October 13, 2011.
The 20th amendment was made on June 19, 2012.
The 21st amendment was made on June 20, 2013.
The 22nd amendment was made on June 9, 2015.
The 23rd amendment was made on June 6, 2016.
The 24th amendment was made on June 14, 2019.
The 25th amendment was made on June 22, 2020.

LI CHENG ENTERPRISE CO., LTD.
Hong, Wen Yao

LI CHENG ENTERPRISE CO., LTD.

Rules and Procedures of Shareholders' Meeting

June 16, 2021

Passed and implemented by the 2021 annual shareholders' meeting

1. Other than regulated in relative regulations, Shareholders' Meeting of the Company (the "Meeting") shall be conducted in accordance with these Rules and Procedures.
2. The company shall prepare a signature book for the attendance of the shareholders themselves or the proxies entrusted by the shareholders ("shareholders") to sign in, or shall ask an attending shareholder to submit the attendance card for the purpose of signing in. The number of shares represented by shareholders attending the Meeting shall be calculated in accordance with the signature book and attendance cards submitted, plus the number of shares that exercise voting rights in written or electronic means.

The attendance and voting of the shareholders' meeting should be calculated on the basis of shares. Each share has a voting right, however, those with restricted or non-voting rights listed in Article 157, Paragraph 3 and Article 179, Paragraph 2 of the Company Act are not subject to this restriction.

When the company convenes a general meeting of shareholders, it shall adopt electronic means and may exercise its voting rights in written form; when exercising its voting rights in written or electronic means, the method of exercising it shall be specified in the shareholder meeting convening notice.

Shareholders who exercise their voting rights in writing or electronically in the preceding paragraph shall be deemed to have attended the shareholders' meeting in person. However, the extraordinary motion of the shareholders meeting and the amendment of the original motion shall be regarded as abstention.
3. The Meeting shall be held at the head office of the Company or at any other appropriate place that is convenient for the shareholders to attend. The time to start the Meeting shall not be earlier than 9:00 a.m. or later than 3:00 p.m.
4. The Chairman of the Board of Directors shall be the chairman presiding at the Meeting in the case that the Meeting is convened by the Board of Directors. When the chairman asks for leave or is unable to exercise his powers for any reason, the chairman shall designate a director to act as his agent; if the chairman does not designate an agent, the directors shall recommend one of them to act as his agent.

If the Meeting is convened by any other person entitled to convene the meeting, such person shall be the chairman to preside at the Meeting. Should there be more than two conveners, one of them shall be elected from each other.
5. The company may appoint lawyers, accountants or related personnel to attend the shareholders' meeting. Persons handling affairs of the Meeting shall wear identification cards or badges.
6. The process of the Meeting shall be tape-recorded or videotaped and these tapes shall be preserved for at least one year.
7. Chairman shall call the Meeting to order at the time scheduled for the meeting when the attending shareholders have represented more than half of the total number of shares, and the chairman shall announce the number of voting rights and the number of shares attended information at the same time. If the number of shares represented by the shareholders present at the Meeting has not yet constituted the quorum at the time scheduled for the Meeting, the chairman may postpone the time for the Meeting. The postponements shall be limited to two times at the most and meeting shall not be postponed for longer than one hour in aggregate. If after two postponements, no quorum can yet be constituted but the shareholders present at the Meeting represent more than one - third of the total outstanding shares, tentative resolutions may be made in accordance with Section 1 of Article 175 of the Company Act, and notify all shareholders of the tentative resolutions to convene a shareholders' meeting within one month.

Before the end of the current meeting, if the number of shares represented by the attending shareholders has reached more than half of the total number of issued shares, the chairman may resubmit the tentative resolutions made to the shareholders' meeting for voting in accordance with Article 174 of the Company Act.
8. The agenda of the Meeting shall be set by the Board of Directors if the meeting is convened by the Board of Directors. The relative proposals (including motions and amendment of the original proposal) should be voting in order. Unless otherwise resolved at the meeting, the Meeting shall proceed in accordance with the agenda.

The above provision applies mutatis mutandis to cases where the meeting is convened by any person, other than the Board of Directors, entitled to convene such meeting.

Unless otherwise resolved at the Meeting, the chairman cannot announce adjournment of the Meeting before all the discussion items (including special motions) listed in the agenda are resolved. In the event that the Chairman adjourns the meeting in violation of these Rules and Procedures, the other directors of the Board shall instantly help shareholders to designate, by a majority of votes represented by shareholders attending the Meeting, one person as chairman to continue the Meeting.

After the meeting adjourns, except for the preceding scenario, the shareholders should not designate another chairman and continue the meeting at the original venue or another place.
9. When a shareholder present at the Meeting wishes to speak, a Speech Note should be filled out with summary of the speech, the shareholder's number (or the number of Attendance Card) and the name of the shareholder. The sequence of speeches by shareholders should be decided by the chairman.

If any shareholder present at the Meeting submits a Speech Note but does not speak, no speech should be deemed to have been made by such shareholder. In case the contents of the speech of a shareholder are inconsistent with the contents of the Speech Note, the contents of actual speech shall prevail.

Unless otherwise permitted by the chairman and the shareholder in speaking, no shareholder shall interrupt the speeches of the other shareholders, otherwise the chairman shall stop such interruption.

10. Each attending shareholders, unless otherwise permitted by the chairman, can speak no more than two times within the same discussion item, and each speech cannot exceed five minutes.
If the speeches of shareholders present violate the provisions of the preceding paragraph or exceed the scope of the topic, the chairman may stop them from speaking.
11. When a corporate shareholder is entrusted to attend the shareholders' meeting, the corporate shareholder can only designate one representative to attend the meeting.
If a corporate shareholder designates two or more representatives to attend the meeting, only one representative can speak for each discussion item.
12. After the speech of a shareholder, the chairman may respond himself/herself or appoint an appropriate person to respond.
13. The chairman may announce to end the discussion of any resolution and go into voting if the Chairman deems it appropriate.
14. The person(s) to check and the person(s) to record the ballots during a vote by casting ballots shall be appointed by the chairman. The person(s) checking the ballots shall be a shareholder(s).
The result of voting shall be announced at the Meeting and placed on record.
When an election is proposed in a shareholder meeting, it shall be handled in accordance with the relevant election rules stipulated by the company, and the election result shall be announced on the spot, including the list of elected directors and their number of votes, and the list of unsuccessful directors and their number of votes
15. During the Meeting, the chairman may, at his discretion, set time for intermission. In the event of an air raid warning, earthquake or other force majeure, the chairman shall immediately announce the suspension of the meeting and evacuate each other. After the reason for the suspension of the meeting disappears, the chairman shall decide whether to continue the meeting.
16. Except otherwise specified in the Company Act or the Articles of Incorporation of the Company, a resolution shall be adopted by a majority of the votes represented by the shareholders present at the Meeting.
If there is amendment to or substitute for a discussion item, the chairman shall decide the sequence of voting for such discussion item, the amendment or the substitute. If any one of them has been adopted, the others shall be deemed vetoed and no further voting is necessary.
17. Minutes of the resolutions of the shareholders' meeting shall be prepared and signed or sealed by the chairman, and the minutes shall be distributed to all shareholders within 20 days after the meeting. Producing and distributing minutes of meeting may be done electronically.
The preceding distribution of the minutes can be done by announcement.
Such minute should record the year, month, date, and place of the meeting, the name of the Chairman, methods of resolution, process of discussion and the voting results (including the statistical weights) of the meeting. Where there is an election of directors, the number of each candidates' voting rights shall be disclosed. Such minutes shall be reserved permanently within the existence of the Company.
18. The chairman may conduct the disciplinary officers or the security guard to assist in keeping order of the Meeting place. Such disciplinary officers or security guards shall wear badges marked "Disciplinary Officers" for identification purpose.
19. If there are matters not covered in these rules, they shall be handled in accordance with the relevant provisions of the Company Act, relevant laws and regulations, and the company's Articles of Incorporation.
20. These Rules and Procedures shall be effective from the date it is approved by the Shareholders' Meeting. The same applies in case of revision.

LI CHENG ENTERPRISE CO., LTD.

Operational Procedures for Loaning and Endorsements and Guarantees

Section I--General Provisions

Amended on June 2020

Article 1: Applicable Laws and Regulations

In order to comply with Article 36-1 of the Taiwan Securities and Exchange Act and to enhance the management of the Operational procedures for Loaning and Endorsement and Guranatees, we promulgated these procedures in accordance with Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies and other related regulations.

Article 2: Definition of the Parent Company and Subsidiaries

"Subsidiary" and "parent company" as referred to in the Procedures shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers of Taiwan.

"Net worth" as referred to in the Procedures shall be equity attributable to owners of the parent company in the balance sheet.

Article 3: Definition of Announcement and Reporting

"Announcement and Reporting" as referred to in the Procedures shall be entry of information on the filling website designated by the Financial Supervisory Commission.

The term "date of occurrence of the fact" as used in the Procedures refers to the date of contract signing, date of payment, dates of resolutions of the Board of Directors, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier.

Section II—Loaning Funds to Others

Article 4: Entities to Which the Company May Loan Funds

According to Article 15 of the Company Act, the company shall not loan funds to shareholders or any other person except in the following circumstances:

1. Where an inter-company or inter-firm business transaction calls for a loan arrangement; or
2. Where an inter-company short-term financing facility is necessary, provided that such financing amount shall not exceed 40% of the lender's net worth.

The term "short-term" as used in the preceding paragraph is a period of one year. Where the Company's operating cycle exceeds one year, the term of "short-term" means one operating cycle. The term "Financing amount" means the cumulative balance of the Company's short-term financing.

The restriction in Subparagraph 4.1.2 shall not apply to inter-company loans of funds between foreign companies in which the Company holds, directly or indirectly, 100% of the voting shares, but such inter-company loans of funds shall be limited with total amount of loans and individual amount, and should have the time limit of the loaning fund should be specified.

When the person in charge of the company violates the provisions of the first paragraph and the proviso of the preceding paragraph, he shall be jointly and severally liable for the return with the borrower; if the company suffers any damage, he shall also be liable for the damage.

Article 5: Reasons and Necessity of Loaning Fund to Others

Where an inter-company or inter-firm business transaction calls for a loan arrangement shall follow the Article 6.2; Where a short-term financing facility is necessary is limited to the following circumstances:

1. Company that the Company holds 20% or more of its share having a business need for short-term financing; or
2. Where short-term financing is required for a company or business due to purchase of materials or operational needs.

Article 6: The Aggregate Amount of Loans and the Maximum Amount Permitted to a Single Borrower

1. Where the company or business with relationship with the Company, or between subsidiaries that the Company directly or indirectly holds 100% of shares with voting rights, the accumulated amount of such loans shall not exceed 20% of the net worth of the Company. The amount of an individual loan granted by the Company shall not exceed the business transaction amount. "Business transaction amount" refers to the amount of purchase or sale between the parties, whichever is higher.

2. Where funds are lent to a company or business with short-term financial need, or inter-company loans of fund between foreign companies in which the Company holds, directly or indirectly, 100% of the voting shares, the accumulated amount of such loans shall not exceed 20% of the

net worth of the Company, and individual loan amount shall not exceed 10% of the net worth of the Company.

Article 7: Procedures for Handling Loans of funds

1. Credit Check

Where the Company handling loans of fund, the borrower shall submit necessary company information and financial information to apply for financing amount in writing.

After the Company accept the application, the Finance Department shall investigate and evaluate the loan recipient's business, financial status, solvency and credit, profitability, and purpose of the loan, and prepare a report.

The Finance Department makes detailed evaluation and investigation on the loan recipient with the following items included:

- 1) Necessity and rationality of lending funds to others;
- 2) Evaluating the necessity of the lending amount from the financial status of the loan recipient;
- 3) Whether the accumulated amount of loans is still within the limit;
- 4) Impacts on the Company's operating risks, financial status, and shareholders' equity;
- 5) Whether or not to obtain a collateral and the appraised value of the collateral; and
- 6) Submit the credit and risk assessment records of the loan recipient.

2. Securities

When the company handles capital lending matters, it should obtain a guaranteed promissory note of the same amount, and handle the mortgage setting of movable or real estate when necessary. For the credit guarantee mentioned in the preceding paragraph, if the debtor provides an individual or company with considerable capital and credit as a guarantee instead of providing collateral, the board of directors may refer to the credit investigation report of the Finance Department; If a company is used as a guarantee, attention should be paid to whether its articles of association stipulate any clauses that can be used as a guarantee.

3. Scope of Authority

The company's handling of capital loans and matters must be submitted to the general manager for approval and submitted to the board of directors for approval after the credit investigation by the company's finance department, and no other person may be authorized to make decisions.

Fund loans between the company and its subsidiaries, or between subsidiaries, shall be submitted to the resolution of the board of directors in accordance with the provisions of the preceding paragraph, and the Company may authorize the chairman of the board of directors to allocate a certain amount in the resolution of the board of directors to the same loan object in stages within a period within one year or for revolving use.

The certain amount referred to in the preceding paragraph shall not exceed 10% of the net worth of the company's most recent financial statements unless it meets the provisions of Article 4, Paragraph 4 and fully consider each independent directors' opinion.

If independent directors have objections or reserved opinions, they shall be stated in the minutes of the board meeting.

Article 8: Duration of Loans and Calculation of Interest

1. Loaning terms:

For the Company or the foreign subsidiaries that the Company directly or indirectly holds 100% of the voting shares, each loans shall not have a term more than 1 year, but for the Company's operating cycle longer than a year, the term shall be in accordance to the operating cycle.

2. Calculation of interest:

1) The interest rate of the loans shall not be lower than the highest interest of the short-term loans the Company borrowed from financial institutions. The calculation and collection of the company's loan interest is based on the principle of paying the interest once a month. In case of special circumstances, it can be adjusted according to the actual situation after the approval of the board of directors.

2) Foreign subsidiaries that the Company directly or indirectly holds 100% of its voting shares, the loans of fund and calculation of interest is subject to the provisions of local laws and regulations and is not subject to the restrictions of the preceding paragraph.

Article 9: Subsequent Measures for Management of Loans, And Procedures for Handling Delinquent Creditor's Rights

1. After a loan is extended, the Company shall constantly pay attention to the financials, business

and related credit status of the borrower and the guarantor, if there is any collateral provided, attention should be paid to whether there is any change in the value of the guarantee. In case of any major change, the chairman should be notified immediately, and appropriate handling should be carried out according to the instructions.

2. When the borrower repays the loan on or before the loan is due, the interest payable shall be calculated first, and the principal shall be paid off together before the promissory note loan is canceled and returned to the borrower or the mortgage right is written off.
3. When the loan is due, the borrower shall pay off the principal and interest immediately. If it is necessary to postpone the repayment when it is due, it is necessary to make a request in advance and report it to the board of directors for approval. Each extension shall not be longer than 3 months, and shall be limited to one time. Those who violate may be punished and recovered by the company in accordance with the law with respect to the collateral or guarantor provided.

Article 10: Internal Control

1. When handling capital lending matters, the company shall establish a memorandum book, which shall be recorded in detail for future reference regarding the object of the loan, the amount, the date of approval by the board of directors, the date of the loan, and matters that should be carefully evaluated in accordance with regulations.
2. Internal auditors shall perform auditing on the Procedures and the implementation of the Procedures at least every quarter and produce written auditing reports. Should there be any violation found, a written report is needed to notify the Audit Committee and the managers and person in charge shall be punished according to the violations.
3. When the company's loan and balance exceed the limit due to changes in circumstances, it should formulate an improvement plan and submit the relevant improvement plan to the Audit Committee to strengthen the company's internal control.

Article 11: Announcement and Reporting Procedures

The Company shall announce and report the previous month's loan balances of its head office and Subsidiaries by the 10th day of each month. The Company whose loans of funds reach one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence of the fact:

- 1) The aggregate balance of loans to others by the Company and its Subsidiaries reaches 20 percent or more of the Company's net worth as stated in its latest financial statement.
- 2) The balance of loans by the Company and its Subsidiaries to a single enterprise reaches 10 percent or more of the Company's net worth as stated in its latest financial statement.
- 3) The amount of new loans of funds by the Company or its Subsidiaries reaches NT\$10 million or more, and reaches 2 percent or more of the Company's net worth as stated in its latest financial statement.

If there is any reporting and announcement required for the Company's Subsidiary, which is not a Taiwan public company, the Company will follow the requirement on behalf of its Subsidiary for the items that shall be announced and reported in preceding paragraph 3.

Article 12: Other Items

1. Where a Subsidiary of the Company proposes to lend funds to a third party, the Company shall require the Subsidiary to establish procedures for lending funds in accordance with relevant regulations and the Procedures and shall conform to such procedures.
2. Subsidiary companies should prepare a detailed list of capital loans to other companies in the previous month before the 10th of each month (exclusive), and submit it to the Company for review.
3. The Subsidiary's internal auditors shall perform auditing on the Procedures and the implementation of the Procedures at least every quarter and produce written audit reports. Should there be any violation found, a written report is needed to notify the audit department of the Company and the Audit department of the Company shall submit the audit report to the Audit Committee.
4. The Company shall make sufficient provision based on the condition of its lending profile, adequately disclose information in the financial statements, and provide external auditors with necessary information for conducting due auditing.
5. When the company's loan balance exceed the limit or the loan recipient does not comply with the Procedures due to changes in circumstances, the Company should formulate an improvement plan and submit the improvement plan to the Audit Committee and improve within the timeline in the improvement plan.

Section III—Endorsement and Guarantees to Others

Article 13: Scope of Application

1. Endorsement/ Guarantees:
 - a) Bill discount financing
 - b) Endorsement or guarantee made to meet the financing needs of another company
 - c) Issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of the Company itself.
2. Customs duty endorsement/guarantee, meaning an endorsement or guarantee for the company itself or another company with respect to customs duty matters.
3. Other endorsements/guarantees, meaning endorsements or guarantees beyond the scope of the above two subparagraphs.
4. Any creation by the Company of a pledge or mortgage on its chattel or property assets as security for the loans of another company shall also comply with these Regulations.

Article 14: Counterparty of Endorsements/Guarantees

For companies that the Company directly and indirectly holds more than 90% of the voting shares, the Company can make endorsements/guarantees. Before the endorsements/guarantees, the case should be submitted to the Board of Directors of the Company for resolution, and the amount shall not be more than 10% of the Company's net worth. However, this does not apply to inter-company endorsement guarantees in which the Company directly and indirectly holds 100% of the voting shares.

The Company may have to sign contract for mutual guarantees with the peers or the co-builders for contract works, to make endorsements/guarantees of an investee according to the % shareholding by all shareholders because of a co-investment relationship, or to be a joint guarantor for contract performance guarantee of a pre-sales house contract under the consumer protection act, and the preceding item 1 and 4 do not apply to these matters for making endorsements/guarantees.

The aforementioned term "investment" refers to a public company's investment on a company that it held 100% of the voting shares either directly or indirectly.

The Company makes endorsements/guarantees only for the following companies:

1. A company with which it does business with;
2. A company in which the public company directly and indirectly holds more than 50% of the voting shares; or
3. A company that directly and indirectly holds more than 50% of the voting shares in the public company.

Article 15: Ceilings on the amounts for Making in Endorsements/Guarantees

1. The accumulated total of endorsements/guarantees shall not exceed 40% of the net worth of the Company, and the balance of endorsements/guarantees by the Company for a single enterprise should not exceed 20% of the Company's net worth as stated in its latest financial statement. The net value is based on the latest financial statement that has been audited or reviewed by the accountant.
2. The aggregate amount of endorsements/guarantees made by the Company and its subsidiaries shall not exceed 40% of the Company's net worth, and the balance of endorsements/guarantees by the Company for a single enterprise should not exceed 20% of the Company's net worth.
3. For those who engage in endorsement guarantees due to business relations with the company, in addition to the limits stipulated in the preceding two paragraphs, the amount of individual endorsement guarantees shall not exceed the amount of business transactions between the two parties. "Business transaction amount" refers to the amount of purchase or sale between the parties, whichever is higher.

Article 16: Hierarchy of Decision-making Authority and Delegation

The Company's handling endorsement and guarantee matters, after being approved by the board of directors, is sent to the Audit Committee and reported to the shareholders' meeting for approval. If a director expresses dissent with records or written statements, the company shall submit the dissent to the Audit Committee and the shareholders' meeting for discussion, and the same is for amendments. It is important to consider independent directors' comment, and record their comments on or reasons for disagreement or agreement in the meeting minutes of the Board of Directors. The board of directors may authorize the chairman to make a decision within the limit of NT\$50 million for a single transaction in accordance with the relevant provisions of this handling procedure, and then report to the board of directors for ratification, and report matters

related to the handling situation to the shareholders' meeting for reference.

Article 17: Endorsements/guarantees Handling Procedure

1. When a guaranteed company requests the Company's endorsement, it should provide an application to the Finance Department. The Finance Department shall carry out credit investigation and risk evaluation on the company for endorsements/guarantees, provide written credit report, submit to the general manager and chairman for approval after passing the investigation. The Company may obtain collateral when necessary.
2. The Finance Department shall carry out credit investigation and risk evaluation on the company for endorsements/guarantees, and matters to be evaluated include:
 - (1) The necessity and reasonableness for endorsements/guarantees;
 - (2) The necessities of the amount of endorsements/guarantees on the financial condition of the borrower;
 - (3) If the accumulated amount of endorsements/guarantees is still within the limit;
 - (4) Where the Company make endorsements/guarantees to a business related company, it shall set standards for evaluating whether the amount of endorsements/guarantees is consistent with the amount of business between the two companies;
 - (5) Its effect on the Company's operating risk, financial condition, and shareholder equity;
 - (6) If any collateral can be acquired and the appraised value of the collateral; and
 - (7) Borrower's credit investigation for endorsements/guarantees and risk evaluation record.
3. The Finance Department shall prepare a "memorandum book" with detailed record of the endorsements/guarantees counterparty, amount, date of approval obtained from the Board of Directors or the Chairperson, Date of endorsement/guarantee, and items in accordance to preceding items.
4. Where due to changes in circumstances, the endorsement complied with the provisions of this processing procedure but subsequently fails to comply with the regulations, or the amount of endorsement exceeds the predetermined amount due to changes in the basis on which the limit is calculated, the amount of the object or the excess part of endorsement should be eliminated within period specified in the contract or within a certain period of time according to the improvement plan, and the relevant improvement plan shall be sent to the Audit Committee and reported to the board of directors.
5. When the Company or a subsidiary endorses/ guarantees a subsidiary whose net value is less than half of its paid-in capital, in addition to complying the provisions of the preceding paragraph, the company's internal auditors shall audit the endorsement guarantee operating procedures and their implementation at least quarterly. They shall immediately notify the Audit Committee in writing if material violations are found.

Article 18: Cancellation of Endorsements/guarantees

1. If an endorsement/guarantee case has to be written off because of discharging the liabilities, extension, or other reasons, the department in charge of the case should retrieve the negotiable bills/deed issued from the guaranteed and submit them to the Finance Department for the writing off procedure. The Finance Department shall stamp the above documents with the "written off" stamp, and record the written off date and the reason on the memorandum book.
2. The Finance Department shall record the written-off endorsement/guarantee in the memorandum book in time to reduce the amount of endorsement/guarantee.

Article 19: Internal Control

1. The internal auditors of the Company should audit the Operational Procedures for Endorsements/Guarantees and the implementation each quarter and if any major violation is detected, the auditors should immediately notify supervisors in writing. If material violations are found, they shall be submitted immediately to the Audit Committed in writing.
2. If the manager or the person in charge violates the procedure, then the persons shall be penalized according to the Company's work regulations and performance regulations.

Article 20: Safe Custody of the Seal and the Use of Seal

1. The Company's seals for endorsements/guarantees are Company seal registered at the Ministry of Economic Affairs and used exclusively for endorsements/guarantees. The Company should designate a person to safekeep the seal and another person for guarantee notes, and use the seal or sign bills according to the Company seal use regulations for. The keeper of the endorsements/guarantees seal should be approved by the Board of Directors to assume the job, and the same applies when changing the keeper.

2. If the Company is endorsing/guaranteeing a foreign company, the letter of guarantee should be signed by the person authorized by the Board of Directors.

Article 21: Reporting and Announcement

Aside from on the tenth day of each month announcing the Company and its subsidiaries' accumulated endorsements/guarantees balance of the previous month, the Company should report and announce the balance within two days after the date of the occurrence if the balance satisfies one of the following criteria:

1. The accumulated balance of endorsements/guarantees by the Company and its subsidiaries reaches 50% or more of the Company's net worth stated in its latest financial statement.
2. The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches 20% or more of the Company's net worth stated in its latest financial statement.
3. The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches NTD 10 millions or more and the aggregate amount of all endorsements/guarantees for, investment of a long-term nature in, and balance of loans to, such enterprise reaches 30% or more of the Company's net worth stated in its latest financial statement.
4. The amount of new endorsements/guarantees made by the Company or its subsidiaries reaches NTD 30 million or more, and reaches 5% or more of the Company's net worth stated in its latest financial statement.

The Company shall announce and report on behalf of any subsidiary that is not a public company domestically regarding any matters that such subsidiary is required to announce and report according to subparagraph 4 of the preceding paragraph.

Article 22: Other Matters

1. If a subsidiary of the Company intend to make endorsements/guarantees for others, the Company shall request the subsidiaries to set up the procedure and to process according to the procedure. The net worth shall be calculated based on the net worth of the subsidiary.
2. The subsidiary shall prepare the detailed table of last month's endorsements/ guarantees every 10th of the month and submit to the Company for review.
3. The internal auditors shall perform auditing on the Procedures and the implementation of the Procedures at least every quarter and produce written audit reports. Should there be any violation found, a written report is needed to notify the audit department of the Company and the Audit department of the Company shall submit the audit report to the Audit Committee.
4. The Company shall evaluate or recognize contingent loss from endorsements/ guarantees and disclose the endorsements/guarantees information properly in the financial statements for the accountant to execute proper audit procedures, and to issue the fair audit reports.
5. If the company's endorsements/guarantees does not comply with the provisions of this procedure or the amount exceeds the limit due to changes in circumstances, it shall formulate an improvement plan, submit the relevant improvement plan to the Audit Committee, and complete the improvement according to the planned schedule.

Section IV— By-laws

Article 23: Entry into Effect and Amendment

1. Once approved by the Board of Directors, these regulations should be submitted to the Audit Committee and to the shareholders' meeting for approval. If a director expresses disagreement, which is recorded or stated in writing, then the Company should submit the disagreement too to the supervisor and to the shareholders' meeting for discussion. The same applies to amendment.
2. When submitting the endorsements/guarantees procedure to the Board of Directors for discussion according to the aforementioned regulation, it is important to consider each independent director's comment and record his or her comments on or reasons for disagreement or agreement in the meeting minutes of the Board of Directors.
3. Other matters to be set according to the related regulations and the Company's regulations.

【Appendix 5】

LI CHENG ENTERPRISE CO., LTD.

Rules of Election of Directors

- Article 1 Except when provided otherwise by related laws and regulations or the Articles of Incorporation of the Company, the election of directors of the company shall be conducted in accordance with the Rules.
- Article 2 The election of the directors of the Company shall be conducted with the candidate nomination mechanism stipulated in the Company Act Article 192 -1. Directors of the company shall be elected pursuant to a cumulative voting mechanism. The number of votes presented by each share shall be the same as the number of directors to be elected and may be consolidated for election of one director candidate or may be split for election amongst multiple director candidates. The person with the most votes represented by the votes obtained shall be elected as a director.
- Article 3 Shareholders elect the company's directors from the list of director candidates, and the number of votes for independent directors and non-independent directors shall be calculated separately according to the number of directors set forth in the Articles of Association of the Corporation. The top candidates to whom the votes cast represent a prevailing number of votes will be selected as independent director and non-independent director sequentially. Where two or more candidates to whom the votes cast represent the same number of votes, lots will be drawn to determine the winner, with the Chairman of the shareholders' meeting drawing lots on behalf of any candidates not present.
- Article 4 The Board of Directors shall prepare numbered ballots corresponding to the number on the attendance card. The election weight factor represented by each ballot shall also be specified on the ballots, and then the ballots are distributed to attending shareholders at the shareholders' meeting. The attendance card number printed on the ballot may replace the name of the elector.
- Article 5 Before the outset of the voting process, the Chairman shall appoint a number of persons to perform their respective duties as ballot scrutineers and recorders. Scrutineers shall be shareholders.
- Article 6 The ballot box shall be prepared by the Board of Directors and inspected before the public by scrutineers before voting commences.
- Article 7 If the candidate is a shareholder, voters shall fill the account name and the shareholder account number of the candidate in the "candidate" column of the ballot. If the candidate is not a shareholder, voters shall fill the name and the identification number of the candidate in the "candidate" column of the ballot. Provided, however, if the candidate is a government agency or juristic-person shareholder, the name of the government agency or juristic-person shall be filled in the "account name of candidate" column of the ballot, or both the name of such the government agency or juristic-person and its representative may be filled in such column. When there are several representatives, the names of the representatives shall be added separately.
- Article 8 A ballot is void under any of the following circumstances:
1. A ballot which was not prepared pursuant to this Rule.
 2. A blank ballot which was cast into the ballot box.
 3. Illegible or altered handwriting.
 4. If the candidate filled in is a shareholder, the account name or shareholder account number of the candidate filled in is inconsistent with the shareholder register; if the candidate filled in is not a shareholder, the name or the identification number of the candidate filled in is incorrect.
 5. A ballot with other written characters in addition to the account name (name) or the account number (identification number) of the candidate.
 6. The candidate name filled is the same as other shareholder, and there is no shareholder account number or identification number filled to identify the candidate.
 7. Two or more candidates are filled in the ballot.
- Article 8-1 More than half of the directors shall not have either of the below relationships:
- (1) Spouse
 - (2) Relatives within the second degree of kinship.

- Article 8-2 When the elected directors do not meet the requirements of the preceding article, the election of the directors who do not meet the requirements and whose votes represent lower voting rights shall be void.
- Article 9 The results of ballot counting should be declared by the Chairman onsite.
- Article 10 Matters not prescribed in the Rules shall be conducted in accordance with the Company Act and related laws and regulation.
- Article 11 The Rules and any amendments hereto shall be implemented after being approved by the shareholders' meeting.
- Article 12 The Rules are published on May 23, 2003.
The first amendment is on September 15, 2006.
The second amendment is on June 21, 2007.
The third amendment is on June 19, 2008.
The fourth amendment is on June 9, 2011.
The fifth amendment is on June 19, 2012.
The sixth amendment is on June 22, 2020.

【Appendix 6】**LI CHENG ENTERPRISE CO., LTD.****Current Shareholding of Directors**

Closing date: April 21, 2023

Title	Name	Date of Election	Term	Shareholding when elected		Shareholding on book on closing date	
				Shareholding	Percentage	Shareholding	Percentage
Chairman	Hong, Wen Yao	109.06.22	3 years	14,351,161	8.91%	15,392,323	8.91%
Independent director	Chen, Rong Er	109.06.22	3 years	0	0.00%	0	0.00%
Independent director	Lin, Ming Kai	109.06.22	3 years	0	0.00%	0	0.00%
Independent director	Fu, Long Ming	109.06.22	3 years	0	0.00%	0	0.00%
Director	Hong, Chiang Chuan	109.06.22	3 years	1,347,636	0.84%	1,344,665	0.78%
Director	Chen, Chun Ho	109.06.22	3 years	0	0.00%	34,000	0.02%
Director	Huang, Hong Long	109.06.22	3 years	0	0.00%	0	0.00%
The number of shares held by all directors and the percentage						16,770,988	9.71%

1. The common stocks the Company issued are 172,677,198 stocks
2. The minimum number of stocks all directors shall hold is 10,360,631 stocks
3. At the closing date (April 21, 2023) of this shareholders' annual meeting, the directors' total number of stocks holding on the shareholder list has meet Article 2.3 of the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies: "Where the paid-in capital of the company is more than NT\$1 billion but NT\$2 billion or less, the total registered shares owned by all directors shall not be less than 7.5 percent of the total issued shares; the total registered shares owned by all supervisors shall not be less than 7.5 percent of the total issued shares." In addition, more than two independent directors are elected, and the shareholding ratio of all directors other than independent directors is reduced to 80%.

【Appendix 7】

Acceptance of Shareholders' Proposals at this Shareholders' Meeting

1. In accordance with Article 172-1 of the Company Act, shareholder(s) holding one percent (1%) or more of the total number of outstanding shares of a company may propose to the company a proposal for discussion at a regular shareholders' meeting. The number of words of a proposal to be submitted by a shareholder shall be limited to not more than three hundred (300) words, and any proposal containing more than 300 words shall not be included in the agenda of the shareholders' meeting. The shareholder who has submitted a proposal shall attend, in person or by a proxy, the regular shareholders' meeting whereat his proposal is to be discussed and shall take part in the discussion of such proposal.
2. The period is from April 11, 2023 to April 21, 2023 for accepting such proposals, It has been announced on the market observation post system according to law.
3. No proposals from the shareholders were received during the time in the preceding period of proposal acceptance.