

Stock Code : 9935



慶豐富實業股份有限公司
CHING FENG HOME FASHIONS CO.,LTD

議事手冊
2024 ANNUAL SHAREHOLDERS' MEETING

HANDBOOK

May 28, 2024

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CHING FENG HOME FASHIONS CO., LTD.
2024 ANNUAL SHAREHOLDERS' MEETING

AGENDA

1. Time and Date: 9:00 a.m., May 28, 2024
2. Place: 373, Sec. 4, Yenhai Rd., Funan Village, Fuhsing Township, Changhua County, Taiwan
3. Type of Meeting:
The meeting will be held physically at 373, Sec. 4, Yenhai Rd., Funan Village, Fuhsing Township, Changhua County, Taiwan
4. The Chairman calls the meeting to order
5. Welcome Remarks
6. Report Items
 - 1) 2023 Business Report
 - 2) 2023 Audit Committee's Review Report
 - 3) 2023 Employees' and Directors' Compensation Report
 - 4) 2023 Directors' Remuneration Report
 - 5) 2023 Cash Dividend Earnings Distribution Report
 - 6) Amendment to the "Rules for the First Repurchase and Transfer of shares in 2021"
7. Proposed Resolutions

To accept the 2023 Business Report and Financial Statements
8. Discussion Items

Amendment to the "Rules of Procedure for Shareholder Meetings"
9. Election Items

The 10th of full-Reelection of Directors.
10. Other Proposals

Approved the release of newly appointed Directors of the Company from non-competition restrictions.
11. Special Motion
12. Adjournment

REPORT ITEMS

Report Item 1 - 2023 Business Report for your information

Please refer to Attachment 1 for 2023 Business Report.(Page 8-11)

Report Item 2- Audit Committee's review report on 2023 financial statements

The 2023 financial statements were approved by the Board of Directors on March 13, 2024, and sent to the Audit Committee for verification and approval. Please refer to Attachment 2(page 12).

Report Item 3 - 2023 Employees' and Directors' Compensation Report

1. In accordance with Article 20 of the company's Articles of Incorporation, the company distributes no less than 2% of the current year's profits as compensation to employees and no more than 3% as compensation to directors, but if the company has accumulated losses, it should first covered.
2. The profit sharing with employees and directors' compensation for the year 2023 will be distributed in cash as follows:
 - 1) NT\$2,935,008, 2%, is planned to be distributed as employees' compensation.
 - 2) NT\$1,467,504, 1%, is planned to be distributed as directors' compensation.

It is in line with the company's Articles of Incorporation.

- 3) Authorize the chairman of the Board of Directors to handle the date and details of distribution.

Report Item 4 - 2023 Directors' Remuneration Report

1. The remuneration paid to directors included the the remuneration, allowances and rewards paid to directors. The remuneration for directors is determined by the shareholders' meeting in accordance with the provisions of the company's Articles of Incorporation. Regardless of operating profits or losses, the directors' remuneration shall be paid at the usual level of the same industry, the allowances paid to directors were determined based on the attendance at the board meetings. In accordance with Article 20 of the company's Articles of Incorporation, the company distributes no more than 3% as compensation to directors.
2. The Company has established Salary and Remuneration Committee, which is composed of all independent directors, to stipulate and regularly review the policies, systems, standards, and structure of performance assessment, salaries, and remunerations of directors, and to regularly review and stipulate the salaries and remunerations of directors based on the standards of other businesses in the same industry.
3. The company planned 1% of the company distributes, NT\$1,467,504, to be distributed as director remuneration.The profit sharing with the director remuneration for the year 2023 were approved by the Board of Directors on March 13, 2024. The director remuneration will be distributed in cash. It is in line with the company's Articles of Incorporation.
4. Authorize the chairman of the Board of Directors to handle the date and details of distribution.

5. The details of director remuneration is as follows:

Unit: NT\$1,000

No.	Title	Name	Compensation to Directors								Total Compensation(A+B+C+D) & Ratio of Compensation to Net Profit		Compensation as a Concurrent Employee								Total Compensation(A+B+C+D+E+F+G) & Ratio of Compensation to Net Profit		Compensation from Investors Other Than Subsidiaries of the Company or the Parent Company		
			Base Compensation (A)		Pension/Severance (B)		Director's Compensation (C)		Professional Fees (D)				Salary, Bonus, Allowance (E)		Pension/Severance (F)		Employee Compensation (G)								
			Parent only	Consolidated	Parent only	Consolidated	Parent only	Consolidated	Parent only	Consolidated	Parent only	Consolidated	Parent only	Consolidated	Parent only	Consolidated	Parent only	Consolidated	Parent only		Consolidated			Parent only	Consolidated
																			Cash	Shares					
1	Chairman	Hsu, Ming-Hsuan	5,130	5,130	--	--	209	209	8	8	5.14	5.14	--	--	--	--	--	--	--	--	5.14	5.14	--		
2	Director	Hsu, Chun-Jan	360	360	--	--	209	209	10	10	0.56	0.56	3,808	4,176	108	108	426	--	426	--	4.73	5.09	--		
3	Director	Wu, Chien-Tung	360	360	--	--	210	210	8	8	0.56	0.56	--	--	--	--	--	--	--	--	0.56	0.56	--		
4	Director	Lee Bang Shing Investment Represented by Chen, Chun-Chung	360	360	--	--	210	210	10	10	0.56	0.56	--	--	--	--	--	--	--	--	0.56	0.56	--		
5	Independent Director	Chuang, Yao-Kai	360	360	--	--	210	210	46	46	0.59	0.59	--	--	--	--	--	--	--	--	0.59	0.59	--		
6	Independent Director	Lai, Chun-Yu	360	360	--	--	210	210	50	50	0.60	0.60	--	--	--	--	--	--	--	--	0.60	0.60	--		
7	Independent Director	Lee, Chun-Te	360	360	--	--	210	210	48	48	0.59	0.59	--	--	--	--	--	--	--	--	0.59	0.59	--		

Report Item 5 - The distribution of cash dividends for the year of 2023

1. According to Article 20 of the company's Articles of Incorporation:
 - 1) The company plans to pay cash dividends of NT\$0.5 for a total amount of NT\$86,669,463. According to the shareholders and their holdings recorded in the shareholder register on the distribution date; there are a total of 173,838,926 shares. After deducting 500,000 treasury shares, the number of shares outstanding is 173,338,926 shares. Cash dividends will be paid up to NT\$1.00, and those below NT\$1.00 will be rounded down. The total amount less than NT\$1.00 will be listed as other income of the company.
 - 2) Regarding the payment of cash dividends, the chairman of the Board of Directors is authorized to set the ex-dividend date, payment date, etc.
2. If there is a change in the number of shares outstanding due to transfer or cancellation of treasury stocks, resulting in a change in the payment of dividend, the chairman is also authorized to make any necessary adjustments to this cash dividend distribution proposal.

Report Item 6 - Amendment to the "Rules for the first repurchase and transfer of shares in 2021".

1. In accordance with laws and actual requirements, the "Rules for the first repurchase and transfer of shares in 2021" were revised.
2. Please refer to Attachment 3 (page 13-14) for the comparison table of revisions to the "Rules for the first repurchase and transfer of shares in 2021".

PROPOSED RESOLUTIONS

To accept the 2023 Business Report and Financial Statements. (Proposed by the Board of Directors)

Explanatory Notes:

1. The business report for the year of 2023 has been approved by the Board of Directors on March 13, 2024, and sent to the audit committee for review and approval.
2. The financial statements for the year of 2023 have been audited by CPAs Chuang, Chun-Wei, Yu, Chi-Lung of KPMG Taiwan, and submitted to the Audit Committee for review and approval.
3. Please refer to Attachment 1~2 and 4~5 (page 8-12 and page 15-34) for the business report, and independent auditors' report, financial statements and Earnings Distribution.
4. Please ratify.

RESOLVED,

DISCUSSION ITEMS

Discussion of amendments to the “Rules of Procedure for Shareholder Meetings”. (Proposed by the Board of Directors)

Explanatory Notes:

1. The company cooperates with laws and regulations to amend the “Rules of Procedure for Shareholder Meetings” in accordance with the Announcement No. 1120004167 of the Taiwan Stock Exchange Co., Ltd. on March 17, 2023.
2. Please refer to Attachment 6 (page 35-40) for the comparison table of revisions to the “Rules of Procedure for Shareholder Meetings”.

RESOLVED,

ELECTION ITEMS

The 10th of full-Reelection of Directors (Including Independent Directors). (Proposed by the Board of Directors)

Explanatory Notes:

1. The term of the 9th Board of the company will be expired on July 22, 2024. Accordingly, the company proposes a full-reelection of the Board members at this year's Annual Shareholders' Meeting in advance, and the new directors will take office immediately after being elected.
2. According to the company's Articles of Incorporation, the Company shall have seven directors(Including the three independent directors). The candidate nomination system shall be adopted for the election. The 3-year term of the Board will start from May 28 2024 and expire on May 27, 2027.
3. According to the company's Articles of Incorporation, the Directors shall be elected based on a candidate nomination system.And the audit committee is composed of all independent directors. Please refer to Attachment 7 (page 41-42) for the list of candidates.

Voting Results :

OTHER PROPOSALS

To approved the release of newly appointed Directors of the Company from non-competition restrictions. (Proposed by the Board of Directors)

Explanatory Notes:

1. Pursuant to Article 209 of the 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. To make use of the expertise and related experience of the Company's newly appointed Directors, it is proposed to the shareholders' meeting to release the Company's newly appointed Directors from non-compete restrictions.
3. Related information on the release of non-compete restrictions is as follows:

Position	Name	Other positions held
Director	Hsu, Ming-Hsuan	Chairman, All Strong Industry Inc Director, Paradise General Trading Co., Ltd. Director, Ching Feng Vietnam Company Ltd. Director, Fu Yue Window Decoration Co., Ltd. Director, Fu Vietnam Company Ltd. Director, Sun Ocean Vietnam Co., Ltd.
Director	Hsu, Chun-Jan	Chairman, Regal Estate (USA) Inc
Director	Jichen Investment Co., Ltd. Representative: Yang, Jen-Kai	Director and President, Universal Textile Co., Ltd.

SPECIAL MOTION

BUSINESS REPORT

To Our Shareholders:

We would like to thank all of you for attending the meeting, and for your constant support and trust in the company and its management team.

Looking back on 2023, the global economic growth has slowed down, the Russian-Ukrainian war and rising energy prices have further exacerbated market uncertainties, and impacted the global economy. High inflation and long-term monetary tightening have also put tremendous pressure on business operations. The consumption power has declined due to high inflation and a sharp rise in interest rates, especially when the US core CPI remains high, which has a significant impact on disposable income of consumers. Consumers are more price-sensitive and tend to be K-shaped, which are developed in the direction of parity and high-end, respectively. Through e-commerce and rapid customized business models, the Company improves consumers' sense of product value, and uses diversified production bases to reduce the risk of Sino-US trade frictions, while adapting to the needs of different regional markets. In order to improve production efficiency and reduce manufacturing costs, Ching Feng can maintain competitive advantages in the market.

Consolidated revenue in 2023 was only NT \$4,547 million, down 14% from the year before, driven by a number of unfavorable factors. However, with an optimized sales mix and improved production efficiency, the 2023 gross profit margin increased quarter by quarter. The gross profit margin was 20.01% for the whole year, and the YOY increased 14.93%. Operating profit margin was 5.36%, and operating profit was NT \$243 million.

Operating Performance

Unit: NT\$1,000

	2023		2022		Amount (Increase/Decrease)	
	Amount	%	Amount	%	Amount	%
Operating Revenue	4,547,224	100.00	5,287,076	100.00	(739,852)	(13.99)
Gross Profit	909,997	20.01	920,616	17.41	(10,619)	(1.15)
Operating Expenses	666,263	14.65	658,687	12.46	7,576	1.15
Operating Profit (Loss)	243,734	5.36	261,929	4.95	(18,195)	(6.95)
Net Profit before Tax	154,309	3.39	280,717	5.31	(126,408)	(45.03)
Net Profit after Tax	104,004	2.29	220,591	4.17	(116,587)	(52.85)
EPS(After Tax)	0.6		1.31			

Income, Expenses and Profitability Analysis

Analyzed Item	Year	2023	2022
Financial Structure (%)	Liabilities to Assets Ratio (%)	66.12	68.10
	Ratio of long-term funds to property, plant and equipment (%)	222.45	238.22
Solvency (%)	Current Ratio (%)	232.11	247.37
	Quick Ratio (%)	162.76	180.15
Profitability(%)	Return on assets (%)	2.59	4.19
	Return on shareholders' equity (%)	4.59	10.25
	Net Profit (%)	2.29	4.17

Budget Execution

Not applicable because the company has not prepared the financial budget for the public.

Research and Development

- (1) To develop horizontal, vertical and innovate new series of curtains.
- (2) To develop electric curtains such as curtains with wired, wireless control and intelligent control.
- (3) To investigate and research materials that can be recycled and reused for the development of curtains that are eco-friendly and also serve functions.
- (4) To develop curtain products with different functions.
- (5) To continuously improve the quality and functions of existing products.

BUSINESS PLAN FOR THE YEAR OF 2024

Business policies

Optimization of production efficiency: Continuously improve the production efficiency of each plant. Through technological innovation, process improvement and talent training, higher production capacity and lower costs will be achieved.

Strengthening customer relationships: More flexible in meeting customer needs. Through in-depth customer understanding, product portfolio optimization, more valuable solutions and long-term partnerships.

Cooperation with suppliers: Establish closer cooperation with suppliers. This will contribute to material development, cost control and quality management. By combining advanced textile technology, functional fabrics such as fireproof, heat insulation, waterproof, dustproof, and anti-bacterial are used in window coverings, which can greatly improve the performance of the curtains and meet the diversified practical needs of consumers.

Innovation and sustainability: We will continue to promote product innovation to meet market demand.

At the same time, we will be committed to environmental protection and sustainable development.

Deepen the advantages of full value chain services, improve and integrate multiple production bases, product innovation and R & D, Raw materials and logistics supply chain lean management and sustainable circular economy, hoping to reflect the company's rapid product development, flexible production and manufacturing, real-time grasp of market demand, etc., enhance good market competitiveness and create growth momentum.

Sales forecast and optimal production-sales policies

The COVID-19 pandemic seemed to be waning. The average spending on DIY home decorating products is going up. With the multiple supply sourcing, we can not only shorten the lead time, but also reduce risks in the manufacturing footprint. We will use capacity planning to keep production optimized, be the first to develop and market a product to strengthen the company's position in the marketplace, and achieve success in different regions to increase revenue and sales.

The impact of external environment, regulatory environment and business environment

1. The impact of business environment and external environment

High inflation and rapid interest rate hikes in 2023 will cause a significant increase in working capital costs, and high inflation will also slow down consumption momentum. The impact is expected to gradually reduce in 2024, and the global economy is expected to grow compared to 2023. With the post-epidemic era catalyzing the change of consumers' new lifestyle and corporate new business models, and deepening the digital transformation of physical stores and online e-commerce, the Company will focus on expanding customer cooperation from offline chain channels to online e-commerce business orders, shaping the Ching Feng full value chain service model.

In order to achieve the goal of complying with international ESG sustainability standards as soon as possible, the Company is following the concept of "sustainable environmental protection, sustainable recycling" and indeed improving its operating efficiency, this year officially launched the new ten-year business plan of Ching Feng-the 3S business strategy of "Safety (safety), Smart (intelligence), and Sustainability (sustainability)", and actively put into use the research and development of environmentally friendly recycled material products, reflecting the product advantages in value, quality, logistics, and sustainable circular economy. In terms of value and quality, we develop safety curtains, electric and smart curtains in the new era. Through functional improvement, quality improvement, diversified forms, price reduction, and reshaping the competitiveness of products in the market; On the logistics side, we implemented lean management to shorten consumer waiting time and optimize the customized process to achieve the optimization of the overall value chain; Sustainable recycling develops green energy, carbon reduction, and environmentally friendly recycled window coverings, striving to meet the goal of international ESG regulations.

2. The impact of regulatory environment

In addition to focusing on the benefits brought by the development of window coverings, we pay more attention to product safety and provide a complete and diverse selection of cordless operating window coverings so that users do not distinguish between age and children, avoid the safety concerns of window coverings, and comply with the highest safety standards in various

countries. The Company focuses on the development of “sustainable environmental protection”, and is committed to the development and application of environmentally friendly materials to minimize the impact of the production process on the environment.

As a company with momentum, we are positioned to succeed in an environment of growth, and meeting our commitments to shareholders and other stakeholders. We are honored by your joining us, and look forward to a long and prosperous future together.

Hsu, Ming-Hsuan
Chairman

Hsu, Chun-Jan
President

Yen, Huei-Ru
Accounting Supervisor

CHING FENG HOME FASHIONS CO., LTD.

AUDIT COMMITTEE'S REVIEW REPORT

Date: March 13, 2024

The Board of Directors has prepared the parent company only financial statements and consolidated financial statements for the year of 2023. The CPA firm of KPMG Taiwan was retained to audit the financial statements of the company and has issued an audit report accordingly. The Business Report, Financial Statements, and the proposal of distribution of earnings have been reviewed and determined to be correct and accurate by the Audit Committee members of Ching Feng Home Fashions Co., Ltd. In according with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, the Audit Committee's Review Report is hereby submitted.

Chuang, Yao-Kai
Chairman of the Audit Committee

Comparison Table of Revisions to the “Rules for the first repurchase and transfer of shares in 2021”

Existing Provisions	Amended Articles	Explanation
<p>Article 4 Qualifications of grantees and number of subscribable shares</p> <p>The grantees of the rules shall be the full-time employees of the Company and the full-time employees of the Company's subsidiaries at home and abroad before the subscription base date. In addition, the employee's subscription ratio and number of shares shall be determined based on his/her title, salary, years of service, performance and his/her contribution to the Company, and taking into account the total number of shares bought back by the Company and the maximum number of shares subscribed by a single employee on the base date of subscription.</p> <p>The eligibility of the transferee and the number of shares to be subscribed for shall be in accordance with the relevant laws and regulations at the time of the transfer, and with reference to the Company's operating needs and business development strategies and policies, the management unit shall prepare a proposal in accordance with the principles in the preceding paragraph, and the managers who comply with the Company's Remuneration Committee Charter shall be submitted to the Remuneration Committee for review, the Board of Directors for approval, and the rest shall be approved by the Chairman.</p> <p>The term "subsidiary at home and abroad" mentioned in the first paragraph refers to a subsidiary in which the Company directly or indirectly holds more than 50 percent of the voting shares of the same investee company.</p>	<p>Article 4 Qualifications of grantees and number of subscribable shares</p> <p>The grantees of the rules shall be the full-time employees of the Company and the full-time employees of the Company's subsidiaries at home and abroad before the subscription base date. In addition, the employee's subscription ratio and number of shares shall be determined based on his/her title, salary, years of service, performance and his/her contribution to the Company, and taking into account the total number of shares bought back by the Company and the maximum number of shares subscribed by a single employee on the base date of subscription.</p> <p>The eligibility of the transferee and the number of shares to be subscribed for shall be in accordance with the relevant laws and regulations at the time of the transfer, with reference to the Company's operating needs and business development strategies and policies, <u>and</u> the management unit shall prepare a proposal in accordance with the principles in the preceding paragraph. The managers who comply with the Company's Remuneration Committee Charter shall submit it to the Remuneration Committee <u>and the Audit Committee for discussion, and the non-managers shall submit it to the Audit Committee for discussion, and then submit it to the Board of Directors for resolution.</u></p> <p>The term "subsidiary at home and abroad" mentioned in the first paragraph refers to a subsidiary in which the Company directly or indirectly holds more than 50 percent of the voting shares of the same investee company.</p>	<p>Amendments to laws and regulations</p>

Existing Provisions	Amended Articles	Explanation
<p>Article 6 The Transfer Price Per Share</p> <p>The actual average repurchase price is the transfer price. However, before the transfer, if there is an increase or decrease in the number of ordinary shares issued by the Company, the transfer price may be adjusted within the range of the increase or decrease in the number of issued shares.</p> <p>Transfer price adjustment formula:</p> <p>Adjusted transfer price = Average price of actual repurchase x (total number of common shares when the repurchase is completed ÷ total number of common shares before the Company transfers the repurchased shares to employees)</p>	<p>Article 6 The Transfer Price Per Share</p> <p>The actual average repurchase price is the transfer price, which can be lower than the actual average repurchase price.</p> <p><u>In accordance with the Company's Articles of Incorporation, if the transfer is made to employees at a price lower than the actual average repurchase price, the transfer shall be approved by the latest shareholders' meeting before the transfer.</u></p> <p><u>With the consent of more than two-thirds of the voting rights of the shareholders present, who represent more than half of the total number of issued shares, and explain in the reasons for convening the shareholders' meeting, it may proceed in accordance with Article 10-1 of the "Rules for the Repurchase of the Company's Shares by Listed and OTC Companies".</u></p> <p><u>The actual transfer price is calculated as the transfer price (rounding the number to one decimal place) of not less than 50% of the average repurchase price.</u></p> <p>However, before the transfer, if there is an increase or decrease in the number of ordinary shares issued by the Company, the transfer price may be adjusted within the range of the increase or decrease in the number of issued shares.</p> <p>Transfer price adjustment formula:</p> <p>Adjusted transfer price = Average price of actual repurchase x (total number of common shares when the repurchase is completed ÷ total number of common shares before the Company transfers the repurchased shares to employees)</p>	<p>Amendments to laws and regulations and actual operations</p>
<p>Article 10</p> <p>These Procedures shall be implemented after approval by the shareholders' meeting, and the same shall apply upon any amendment.</p>	<p>Article 10</p> <p>These Procedures shall be implemented after approval by the shareholders' meeting, and the same shall apply upon any amendment.</p> <p>The 1st revision was made on 19 November 2021.</p> <p>The 2nd revision was made on 19 January 2024.</p>	<p>Addition of revised record</p>

KPMG Taiwan

Independent Auditors' Report

To the Board of Directors of CHING FENG HOME FASHIONS CO., LTD. :

March 13, 2024

Opinion

We have audited the accompanying consolidated financial statements of Ching Feng Home Fashions Co., Ltd., and its subsidiaries (collectively, the “Ching Feng Home Fashions Group”) which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended.

In our opinion, based on our audit results, the above-mentioned consolidated financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers in all material aspects, and present fairly, the financial position of the Company as of December 31, 2023 and 2022, and the financial performance and its cash flows for the years then ended.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted. 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 Ching Feng Home Fashions Group in accordance with the Norm of Professional Ethics for Certified Public Accountant. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. 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. Key audit matter for the Ching Feng Home Fashions Group's consolidated financial statements for the year ended December 31, 2023 is stated as follows:

1. Revenue Recognition

For the accounting policy on revenue recognition, please refer to Note 4 (15) to the consolidated financial report. For the disclosure of revenue, please refer to Note 6 (22).

Explanation of key audit matters:

Operating revenue is an important indicator for investors and management to evaluate the financial and business performance of Ching Feng Home Fashions Group. Whether the amount and timing of income recognition are correct will have a significant impact on financial reports. Thus, the authenticity and rationality of revenue recognition is a matter that accountants must pay close attention to when auditing the consolidated financial reports.

Corresponding audit procedures:

The main audit procedures of on the above key audit matter include:

- Assessed the rationality for revenue recognition (including sales discounts and allowance).
- For new customers who are a related party and have a large transaction volume, and new top ten customers, we checked the similarities and differences between their conditions of transaction and those of general customers, and whether there are any abnormal frequent or major returns, to evaluate the authenticity of income.
- Selected an appropriate sample size of sales invoices and shipping documents, checked and confirmed the receipt of payment, and paid attention to whether the remitter is the same as the purchaser to evaluate the authenticity of the income.
- Based on the delivery conditions, checked the shipping documents before and after the end of the year to assess the correctness of the period of revenue recognition.

Others

Ching Feng Home Fashions Co., Ltd. has prepared parent company only financial reports for the years ended December 31, 2023 and 2022, and we have also issued opinions without reservations for reference.

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 Ching Feng Home Fashions 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 Ching Feng Home Fashions Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Ching Feng Home Fashions Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards 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 parent company only financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Ching Feng Home Fashions 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 Ching Feng Home Fashions Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention of users in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Ching Feng Home Fashions Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient 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 for the year ended December 31, 2023 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 diverse 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:

KPMG Taiwan
Taipei, Taiwan

With Approval from the Competent Authorities:

Chin-Kuan-Cheng-Shen-Tzu-1040010193
Tai-Tsai-Cheng-Liu-Tzu-0920122026

Notice to Readers

For the convenience of readers, the independent auditors' reports and the accompanying consolidated financial statements, parent company only financial statements have been translated into English from the original Chinese version prepared and used in Taiwan. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

Ching Feng Home Fashions Co., Ltd. and Subsidiaries
Consolidated Balance Sheet
December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	<u>December 31, 2023</u>		<u>December 31, 2022</u>			<u>December 31, 2023</u>		<u>December 31, 2022</u>			
	Amount	%	Amount	%		Amount	%	Amount	%		
Assets											
Current Assets											
1100	Cash and cash equivalents (Note 6(1))	\$ 497,239	7	539,333	8	2100	Short-term loans (Note 6(13), 8)	\$ -	-	327,592	5
1110	Financial assets at fair value through profit or loss - current (Note 6(2))	32,561	-	16,471	-	2110	Short-term notes and bills payable (Note 6(14))	159,846	2	-	-
1150	Net notes receivable (Note 6(3))	-	-	600	-	2120	Financial liabilities at fair value through profit or loss-current (Note 6(2))	1,379	-	51	-
1170	Net accounts receivable (Note 6(3))	1,199,201	18	1,654,973	23	2150	Notes and Accounts payable	675,961	10	676,067	10
1180	Accounts receivable - net amount of related parties (Notes 6(3), 7)	-	-	149,890	2	2200	Other payables	254,584	4	243,071	3
1200	Other receivables (Note 6(4))	376,682	6	291,520	4	2230	Current income tax liabilities (Note 6(18))	105,454	2	120,603	2
1210	Other receivables - related parties (Note 7)	-	-	8,094	-	2280	Lease liabilities - current (Note 6(16))	24,240	-	23,187	-
130X	Inventories (Note 6(5))	904,514	14	959,597	14	2320	Long-term liabilities due within 1 year or 1 business cycle (Note 6(15))	264,529	4	219,627	3
1410	Prepayments	129,504	2	124,503	2	2399	Other current liabilities - Others	5,113	-	2,763	-
1470	Other current assets (Note 6(7))	127,187	2	80,067	1		Total current liabilities	<u>1,491,106</u>	<u>22</u>	<u>1,612,961</u>	<u>23</u>
1476	Other financial assets - current (Note 8)	194,088	3	164,875	2		Non-current liabilities :				
	Total current assets	<u>3,460,976</u>	<u>52</u>	<u>3,989,923</u>	<u>56</u>	2540	Long-term loans (Note 6(15), 8)	2,818,291	42	3,170,816	44
	Non-current assets					2569	Current tax liabilities-non-current (Note 6(18))	26,484	1	-	-
1600	Property, plant and equipment (Notes 6(8) and 8)	2,320,303	35	2,321,655	31	2570	Deferred income tax liabilities (Note 6(18))	9,688	-	4,755	-
1755	Right-of-use assets (Note 6(9))	541,508	8	580,748	8	2580	Lease liabilities - non-current (Note 6(16))	51,908	1	74,943	1
1760	Investment property, net (note 6 (10))	31,290	-	-	-	2670	Other current liabilities - others	1,383	-	1,412	-
1780	Intangible assets (Note 6(11))	101,563	2	116,382	2		Total non-current liabilities	<u>2,907,754</u>	<u>44</u>	<u>3,251,926</u>	<u>45</u>
1840	Deferred income tax assets (Note 6(18))	83,059	1	37,330	1		Total liabilities	<u>4,398,860</u>	<u>66</u>	<u>4,864,887</u>	<u>68</u>
1915	Advance payment for equipment	71,486	1	53,125	1		Equity attributable to owners of parent company (Note 6 (19)) :				
1900	Other non-current assets (Notes 6(12) and 8)	42,456	1	44,422	1	3110	Ordinary shares	1,738,389	26	1,696,233	24
	Total non-current assets	<u>3,191,665</u>	<u>48</u>	<u>3,153,662</u>	<u>44</u>	3200	Capital surplus	13,030	-	13,030	-
						3300	Retained earnings	605,012	9	652,769	9
						3400	Other components of equity	(92,700)	(1)	(63,404)	(1)
						3500	Treasury shares	(9,950)	-	(19,930)	-
							Total equity attributable to owners of the parent company	<u>2,253,781</u>	<u>34</u>	<u>2,278,698</u>	<u>32</u>
							Total equity	<u>2,253,781</u>	<u>34</u>	<u>2,278,698</u>	<u>32</u>
							Total liabilities and equity	<u>\$ 6,652,641</u>	<u>100</u>	<u>7,143,585</u>	<u>100</u>
	Total Assets	<u>\$ 6,652,641</u>	<u>100</u>	<u>7,143,585</u>	<u>100</u>						

Please refer to notes to the parent company only financial report.

Ching Feng Home Fashions Co., Ltd. and Subsidiaries

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

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

		For the years ended December 31,			
		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (Notes 6(22) and 7)	\$ 4,547,224	100	5,287,076	100
5000	Operating costs (Notes 6(5), (17))	3,637,227	80	4,366,460	83
	Gross profit	909,997	20	920,616	17
	Operating expenses (Notes 6(17)) :				
6100	Selling and marketing expenses	226,830	5	231,413	4
6200	General and administrative expenses	340,214	7	324,418	6
6300	Research and development expenses	74,691	2	94,859	2
6450	Expected credit losses (Note 6(3) and (25))	24,528	1	7,997	-
	Total operating expenses	666,263	15	658,687	12
	Operating income	243,734	5	261,929	5
	Non-operating income and expenses (Notes 6(6), (24) and 7) :				
7100	Interest income	9,666	-	1,689	-
7010	Other income	6,849	-	5,519	-
7020	Other gains and losses	(12,785)	-	83,252	2
7050	Financing costs	(93,060)	(2)	(71,672)	(1)
7060	Share of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method, net	(95)	-	-	-
	Total non-operating income and expenses	(89,425)	(2)	18,788	1
7900	Net income before tax	154,309	3	280,717	6
7950	Less: Income tax expenses (Note 6(18))	50,305	1	60,126	1
	Net income	104,004	2	220,591	5
8300	Other comprehensive income(Notes 6(18) and (19)) :				
8360	Items that may subsequently be reclassified to profit or loss				
8361	Exchange difference on translation of foreign operating institutions	(36,620)	(1)	150,829	3
8399	Less: Income tax related to items that may be reclassified subsequently	(7,324)	-	30,166	1
	Total items that may subsequently be reclassified to profit or loss	(29,296)	(1)	120,663	2
8300	Total other comprehensive income (loss)	(29,296)	(1)	120,663	2
	Total comprehensive income (loss)	\$ 74,708	1	\$ 341,254	7
	Earnings per share (Note 6(21))				
9750	Basic earnings per share (Unit: NT\$)	\$ 0.60		\$ 1.28	
9850	Diluted earnings per share (Unit: NT\$)	\$ 0.60		\$ 1.27	

Please refer to notes to the parent company only financial report.

Ching Feng Home Fashions Co., Ltd. and Subsidiaries
Consolidated Statements of Changes in Equity
For the years ended December 31, 2023 and 2022
(Expressed in thousands of New Taiwan dollars)

	Retained Earnings					Other equity Exchange Differences on Translation of	Treasury Shares	Total Equity
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Foreign Operations		
Balance as of January 1, 2022	\$ 1,696,233	56,029	64,642	157,393	253,142	(184,067)	(19,910)	2,023,462
Appropriations of earnings :								
Legal reserve	-	-	7,980	-	(7,980)	-	-	-
Special reserve	-	-	-	26,674	(26,674)	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(42,999)	-	-	(42,999)
Cash dividends from capital surplus	-	(42,999)	-	-	-	-	-	(42,999)
Reacquire of treasury shares	-	-	-	-	-	-	(20)	(20)
Net income of the period	-	-	-	-	220,591	-	-	220,591
Other comprehensive income (loss) of the period	-	-	-	-	-	120,663	-	120,663
Total comprehensive income (loss) of the period	-	-	-	-	220,591	120,663	-	341,254
Balance as of December 31, 2022	1,696,233	13,030	72,622	184,067	396,080	(63,404)	(19,930)	2,278,698
Appropriations of earnings :								
Legal reserve	-	-	22,059	-	(22,059)	-	-	-
Special reserve	-	-	-	(120,663)	120,663	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(109,605)	-	-	(109,605)
Stock dividends of ordinary shares	42,156	-	-	-	(42,156)	-	-	-
Transfer of treasury shares	-	-	-	-	-	-	9,980	9,980
Net income of the period	-	-	-	-	104,004	-	-	104,004
Other comprehensive income (loss) of the period	-	-	-	-	-	(29,296)	-	(29,296)
Total comprehensive income (loss) of the period	-	-	-	-	104,004	(29,296)	-	74,708
Balance as of December 31, 2023	\$ 1,738,389	13,030	94,681	63,404	446,927	(92,700)	(9,950)	2,253,781

Please refer to notes to the parent company only financial report.

Ching Feng Home Fashions Co., Ltd. and Subsidiaries
Consolidated Statements of Cash Flows
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31,	
	2023	2022
Cash flows from operating activities :		
Net income before tax	\$ 154,309	280,717
Adjustments :		
Adjustments to reconcile profit (loss)		
Depreciation expense	202,406	183,302
Amortization expense	31,345	20,626
Expected credit losses (gains)	24,528	7,997
Net losses (gains) on financial assets at fair value through profit or loss	351	1,057
Interest expense	93,060	71,672
Interest income	(9,666)	(1,689)
Share of loss (profit) of associates and joint ventures accounted for using equity method	95	-
Loss (gain) on disposal of property, plant and equipment, net	369	475
Loss (gain) on disposal of investments accounted for using equity method	(95)	-
Other adjustments to reconcile profit (loss)	(43)	-
Total adjustments to reconcile profit (loss)	<u>342,350</u>	<u>283,440</u>
Changes in assets related to operating activities :		
Notes receivable	600	(454)
Notes receivable - related parties	-	10
Accounts receivable	454,205	(635,975)
Accounts receivable - related parties	149,890	(21,516)
Other receivables	(90,042)	(126,139)
Other receivables - related parties	-	18
Inventories	55,083	(65,231)
Prepayments	(8,055)	7,178
Other current assets	(105,421)	(63,766)
Total net changes in assets related to operating activities	<u>456,260</u>	<u>(905,875)</u>
Changes in liabilities related to operating activities :		
Notes and Accounts payable	(106)	(18,223)
Notes and Accounts payable - related parties	-	(345)
Other payables	12,006	88,323
Other current liabilities	2,350	(3,574)
Total net changes in liabilities related to operating activities	<u>14,250</u>	<u>66,181</u>
Total net changes in assets and liabilities related to operating activities	<u>470,510</u>	<u>(839,694)</u>
Total adjustment	<u>812,860</u>	<u>(556,254)</u>

Ching Feng Home Fashions Co., Ltd. and Subsidiaries
Consolidated Statements of Cash Flows
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31,	
	2023	2022
Cash inflow (outflow) from operations	\$ 967,169	(275,537)
Interest charged	9,666	1,689
Interest paid	(89,453)	(63,754)
Income taxes paid	(60,532)	(60,601)
Net cash flows from operating activities	826,850	(398,203)
Cash flows from investing activities :		
Acquisition of financial assets at fair value through profit or loss	(17,404)	(8,197)
Disposal of financial assets at fair value through profit or loss	6,198	57,855
Financial liabilities at fair value through profit or loss	(3,907)	-
Acquisition of investment accounted for using equity method	(2,400)	-
Disposal of investment accounted for using equity method	2,400	-
Acquisition of property, plant and equipment	(142,134)	(303,147)
Disposal of property, plant and equipment price	3,834	1,577
Other receivables	(12,021)	-
Other receivables - related parties	-	(16,188)
Acquisition of intangible assets	(1,200)	(1,330)
Acquisition of use-of-right assets	(3,395)	-
Acquisition of investment properties	(31,304)	-
Other financial assets – Current	(29,213)	169,314
Other non-current assets	(35)	5,425
Advance payment for equipment	(19,313)	28,790
Net cash flows used in investing activities	(249,894)	(65,901)
Cash flows from financing activities :		
Short-term loans	391,028	1,186,709
Repayment of short-term loans	(718,620)	(1,264,502)
Increase in short-term notes and bills payable	219,846	-
Decrease in short-term notes and bills payable	(60,000)	-
Long-term loans	-	2,363,157
Repayment of long-term loans	(311,819)	(1,591,926)
Payments of lease liabilities	(28,690)	(26,233)
Other non-current liabilities	(29)	465
Cash dividends paid	(109,605)	(85,998)
Treasury shares sold to employees	9,980	-
Cost of reacquiring treasury shares	-	(20)
Net cash flows from financing activities	(607,909)	581,652
Effects of exchange rate changes	(11,141)	46,594
Net increase (decrease) in cash and cash equivalents	(42,094)	164,142
Cash and equivalent cash, beginning balance	539,333	375,191
Cash and equivalent cash, ending balance	\$ 497,239	539,333

Please refer to notes to the parent company only financial report.

Independent Auditors' Report

To the Board of Directors of CHING FENG HOME FASHIONS CO., LTD. :

March 13, 2024

Opinion

We have audited the accompanying parent company only financial statements of Ching Feng Home Fashions Co., Ltd. (collectively, the "Company") which comprise the balance sheets as of December 31, 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for the years then ended.

In our opinion, based on our audit results, the above-mentioned the parent company only financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers in all material aspects, and present fairly, the financial position of the Company as of December 31, 2023 and 2022, and the financial performance and its cash flows for the years then ended.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Key audit matter for the Company's parent company only financial statements for the year ended December 31, 2023 is stated as follows:

1. Revenue Recognition

For the accounting policy on revenue recognition, please refer to Note 4 (15) to the parent company only financial report. For the disclosure of revenue, please refer to Note 6 (21).

Explanation of key audit matters:

Operating revenue is an important indicator for investors and management to evaluate the financial and business performance of the Company. Whether the amount and timing of income recognition are correct will have a significant impact on financial reports. Thus, the authenticity and rationality of revenue recognition is a matter that accountants must pay close attention to when auditing the parent company only financial reports.

Corresponding audit procedures:

The main audit procedures of on the above key audit matter include:

- Assessed the rationality for revenue recognition (including sales discounts and allowance).
- For new customers who are a related party and have a large transaction volume, and new top ten customers, we checked the similarities and differences between their conditions of transaction and those of general customers, and whether there are any abnormal frequent or major returns, to evaluate the authenticity of income.
- Selected an appropriate sample size of sales invoices and shipping documents, checked and confirmed the receipt of payment, and paid attention to whether the remitter is the same as the purchaser to evaluate the authenticity of the income.
- Based on the delivery conditions, checked the shipping documents before and after the end of the year to assess the correctness of the period of revenue recognition.

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

Management is responsible for the preparation and fair presentation of the parent company only 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 parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards 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 parent company only financial statements.

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

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

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the 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 parent company only financial statements for the year ended December 31, 2023 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 diverse 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:

KPMG Taiwan

Taipei, Taiwan

With Approval from the Competent Authorities:

Chin-Kuan-Cheng-Shen-Tzu-1040010193

Tai-Tsai-Cheng-Liu-Tzu-0920122026

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Ching Feng Home Fashions Co., Ltd.
Parent Company Only Balance Sheet
December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2023		December 31, 2022				December 31, 2023		December 31, 2022	
		Amount	%	Amount	%			Amount	%	Amount	%
Assets											
Current Assets											
1100	Cash and cash equivalents (Note 6(1))	\$ 382,634	6	422,805	6	2100	Short-term loans (Note 6(12))	\$ -	-	327,592	5
1110	Financial assets at fair value through profit or loss - current (Note 6(2))	32,561	-	16,471	-	2110	Short-term notes and bills payable (Note 6(13))	159,846	3	-	-
1150	Net notes receivable (Note 6(3))	-	-	600	-	2120	Financial liabilities at fair value through profit or loss-current (Note 6(2))	1,379	-	51	-
1170	Net accounts receivable (Note 6(3))	154,682	2	172,836	2	2150	Notes and Accounts payable	465,983	7	471,447	7
1180	Accounts receivable - net amount of related parties (Notes 6(3) ,7)	908,691	14	1,686,891	25	2180	Notes and Accounts payable- net amount of related parties (Notes 7)	416,239	6	385,731	5
1200	Other receivables (Note 6(4))	357,342	5	226,457	3	2200	Other payables	150,463	2	80,437	1
1210	Other receivables - related parties (Note 7)	197,000	3	207,847	3	2220	Other payables- net amount of related parties (Notes 7)	71	-	3,665	-
130X	Inventories (Note 6(5))	278,313	4	307,074	4	2230	Current income tax liabilities (Note 6(17))	82,781	1	113,584	2
1410	Prepayments (Note 6(7))	50,169	1	56,640	1	2280	Lease liabilities - current (Note 6(15))	7,491	-	8,547	-
1470	Other current assets (Note 6(8))	169,047	3	79,069	1	2320	Long-term liabilities due within 1 year or 1 business cycle (Note 6(14))	264,529	4	204,385	3
1476	Other financial assets - current (Note 8)	193,463	3	126,569	2	2300	Other current liabilities - Others	4,854	-	2,615	-
Total current assets		<u>2,723,902</u>	<u>41</u>	<u>3,303,259</u>	<u>47</u>	Total current liabilities		<u>1,553,636</u>	<u>23</u>	<u>1,598,054</u>	<u>23</u>
Non-current assets						Non-current liabilities :					
1551	Investment accounted for using equity method (Note 6(6))	2,341,355	35	2,130,794	31	2540	Long-term loans (Note 6(14))	2,815,199	43	3,151,335	45
1600	Property, plant and equipment (Notes 6(9) and 8)	1,451,789	23	1,512,576	22	2569	Current tax liabilities-non-current (Note 6(17))	26,484	-	-	-
1755	Right-of-use assets (Note 6(10))	11,751	-	18,045	-	2570	Deferred income tax liabilities (Note 6(17))	-	-	4,755	-
1760	Investment property, net (note 6 (11))	31,290	-	-	-	2580	Lease liabilities - non-current (Note 6(15))	4,602	-	9,877	-
1780	Intangible assets	13,928	-	15,822	-	2645	Other current liabilities – others	180	-	-	-
1840	Deferred income tax assets (Note 6(17))	44,421	1	24,351	-	Total non-current liabilities		<u>2,846,465</u>	<u>43</u>	<u>3,165,967</u>	<u>45</u>
1915	Advance payment for equipment	14,603	-	13,910	-	Total liabilities		<u>4,400,101</u>	<u>66</u>	<u>4,764,021</u>	<u>68</u>
1900	Other non-current assets	20,843	-	23,962	-	Equity (Note 6 (18)) :					
Total non-current assets		<u>3,929,980</u>	<u>59</u>	<u>3,739,460</u>	<u>53</u>	3110	Ordinary shares	1,738,389	26	1,696,233	24
						3200	Capital surplus	13,030	-	13,030	-
						3300	Retained earnings	605,012	9	652,769	9
						3400	Other components of equity	(92,700)	(1)	(63,404)	(1)
						3500	Treasury shares	(9,950)	-	(19,930)	-
						Total equity attributable to owners of the parent company		<u>2,253,781</u>	<u>34</u>	<u>2,278,698</u>	<u>32</u>
						Total equity		<u>2,253,781</u>	<u>34</u>	<u>2,278,698</u>	<u>32</u>
Total Assets		<u>\$ 6,653,882</u>	<u>100</u>	<u>7,042,719</u>	<u>100</u>	Total liabilities and equity		<u>\$ 6,653,882</u>	<u>100</u>	<u>7,042,719</u>	<u>100</u>

Please refer to notes to the parent company only financial report.

Ching Feng Home Fashions Co., Ltd.
Parent Company Only Statements of Comprehensive Income
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		<u>For the years ended December 31,</u>			
		<u>2023</u>		<u>2022</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	Operating revenue (Notes 6(21) and 7)	\$ 4,117,074	100	5,144,622	100
5000	Operating costs (Notes 6(5), (16) and 7)	3,643,141	88	4,602,881	89
	Gross profit	473,933	12	541,741	11
5910	Unrealized profit or loss on sales	(22,963)	(1)	(27,827)	(1)
5920	Realized profit or loss on sales	27,828	1	21,451	-
	Gross profit, net	478,798	12	535,365	10
	Operating expenses (Notes 6(16) and 7) :				
6100	Selling and marketing expenses	67,599	2	87,082	2
6200	General and administrative expenses	153,086	4	145,972	3
6300	Research and development expenses	52,953	1	65,046	1
6450	Expected credit losses (Note 6(3) and (24))	22,938	1	7,997	-
	Total operating expenses	296,576	8	306,097	6
	Operating income	182,222	4	229,268	4
	Non-operating income and expenses (Notes 6(23) and 7) :				
7100	Interest income	9,289	-	1,479	-
7110	Other income	1,298	-	1,110	-
7020	Other gains and losses	12,030	-	113,913	2
7050	Financing costs	(89,232)	(2)	(66,728)	(1)
7070	Share of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method, net	22,654	1	(3,509)	-
	Total non-operating income and expenses	(43,961)	(1)	46,265	1
	Net income before tax	138,261	3	275,533	5
7951	Less: Income tax expenses (Note 6(17))	34,257	-	54,942	1
	Net income	104,004	3	220,591	4
8300	Other comprehensive income :				
8360	Items that may subsequently be reclassified to profit or loss				
8361	Exchange difference on translation of foreign operating institutions	(36,620)	(1)	150,829	3
8399	Less: Income tax related to items that may be reclassified subsequently (Note 6(17))	(7,324)	-	30,166	1
	Total items that may subsequently be reclassified to profit or loss	(29,296)	(1)	120,663	2
8300	Total other comprehensive income (loss)	(29,296)	(1)	120,663	2
	Total comprehensive income (loss)	\$ 74,708	2	\$ 341,254	6
	Earnings per share (Note 6(20))				
9750	Basic earnings per share (Unit: NT\$)	\$ 0.60		1.28	
9850	Diluted earnings per share (Unit: NT\$)	\$ 0.60		1.27	

Please refer to notes to the parent company only financial report.

Ching Feng Home Fashions Co., Ltd.
Parent Company Only Statements of Changes in Equity
For the years ended December 31, 2023 and 2022
(Expressed in thousands of New Taiwan dollars)

	<u>Retained Earnings</u>					<u>Other equity</u>	<u>Treasury</u>	<u>Total Equity</u>
	<u>Ordinary</u>	<u>Capital</u>	<u>Legal</u>	<u>Special</u>	<u>Unappropriated</u>	<u>Exchange</u>		
	<u>Shares</u>	<u>Surplus</u>	<u>Reserve</u>	<u>Reserve</u>	<u>Earnings</u>	<u>Differences on</u>	<u>Shares</u>	
						<u>Translation of</u>		
						<u>Foreign</u>		
						<u>Operations</u>		
Balance as of January 1, 2022	\$ 1,696,233	56,029	64,642	157,393	253,142	(184,067)	(19,910)	2,023,462
Appropriations of earnings :								
Legal reserve	-	-	7,980	-	(7,980)	-	-	-
Special reserve	-	-	-	26,674	(26,674)	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(42,999)	-	-	(42,999)
Cash dividends from capital surplus	-	(42,999)	-	-	-	-	-	(42,999)
Reacquire of treasury shares	-	-	-	-	-	-	(20)	(20)
Net income of the period	-	-	-	-	220,591	-	-	220,591
Other comprehensive income (loss) of the period	-	-	-	-	-	120,663	-	120,663
Total comprehensive income (loss) of the period	-	-	-	-	220,591	120,663	-	341,254
Balance as of December 31, 2022	1,696,233	13,030	72,622	184,067	396,080	(63,404)	(19,930)	2,278,698
Appropriations of earnings :								
Legal reserve	-	-	22,059	-	(22,059)	-	-	-
Special reserve	-	-	-	(120,663)	120,663	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(109,605)	-	-	(109,605)
Stock dividends of ordinary shares	42,156	-	-	-	(42,156)	-	-	-
Transfer of treasury shares	-	-	-	-	-	-	9,980	9,980
Net income of the period	-	-	-	-	104,004	-	-	104,004
Other comprehensive income (loss) of the period	-	-	-	-	-	(29,296)	-	(29,296)
Total comprehensive income (loss) of the period	-	-	-	-	104,004	(29,296)	-	74,708
Balance as of December 31, 2023	\$ 1,738,389	13,030	94,681	63,404	446,927	(92,700)	(9,950)	2,253,781

Please refer to notes to the parent company only financial report.

Ching Feng Home Fashions Co., Ltd.
Parent Company Only Statements of Cash Flows
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Cash flows from operating activities :		
Net income before tax	\$ 138,261	275,533
Adjustments :		
Adjustments to reconcile profit (loss)		
Depreciation expense	92,540	95,396
Amortization expense	3,094	3,181
Expected credit losses (gains)	22,938	7,997
Net losses (gains) on financial assets at fair value through profit or loss	351	1,200
Interest expense	89,232	66,728
Interest income	(9,289)	(1,479)
Share of loss (profit) of associates and joint ventures accounted or using equity method	(22,654)	3,509
Loss (gain) on disposal of property, plant and equipment, net	666	-
Loss (gain) on disposal of investments accounted for using equity method	(95)	-
Unrealized loss to sales	(146)	6,376
Profit from lease modification	(24)	(16)
Other adjustments to reconcile profit (loss)	-	4,405
Total adjustments to reconcile profit (loss)	<u>176,613</u>	<u>187,297</u>
Changes in assets and liabilities related to operating activities :		
Changes in assets related to operating activities :		
Notes receivable	600	(454)
Notes receivable - related parties	-	10
Accounts receivable	18,154	145,992
Accounts receivable - related parties	778,200	(824,697)
Other receivables	(123,785)	(81,151)
Other receivables - related parties	(115,456)	31,967
Inventories	28,761	71,185
Prepayments	2,371	8,740
Other current assets	<u>(99,901)</u>	<u>(76,985)</u>
Total net changes in assets related to operating activities	<u>488,944</u>	<u>(725,393)</u>
Changes in liabilities related to operating activities :		
Notes and Accounts payable	(5,464)	29,156
Notes and Accounts payable - related parties	30,508	15,078
Other payables	70,527	13,705
Other payables - related parties	(3,594)	(65,108)
Other current liabilities	<u>2,239</u>	<u>(3,367)</u>
Total net changes in liabilities related to operating activities	<u>94,216</u>	<u>(10,536)</u>
Total net changes in assets and liabilities related to operating activities	<u>583,160</u>	<u>(735,929)</u>

Ching Feng Home Fashions Co., Ltd.
Parent Company Only Statements of Cash Flows
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31,	
	2023	2022
Total adjustment	759,773	(548,632)
Cash inflow (outflow) from operations	898,034	(273,099)
Interest charged	9,289	1,479
Interest paid	(85,633)	(62,530)
Income taxes paid	(56,077)	(61,663)
Net cash flows from operating activities	765,613	(395,813)
Cash flows from investing activities :		
Acquisition of financial assets at fair value through profit or loss	(17,404)	(8,196)
Acquisition of financial assets at fair value through profit or loss	6,198	16,959
Financial liabilities at fair value through profit or loss	(3,907)	-
Acquisition of investment accounted for using equity method	(108,477)	(14,765)
Disposal of investment accounted for using equity method	2,400	-
Proceeds from capital reduction of investments accounted for using equity method	-	65,428
Acquisition of property, plant and equipment	(15,780)	(49,585)
Disposal of property, plant and equipment price	1,192	1,320
Other receivables	(12,021)	-
Other receivables - related parties	-	(258,324)
Acquisition of intangible assets	(1,200)	(1,330)
Acquisition of investment properties	(31,304)	-
Other financial assets – Current	(66,894)	179,340
Other non-current assets	(992)	(115)
Advance payment for equipment	(693)	8,307
Net cash flows used in investing activities	(248,882)	(60,961)
Cash flows from financing activities :		
Short-term loans	372,321	1,186,709
Repayment of short-term loans	(699,913)	(1,264,502)
Increase in short-term notes and bills payable	219,846	-
Decrease in short-term notes and bills payable	(60,000)	-
Long-term loans	-	2,360,000
Repayment of long-term loans	(280,092)	(1,576,218)
Payments of lease liabilities	(9,619)	(9,473)
Other non-current liabilities	180	-
Cash dividends paid	(109,605)	(85,998)
Cost of reacquiring treasury shares	-	(20)
Treasury shares sold to employees	9,980	-
Net cash flows from financing activities	(556,902)	610,498
Effects of exchange rate changes	-	810
Net increase (decrease) in cash and cash equivalents	(40,171)	154,534
Cash and equivalent cash, beginning balance	422,805	268,271
Cash and equivalent cash, ending balance	\$ 382,634	422,805

Please refer to notes to the parent company only financial report.

Distribution of Earnings, 2023

Unit: NT\$1.00

Sources	
Retained earnings at the beginning of the year	342,923,242
Add: Net profit after tax for the year	104,004,448
Earnings available for distribution	446,927,690
Appropriation	
Less: Legal reserve(10%)	10,400,445
Less: Special reserve	29,296,063
Cumulative distributable earnings by the end of 2023	407,231,182
Distribution	
Less: Cash dividends paid to shareholders (NT\$0.5/share)	86,669,463
Retained earnings on December 31, 2023	320,561,719

Note 1:

The company plans to allocate NT\$86,669,463 from the distributable earnings. Cash dividends will be paid up to NT\$1.00. According to the shareholders and their holdings recorded in the shareholder register on the distribution date, there are a total of 173,838,926 shares. After deducting 500,000 treasury shares, the number of shares outstanding is 173,338,926 shares. NT\$0.5 per share will be distributed.

Comparison Table of Revisions to the “Rules of Procedure for Shareholder Meetings”

Existing Provisions	Amended Articles	Explanation
<p>Article 2 Unless otherwise provided by law or regulation, the Company's shareholder meetings shall be convened by the board of directors.</p> <p>The Company shall prepare electronic versions of the shareholders’ meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, to upload the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders’ meeting or before 15 days before the date of a special shareholders’ meeting. The Company shall prepare electronic versions of the shareholders’ meeting agenda and supplemental loads of them to the MOPS before 21 days before the date of the regular shareholders’ meeting or before 15 days before the date of the special shareholders meeting, and they should be distributed at the shareholders’ meeting.</p> <p>The reasons for convening a shareholders’ meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.</p> <p>Election or dismissal of directors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares , reserve distributed in the form of new shares, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities Exchange Act, Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out and the</p>	<p>Article 2 Unless otherwise provided by law or regulation, the Company's shareholder meetings shall be convened by the board of directors.</p> <p><u>When a company convenes a video meeting of shareholders, unless otherwise specified in the Regulations Governing the Administration of Shareholder Services of Public Companies, it should be stated in the Articles of Incorporation and approved by the board of directors, and the video meeting of shareholders should be approved by the board of directors with the attendance and attendance of more than two-thirds of the directors. The resolution shall be carried out if approved by more than half of the directors.</u></p> <p>The Company shall prepare electronic versions of the shareholders’ meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, to upload the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders’ meeting or before 15 days before the date of a special shareholders’ meeting. The Company shall prepare electronic versions of the shareholders’ meeting agenda and supplemental loads of them to the MOPS before 21 days before the date of the regular shareholders’ meeting or before 15 days before the date of the special shareholders meeting, and they should be distributed at the shareholders’ meeting.</p> <p>The reasons for convening a shareholders’ meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.</p> <p>Election or dismissal of directors, amendments to the articles of incorporation, reduction of capital,</p>	<p>Amendments to laws</p>

Existing Provisions	Amended Articles	Explanation
<p>essential contents explained in the notice of the reasons for convening the shareholders' meeting. None of the above matters may be raised by an extraordinary motion.</p> <p>Where re-election of all directors as well as their inauguration date is stated in the notice of the reasons for convening the shareholders' meeting, after the completion of the re-election in said meeting such inauguration date may not be altered by any extraordinary motion or otherwise in the same meeting.</p> <p>A shareholder holding one percent or more of the total number of issued shares may submit to the Company a proposal for discussion at a regular shareholders' meeting. The number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. When the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.</p> <p>A shareholder may propose a recommendation for urging the corporation to promote public interests or fulfill its social responsibilities, provided procedurally the number of items so proposed is limited only to one in accordance with Article 172-1 of the Company Act, and no proposal containing more than one item will be included in the meeting agenda.</p>	<p>application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares , reserve distributed in the form of new shares, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities Exchange Act, Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders' meeting. None of the above matters may be raised by an extraordinary motion.</p> <p>Where re-election of all directors as well as their inauguration date is stated in the notice of the reasons for convening the shareholders' meeting, after the completion of the re-election in said meeting such inauguration date may not be altered by any extraordinary motion or otherwise in the same meeting.</p> <p>A shareholder holding one percent or more of the total number of issued shares may submit to the Company a proposal for discussion at a regular shareholders' meeting. The number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. When the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.</p> <p>A shareholder may propose a recommendation for urging the corporation to promote public interests or fulfill its social responsibilities, provided procedurally the number of items so proposed is limited only to one in accordance with Article 172-1 of the Company Act, and no proposal containing more than one item will be included in the meeting agenda.</p>	

Existing Provisions	Amended Articles	Explanation
<p>Article 5 The Company shall specify in its shareholders' meeting notices the time during which attendance registrations for shareholders, solicitors and proxies (collectively "shareholders") will be accepted, the place to register for attendance, and other matters for attention.</p> <p>The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations. For virtual shareholders' meetings, shareholders may begin to register on the virtual meeting platform 30 minutes before the meeting starts. Shareholders completing registration will be deemed as attend the shareholders' meeting in person.</p> <p>Shareholders shall attend shareholders' meetings based on attendance cards, sign-in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.</p> <p>The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.</p> <p>The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors or supervisors, pre-printed ballots shall also be furnished.</p> <p>When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders' meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent</p>	<p>Article 5 The Company shall specify in its shareholders' meeting notices the time during which attendance registrations for shareholders, solicitors and proxies (collectively "shareholders") will be accepted, the place to register for attendance, and other matters for attention.</p> <p>The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations. For virtual shareholders' meetings, shareholders may begin to register on the virtual meeting platform 30 minutes before the meeting starts. Shareholders completing registration will be deemed as attend the shareholders' meeting in person.</p> <p>Shareholders shall attend shareholders' meetings based on attendance cards, sign-in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.</p> <p>The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.</p> <p>The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors or supervisors, pre-printed ballots shall also be furnished.</p> <p>When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders' meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent</p>	<p>Amendments to laws</p>

Existing Provisions	Amended Articles	Explanation
<p>it in the meeting.</p> <p>In the event of a virtual shareholders' meeting, shareholders wishing to attend the meeting online shall register with the Company two days before the meeting date.</p> <p>In the event of a virtual shareholders' meeting, the Company shall upload the meeting agenda book, annual report and other meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.</p> <p>To convene a virtual shareholders' meeting, the Company shall include the follow particulars in the shareholders' meeting notice:</p> <ol style="list-style-type: none"> 1) How shareholders attend the virtual meeting and exercise their rights. 2) Actions to be taken if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events, at least covering the following particulars: <ol style="list-style-type: none"> (1) To what time the meeting is postponed or from what time the meeting will resume if the above obstruction continues and cannot be removed, and the date to which the meeting is postponed or on which the meeting will resume. (2) Shareholders not having registered to attend the affected virtual shareholders' meeting shall not attend the postponed or resumed session. (3) In case of a hybrid shareholders' meeting, when the virtual meeting cannot be continued, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders' meeting online, meets the minimum legal 	<p>it in the meeting.</p> <p>In the event of a virtual shareholders' meeting, shareholders wishing to attend the meeting online shall register with the Company two days before the meeting date.</p> <p>In the event of a virtual shareholders' meeting, the Company shall upload the meeting agenda book, annual report and other meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.</p> <p>To convene a virtual shareholders' meeting, the Company shall include the follow particulars in the shareholders' meeting notice:</p> <ol style="list-style-type: none"> 1) How shareholders attend the virtual meeting and exercise their rights. 2) Actions to be taken if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events, at least covering the following particulars: <ol style="list-style-type: none"> (1) To what time the meeting is postponed or from what time the meeting will resume if the above obstruction continues and cannot be removed, and the date to which the meeting is postponed or on which the meeting will resume. (2) Shareholders not having registered to attend the affected virtual shareholders' meeting shall not attend the postponed or resumed session. (3) In case of a hybrid shareholders' meeting, when the virtual meeting cannot be continued, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders' meeting online, meets the minimum legal 	

Existing Provisions	Amended Articles	Explanation
<p>requirement for a shareholder meeting, then the shareholders' meeting shall continue. The shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, and the shareholders attending the virtual meeting online shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders' meeting.</p> <p>(4) Actions to be taken if the outcome of all proposals has been announced and extraordinary motion has not been carried out.</p> <p>3) To convene a virtual-only shareholders' meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders' meeting online shall be specified.</p>	<p>requirement for a shareholder meeting, then the shareholders' meeting shall continue. The shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, and the shareholders attending the virtual meeting online shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders' meeting.</p> <p>(4) Actions to be taken if the outcome of all proposals has been announced and extraordinary motion has not been carried out.</p> <p>3) To convene a virtual-only shareholders' meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders' meeting online shall be specified. <u>Except for the circumstances stipulated in Paragraph 6 of Article 44-9 of the Regulations Governing the Administration of Shareholder Services of Public Companies, shareholders should at least be provided with connection equipment and necessary assistance, and the period during which shareholders can apply to the company and other relevant matters should be noted.</u></p>	
<p>Article 21 When convening a virtual-only shareholders' meeting, the Company shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders' meeting online.</p>	<p>Article 21 When convening a virtual-only shareholders' meeting, the Company shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders' meeting online. <u>Except for the circumstances stipulated in Paragraph 6 of Article 44-9 of the Regulations Governing the Administration of Shareholder Services of Public Companies, shareholders should at least be provided with connection equipment and necessary assistance, and the period during which shareholders can</u></p>	<p>Amendments to laws</p>

Existing Provisions	Amended Articles	Explanation
	<u>apply to the company and other relevant matters should be noted.</u>	
<p>Article 22</p> <p>These Rules shall take effect after having been submitted to and approved by a shareholders' meeting. Subsequent amendments thereto shall be effected in the same manner.</p> <p>The first revision was made on May 24, 2018.</p> <p>The second revision was made on July 23, 2021.</p> <p>The third revision was made on June 27, 2022.</p>	<p>Article 22</p> <p>These Rules shall take effect after having been submitted to and approved by a shareholders' meeting. Subsequent amendments thereto shall be effected in the same manner.</p> <p>The first revision was made on May 24, 2018.</p> <p>The second revision was made on July 23, 2021.</p> <p>The third revision was made on June 27, 2022.</p> <p><u>The fourth revision was made on May 28, 2024.</u></p>	<p>Addition of revised record</p>

List of Candidates for the 10th Board of Directors

Title	Name	Education	Experience	Current Position	Shareholding	Reason for the continued nomination of independent directors who have served for three consecutive terms
Director	Hsu, Ming-Hsuan	Department of Biology, Taiwan Normal University Institute of Chemistry, Yangming University	Assistant at Academia Sinica	Chairman, Ching Feng Home Fashions Co., Ltd.	8,820,743	N/A
Director	Hsu, Chun-Jan	Dept. of Economics; National Chung Cheng University	Grandtop Decorative Product (Zhenjiang) Co., Ltd. Vice President , Business Dept., Ching Feng Home Fashions Co., Ltd.	President, Ching Feng Home Fashions Co., Ltd.	6,387,944	N/A
Director	Jichen Investment Co., Ltd. Representative: Yang, Jen-Kai	Boston Universal M.S. Administration	President of ChainYarn IBM Taiwan Sales manager	President of Universal Textile	3,266,314 0	N/A
Director	Lee Bang Shing Investment Co., Ltd. Representative: Chen, Chun-Chung	Dept. of Accounting, School of Law and Business, Chung Hsing University	Vice President , Finance Dept, Ching Feng Home Fashions Co., Ltd Senior Manager of Ernst & Young. Accountant of Solomon & Co., CPAs Accountant of Chung Pin CPAs.	Accountant of Chung Pin CPAs.	4,085,102 67,650	N/A
Independent Director	Yang, Wendy	Massachusetts, US AMERICAN UNIVERSITY Washington College of Law, Washington, D.C.J.D.	Lord' s International Law Office Direction International Patent Trademark &Law Office	Chairperson & Founding Partner/ International Law Offices of Wendy Yang & Partners	0	No

Title	Name	Education	Experience	Current Position	Shareholding	Reason for the continued nomination of independent directors who have served for three consecutive terms
Independent Director	Kuo, Ping-Chen	National Tsing Hua University, International Intercollegiate Ph.D. Program, PhD Candidate National Chengchi University , Management Master's degree Department of Materials Science and Engineering, NYCU Master's degree	KPMG, Business Performance Service and Digital Transformation, Associate Director	Taiwan AI Academy, Vice President for Industry-Academica Collaboration	0	No
Independent Director	Kuan, Hsu-Chiang	Doctral Degree, Department of Chemical Engineering, Nation Tsing Hua University	Adjunction Associate Professor, Future Industries Institute, The University of South Australia Industrial Development Administration, Ministry of Economic Affairs review member Reinforced Plastics Association of the Republic of China supervisor Taiwan Exquisite machinery and Mold Strategy Alliance (TEMSA) Director	Associate Professor, Department of Chemical and Material Engineering, Southern Taiwan University of Science and Technology	0	No

慶豐富實業股份有限公司公司章程
ARTICLES OF INCORPORATION
 Ching Feng Home Fashions Co., Ltd.

CHAPTER 1 GENERAL ARTICLES

1. The Company is organized in accordance with the regulations as outlined in the Company Law and is named "Ching Feng Home Fashions Co., Ltd." <慶豐富實業股份有限公司> .
2. The purposes for that the Company is formed are:
 - 1) C307010 Apparel, clothing accessories and other textile product manufacturing
 - 2) C399990 Other textile products manufacturing
 - 3) C501040 Reconstituted wood manufacturing
 - 4) C501070 Bamboo and cane products manufacturing
 - 5) C501990 Other wood products manufacturing
 - 6) C805010 Plastic sheets, pipes and tubes manufacturing
 - 7) C805030 Plastic made grocery manufacturing
 - 8) C805990 Other plastic products manufacturing
 - 9) CH01040 Toys manufacturing
 - 10) CI01010 Rope, cable and net manufacturing
 - 11) CN01010 Furniture and fixtures manufacturing
 - 12) F401010 International trade
 - 13) F104110 Wholesale of cloths, clothes, shoes, hat, umbrella and apparel, clothing accessories and other textile product
 - 14) F105050 Wholesale of furniture, bedclothes, kitchen equipment and fixtures
 - 15) F204110 Retail of cloths, clothes, shoes, hat, umbrella and apparel, clothing accessories and other textile product
 - 16) F205040 Retail of furniture, bedclothes, kitchen equipment and fixtures
 - 17) CC01060 Wired communication equipment and apparatus manufacturing
 - 18) F113070 Wholesale of telecom instruments
 - 19) CC01080 Electronic parts and components manufacturing
 - 20) F119010 Wholesale of electronic materials
 - 21) F601010 To engage in business relating to intellectual property
 - 22) I501010 To engage in business relating to product designing
 - 23) ZZ99999 Exclusive of those require a permit. Business not restricted or limited by law.
 - 24) J101030 Waste Disposing
 - 25) J101040 Waste treatment
 - 26) J101080 Waste Recycling
 - 27) F199010 Wholesale of Recycling Materials
 - 28) CC01040 Lighting Facilities Manufacturing
 - 29) F113020 Wholesale of Household Appliance
 - 30) F401021 Import of Restrained Telecom Radio Frequency Devices and Materials
 - 31) E801010 Interior decoration
- 2-1 The Company may re-invest in other business, and is not subject to Article 13 of the Company Law that states the investment shall not exceed 40% of the paid-in capital.
- 2-2 The Company may provide a guarantee to others when necessary.

3. The head office of the Company is located in Changhua County, Taiwan, and the Company may establish branch offices in or out of the country with the resolution by the Board of Directors.

CHAPTER 2 SHARES

5. The total registered capital is New Taiwan Dollars 3 billion only (NT\$3,000,000,000), that is divided into 300,000,000 shares of NT\$10 each, and may be issued in separate parts.

Among the total registered capital, NT\$30,000,000 shall be reserved for employees' acquisition of warrants, divided into 3,000,000 shares with NT\$10 each, to be issued in separate parts with the resolution by the Board of Directors.

The issuance of stock shall be handled in accordance with regulations of the authorities concerned. Taiwan Securities Central Depository Co. Ltd. may ask the Company to change outstanding shares into ones in larger face value.

- 5-1. The company can buy back treasury shares at a price lower than the actual average price of the shares, and transfer them to employees, but a resolution must be made at the shareholders' meeting in accordance with relevant laws and regulations.
- 5-2. Treasury shares, stock warrants, new share purchasing, and new shares with restricted rights may be also granted to employees of subsidiaries or an entity that the company has control over it.
6. The stock certificates of the company are all in registered form, signed or stamped and numbered by the director representing the company. The shares of the company are issued with the approval by the competent authority or any issuing authority approved by the competent authority. The company may issue shares without a physical stock certificate. However, shareholders should contact the centralized securities depository for registration.
7. The transfer of stock shall not be made sixty(60) days prior to the shareholders' general meeting, thirteen(30) days prior to the shareholders' special meeting, or five(5) days prior to the base date of dividends, bonus or other interest distribution.
8. The issuance of stock shall be handled in accordance with regulations of the authorities concerned.

CHAPTER 3 SHAREHOLDERS' MEETINGS

9. There are two types of shareholders' meetings. A general meeting shall be held at least once a year within six months after the closing of the accounting year. A special meeting shall be called from time to time when necessary.
10. Shareholders' meetings called by the Board of Directors shall be handled in accordance with Item 3 of Article 208 of the Company Law. Shareholders' meetings called by those who are entitled to, the person who calls the meeting shall be the chairperson of that meeting. When the meeting is called by more than two persons, one of the persons shall be appointed as the chairperson. When the chairperson is against the rule and dismisses the meeting, one of the shareholders may be elected the chairperson by more than half of the shareholders present in order to continue the meeting.
11. All shareholders are entitled to one vote for each share they own.
The minutes of the meeting of shareholders shall be drawn up, signed or sealed,

by the Chairperson, and sent to each shareholder within twenty(20) days after the meeting. Minutes to shareholders may be effected by publication.

- 11-1 If the shareholder is not able to be present in the shareholders' meeting, his or her proxy with the Power of Attorney printed by the Company, stamped with the same seal of the shareholder as kept in the Company, and with detail authorization, may be present. Except trust company and certified agency of stocks, when one proxy represents more than two shareholders, and the voting right that he or she represents exceeds 3% of the total shares issued, then the voting right that exceeds 3% of the total shares issued shall be disregarded. The Power of Attorney shall be delivered to the Company five(5) days before the meeting. The one that comes first shall prevail when there are repetitions, but those to cancel the power of attorney are not subject to the rule.
12. Unless otherwise specified, the quorum necessary for shareholders' meeting shall be no less than half of the shareholders representing total shares issued. Resolutions shall be passed by a majority of votes.

CHAPTER 4 DIRECTORS AND SUPERVISORS

13. There are five(5)-seven(7) directors in the Company, elected by the shareholders among those who have the executive capability for a term of three years, and may also stand for reelection.

The stock ownership of directors of the company must meet the requirements of "Rules and Review Procedures for Director Share Ownership Ratios at Public Companies" issued by the competent authority.

- 13-1.
- 1) The number of independent directors shall not be less than 3 and shall not be less than 1/5 of the total number of directors.
 - 2) The election of independent directors are held together with that of non-independent directors with the number of elected persons to be calculated separately.
14. The directors constitute the Board of Directors, and two of them shall be chosen or elected the chairman and vice chairman respectively with more than 2/3 of directors present. The resolution shall be passed by a majority of votes. The chairman represents the Company.
15. Regular Board meetings shall be held every three(3) months. Special meetings may also be called whenever necessary. Unless otherwise specified, Board Meetings shall be called by the Chairman, and unless otherwise specified, the quorum necessary for a Board meeting shall be no less than half of the directors present, and resolutions shall be passed by a majority of votes. Written notice of all board meetings shall be mailed to each director not less than seven(7) days before the meeting date by mail, fax or e-mail. Emergency board meetings may be convened any time.

If the director is not able to be present in the meeting, he/she may ask any other director of the Company to be his/her proxy. When a video conference is held, those directors who participate the video conference shall be considered present personally.

16. In the absence of the Chairman or when the Chairman is not able to exercise his/her right, his/her proxy shall be handled in accordance with Article 208 of the Company Law.
17. The compensation for directors will be determined at the Shareholders' Meeting. They shall be

compensated at the usual level of the industry no matter if the Company is making a profit.

- 17-1. The Company shall purchase directors and officers (D&O) liability insurance for the directors to protect them from claims which may arise from the decisions and actions taken within the scope of their regular duties.

CHAPTER 5 MANAGERS

18. The Company has a number of managers. Their appointment, discharge and compensation shall be handled in accordance with Article 29 of the Company Law. Their compensation shall be handled in accordance with personnel rules and regulations of the company.

CHAPTER 6 ACCOUNTING

19. After the closing of the accounting year, the Board of Directors should prepare the following statements to be submitted to the shareholders' meeting for approval: 1) Annual Report, 2) Financial statements, 3) The proposal for allocation of profit or making up losses.
20. If there is any profit, a minimum of 2% shall be allocated to pay to the employees of the company and its subsidiaries, and no more than 3% to directors. However, losses of prior year(s) shall be offset first if there is any.

Such payment to employees of the company and its subsidiaries who meet certain requirements may be either in the form of shares or in cash, upon resolution by a majority votes at a meeting of the Board of Directors attended by two-thirds or more of the Directors.

The above mentioned profit refers to the profit before tax of the accounting year before the payment to employees, directors is allocated.

- 20-1. If there is any earning after the closing of the accounting year, it should first make up for the losses. If there is still earnings after 10% of the legal and the special reserve stipulated by the law are set aside, the balance, together with the accumulated undistributed earnings at the beginning of the period and the adjusted amount of undistributed earnings for the current year, will be the surplus available for distribution. However, depending on the business situation, a part of the earnings should be retained. Then the Board of Directors prepares a proposal for profit distribution. When the profit distribution is to issue new shares, the distribution shall be submitted to the shareholders' meeting for resolution. When the company distributes dividends and bonuses or all or part of the legal surplus and capital surplus in the form of cash, it authorizes the Board of Directors with more than two-thirds of the directors present and more than half of the directors present agree and report the shareholders' meeting.

The Company is in a traditional industry in its "Growing Stage". In consideration of future capital requirements and secure of interests and rights of shareholders, for profit appropriation, the Company adopts the policy of partial cash dividends and partial share dividends with cash dividends not less than 20% of the total dividends depending on the debt ratio, quick ratio and cash flow of the company. The Board of Directors shall submit a proposal for such appropriation for approval at the shareholders' meeting.

CHAPTER 7 APPENDIXES

21. The items not mentioned in Articles of Company shall be handled in accordance with the Company Law and other relevant regulations.

22. This Articles of Incorporation was concluded on Jan. 28, 1977.
The 1st revision was made on Feb. 26, 1977.
The 2nd revision was made on Dec. 15, 1980.
The 3rd revision was made on Oct. 21, 1982.
The 4th revision was made on Nov. 12, 1982.
The 5th revision was made on May 14, 1983.
The 6th revision was made on Feb. 25, 1984.
The 7th revision was made on Sept. 11, 1987.
The 8th revision was made on Nov. 6, 1988.
The 9th revision was made on Nov. 27, 1988.
The 10th revision was made on Aug. 20, 1989.
The 11th revision was made on Dec. 10, 1989.
The 12th revision was made on March 16, 1991.
The 13th revision was made on April 30, 1991.
The 14th revision was made on Sept. 2, 1991.
The 15th revision was made on Sept. 4, 1992.
The 16th revision was made on June 1, 1993.
The 17th revision was made on March 25, 1994.
The 18th revision was made on Aug. 25, 1994.
The 19th revision was made on April 21, 1995.
The 20th revision was made on July 19, 1995.
The 21st revision was made on June 30, 1997.
The 22nd revision was made on June 24, 1998.
The 23rd revision was made on June 2, 1999.
The 24th revision was made on June 13, 2000.
The 25th revision was made on June 22, 2001.
The 26th revision was made on May 29, 2002.
The 27th revision was made on Nov. 12, 2002.
The 28th revision was made on June 10, 2003.
The 29th revision was made on June 10, 2003.
The 30th revision was made on Sept. 22, 2003.
The 31st revision was made on April 28, 2005.
The 32nd revision was made on May 26, 2006.
The 33rd revision was made on June 15, 2007.
The 34th revision was made on June 13, 2008.
The 35th revision was made on June 19, 2009.
The 36th revision was made on June 25, 2010.
The 37th revision was made on April 27, 2012.
The 38th revision was made on June 24, 2013.
The 39th revision was made on June 12, 2014.
The 40th revision was made on June 17, 2015.
The 41st revision was made on June 29, 2016.
The 42nd revision was made on May 24, 2018.
The 43rd revision was made on June 28, 2019.
The 44th revision was made on June 30, 2020.
The 45th revision was made on June 27, 2022.
The 46th revision was made on May 24, 2023.

CHING FENG HOME FASHIONS CO., LTD.

Hsu, Ming-Hsuan /Chairman (with seal)

Rules for the first repurchase and transfer of shares in 2021

Date of Establishment:
November 19, 2021

Article 1 Purpose

To motivate employees and enhance internal cohesion in the Company, the Company stipulates "Transfer Repurchased Shares to Employees Rules" (hereinafter "the Rules") in accordance with Article 28-2, Paragraph 1-1 of R.O.C. Securities and Exchange Act and "Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies" enacted by the Financial Supervisory Commission, Executive Yuan, R.O.C. The repurchased shares transferred to employees by the Company, in addition to complying with competent laws and regulations, shall be processed subject to the Rules.

Article 2 Type of shares, content of rights and restrictions on rights

The shares repurchased to be transferred to employees are common shares. Unless otherwise regulated by relevant laws and regulations and/or the Rules, the rights and obligations of such shares are the same as other outstanding common shares.

Article 3 Transfer period

The repurchased shares can be transferred to employees in one or several stages, such transfer shall be completed within three years from the date of share-repurchase.

Shares that have not been transferred upon expiration of the above-mentioned transfer period shall be subject to cancellation of share change registration in accordance with Article 28-2, Paragraph 4 of R.O.C. Securities and Exchange Act.

Article 4 Qualifications of grantees and number of subscribable shares

The grantees of the rules shall be the full-time employees of the Company and the full-time employees of the Company's subsidiaries at home and abroad before the subscription base date. In addition, the employee's subscription ratio and number of shares shall be determined based on his/her title, salary, years of service, performance and his/her contribution to the Company, and taking into account the total number of shares bought back by the Company and the maximum number of shares subscribed by a single employee on the base date of subscription.

The eligibility of the transferee and the number of shares to be subscribed for shall be in accordance with the relevant laws and regulations at the time of the transfer, and with reference to the Company's operating needs and business development strategies and policies, the management unit shall prepare a proposal in accordance with the principles in the preceding paragraph, and the managers who comply with the Company's Remuneration Committee Charter shall be submitted to the Remuneration Committee for review, the Board of Directors for approval, and the rest shall be approved by the Chairman.

The term "subsidiary at home and abroad" mentioned in the first paragraph refers to a subsidiary in which the Company directly or indirectly holds more than 50 percent of the voting shares of the same investee company.

Article 5 Transfer procedure

The transfer procedure of this share-repurchase is described as follows:

(1)The Company shall publicly announce such share-repurchase, file and execute within the implemented period subject to the Board of Directors' resolution.

(2)The Board of Directors shall set and announce employees' subscription date, the standards for numbers of shares to which employees may subscribe, the period for payment, rights, and limitations, etc.

(3) Employees who have not subscribed and completed payment at the conclusion of the designated subscription and payment period will be deemed to have waived their subscription rights. In the event of an insufficient number of subscriptions, the chairman may contact other employees regarding subscription to the remaining shares.

(4)The Company shall count the actual number of shares subscribed with payment received, transfer and register the shares accordingly.

Article 6 The Transfer Price Per Share

The actual average repurchase price is the transfer price. However, before the transfer, if there is an increase or decrease in the number of ordinary shares issued by the Company, the transfer price may be adjusted within the range of the increase or decrease in the number of issued shares.

Transfer price adjustment formula:

Adjusted transfer price = Average price of actual repurchase x (total number of common shares when the repurchase is completed÷total number of common shares before the Company transfers the repurchased shares to employees)

Article 7 Rights and obligations of shares after transfer

After the repurchased shares are being transferred and registered under the employees' names, unless otherwise specified, the rights and obligations associated with the shares are the same as the original common shares.

According to the Rules of Article 167-3 of the Company Act, the shares purchased back and transferred to employees are restricted from being transferred by the transferred employees within one year.

Article 8 Other matters related to the rights and obligations of the company and employees

For shares transferred in accordance with the Procedures, the taxes and fees incurred shall be handled in accordance with the laws and company-related operations at the time of transfer.

Article 9

The Procedures will be implemented after approval by a resolution of the Board of Directors. In the future, if there are changes in laws, changes approved by the competent authority, or changes in the objective environment, they may be amended by the Board of Directors.

Article 10

The Procedures shall be implemented after approval by the shareholders' meeting, and the same shall apply upon any amendment.

RULES OF PROCEDURE FOR SHAREHOLDER MEETINGS

Article 1

To establish a strong governance system and sound supervisory capabilities for the Company's shareholders' meetings, and to strengthen management capabilities, these Rules are adopted pursuant to Article 5 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

Article 2

Unless otherwise provided by law or regulation, the Company's shareholder meetings shall be convened by the board of directors.

The Company shall prepare electronic versions of the shareholders' meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, to upload the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders' meeting or before 15 days before the date of a special shareholders' meeting. The Company shall prepare electronic versions of the shareholders' meeting agenda and supplemental loads of them to the MOPS before 21 days before the date of the regular shareholders' meeting or before 15 days before the date of the special shareholders meeting, and they should be distributed at the shareholders' meeting.

The reasons for convening a shareholders' meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.

Election or dismissal of directors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities Exchange Act, Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders' meeting. None of the above matters may be raised by an extraordinary motion.

Where re-election of all directors as well as their inauguration date is stated in the notice of the reasons for convening the shareholders' meeting, after the completion of the re-election in said meeting such inauguration date may not be altered by any extraordinary motion or otherwise in the same meeting.

A shareholder holding one percent or more of the total number of issued shares may submit to the Company a proposal for discussion at a regular shareholders' meeting. The number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. When the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.

A shareholder may propose a recommendation for urging the corporation to promote public interests or fulfill its social responsibilities, provided procedurally the number of items so proposed is limited only to one in accordance with Article 172-1 of the Company Act, and no proposal containing more than one item will be included in the meeting agenda.

Article 3

For each shareholders' meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders' meeting, and shall deliver the proxy form to the Company before five days before the date of the shareholders' meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company before two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

Article 4

The venue for a shareholders' meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

Article 5

The Company shall specify in its shareholders' meeting notices the time during which attendance registrations for shareholders, solicitors and proxies (collectively "shareholders") will be accepted, the place to register for attendance, and other matters for attention.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations. For virtual shareholders' meetings, shareholders may begin to register on the virtual meeting platform 30 minutes before the meeting starts. Shareholders completing registration will be deemed as attend the shareholders' meeting in person.

Shareholders shall attend shareholders' meetings based on attendance cards, sign-in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election

of directors or supervisors, pre-printed ballots shall also be furnished.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders' meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

In the event of a virtual shareholders' meeting, shareholders wishing to attend the meeting online shall register with the Company two days before the meeting date.

In the event of a virtual shareholders' meeting, the Company shall upload the meeting agenda book, annual report and other meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.

To convene a virtual shareholders' meeting, the Company shall include the follow particulars in the shareholders' meeting notice:

- 1) How shareholders attend the virtual meeting and exercise their rights.
- 2) Actions to be taken if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events, at least covering the following particulars:
 - (1) To what time the meeting is postponed or from what time the meeting will resume if the above obstruction continues and cannot be removed, and the date to which the meeting is postponed or on which the meeting will resume.
 - (2) Shareholders not having registered to attend the affected virtual shareholders' meeting shall not attend the postponed or resumed session.
 - (3) In case of a hybrid shareholders' meeting, when the virtual meeting cannot be continued, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders' meeting online, meets the minimum legal requirement for a shareholder meeting, then the shareholders' meeting shall continue. The shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, and the shareholders attending the virtual meeting online shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders' meeting.
 - (4) Actions to be taken if the outcome of all proposals has been announced and extraordinary motion has not been carried out.
- 3) To convene a virtual-only shareholders' meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders' meeting online shall be specified.

Article 6

If a shareholders' meeting is convened by the board of directors, the meeting shall be presided by the Chairman of the board. When the Chairman of the board is on leave or for any reason unable to exercise the powers of the chairperson, the Chairman shall appoint one of the directors to act as the chairperson. Where the Chairman does not make such a designation, the directors shall select from among themselves to serve as the chairperson.

When a director serves as chairperson, as referred to in the preceding paragraph, the director shall be one who has held that position for six months or more and who understands the financial and business

conditions of the company. The same shall apply for a representative of a legal entity director that serves as chairperson.

It is advisable that shareholders' meetings convened by the board of directors shall be presided by the Chairman of the board in person and attended by a majority of the directors, and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the minutes.

If a shareholders' meeting is convened by a party with power to convene but other than the board of directors, the convening party shall preside over the meeting. When there are two or more such convening parties, they shall mutually select a chairperson from among themselves.

The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders' meeting in a non-voting capacity.

Article 7

Documentation of a shareholders' meeting by audio or video

The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders' meeting, and the voting and vote counting procedures.

The recorded materials of the preceding paragraph shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Where a shareholders' meeting is held online, the Company shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast and results of votes counted by the Company, and continuously audio and video record, without interruption, the proceedings of the virtual meeting from beginning to end.

The information and audio and video recording in the preceding paragraph shall be properly kept by the Company during the entirety of its existence, and copies of the audio and video recording shall be provided to and kept by the party appointed to handle matters of the virtual meeting.

In case of a virtual shareholders' meeting, the Company is advised to audio and video record the back-end operation interface of the virtual meeting platform.

Article 8

Attendance at shareholders' meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in, and the shares checked in on the virtual meeting platform, plus the number of shares whose voting rights are exercised by correspondence or electronically.

The chairperson shall call the meeting to order at the appointed meeting time and disclose information concerning the number of nonvoting shares and number of shares represented by shareholders attending the meeting.

However, when the attending shareholders do not represent a majority of the total number of issued shares, the chairperson may announce a postponement, provided that no more than two such

postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chairperson shall declare the meeting adjourned. In the event of a virtual shareholders' meeting, the Company shall also declare the meeting adjourned at the virtual meeting platform.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders' meeting shall be convened within one month. In the event of a virtual shareholders' meeting, shareholders intending to attend the meeting online shall re-register to the Company in accordance with Article 6.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chairperson may resubmit the tentative resolution for a vote by the shareholders' meeting pursuant to Article 174 of the Company Act.

Article 9

If a shareholders' meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. Votes shall be cast on each separate proposal in the agenda (including extraordinary motions and amendments to the original proposals set out in the agenda). The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting.

The provisions of the preceding paragraph apply *mutatis mutandis* to a shareholders' meeting convened by a party with the power to convene that is not the board of directors.

The chairperson may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders' meeting. If the chairperson declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chairperson in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

The chairperson shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chairperson is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chairperson may announce the discussion closed, call for a vote, and schedule sufficient time for voting.

Article 10

Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chairperson.

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

When a shareholder speaks, other shareholders are not allowed to interfere with the speech unless they have obtained the consent of the chairperson and the speaking shareholder, and the chairperson should stop those who violate.

Except with the consent of the chairperson, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chairperson may terminate the speech.

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

After an attending shareholder has spoken, the chairperson may respond in person or direct relevant personnel to respond.

Where a virtual shareholders' meeting is convened, shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform from the chairperson declaring the meeting open until the chairperson declaring the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words. The regulations in paragraphs 1 to 5 do not apply.

As long as questions so raised in accordance with the preceding paragraph are not in violation of the regulations or beyond the scope of a proposal, it is advisable the questions be disclosed to the public at the virtual meeting platform.

Article 11

Calculation of voting shares and recusal system

Voting at a shareholders' meeting shall be calculated based the number of shares.

With respect to resolutions of shareholders' meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed three percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

Article 12

A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.

When the Company holds a shareholder meeting, it shall adopt exercise of voting rights by electronic

means and may adopt exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders' meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that the Company avoid the submission of extraordinary motions and amendments to original proposals.

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company before two days before the date of the shareholders' meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders' meeting in person or online, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, before two business days before the date of the shareholders' meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders' meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Except as otherwise provided in the Company Act and in the Company's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chairperson or a person designated by the chairperson shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

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

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chairperson, provided that all monitoring personnel shall be shareholders of the Company.

Vote counting for shareholders' meeting proposals or elections shall be conducted in public at the place of the shareholders' meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

When the Company convenes a virtual shareholders' meeting, after the chairperson declares the meeting open, shareholders attending the meeting online shall cast votes on proposals and elections on the virtual meeting platform before the chairperson announces the voting session ends or will be deemed abstained from voting.

In the event of a virtual shareholders' meeting, votes shall be counted at once after the chairperson announces the voting session ends, and results of votes and elections shall be announced immediately.

When the Company convenes a hybrid shareholders' meeting, if shareholders who have registered to attend the meeting online in accordance with Article 6 decide to attend the physical shareholders' meeting in person, they shall revoke their registration two days before the shareholders' meeting in the same manner as they registered. If their registration is not revoked within the time limit, they may only attend the shareholders' meeting online.

When shareholders exercise voting rights by correspondence or electronic means, unless they have withdrawn the declaration of intent and attended the shareholders' meeting online, except for extraordinary motions, they will not exercise voting rights on the original proposals or make any amendments to the original proposals or exercise voting rights on amendments to the original proposal.

Article 13

The election of directors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and supervisors and the numbers of votes with which they were elected, and the names of directors and supervisors not elected and number of votes they received.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 14

Matters relating to the resolutions of a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chairperson of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.

The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chairperson's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the number of voting rights), and disclose the number of voting rights won by each candidate in the event of an election of directors or supervisors. The minutes shall be retained for the duration of the existence of the Company.

Where a virtual shareholders' meeting is convened, in addition to the particulars to be included in the meeting minutes as described in the preceding paragraph, the start time and end time of the shareholders' meeting, how the meeting is convened, the chairperson's and secretary's name, and actions to be taken in the event of disruption to the virtual meeting platform or participation in the meeting online due to natural disasters, accidents or other force majeure events, and how issues are dealt with shall also be included in the minutes.

When convening a virtual-only shareholder meeting, other than compliance with the requirements in the preceding paragraph, the Company shall specify in the meeting minutes alternative measures available to shareholders with difficulties in attending a virtual-only shareholders' meeting online

Article 15

Matters relating to the resolutions of a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chairperson of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.

The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chairperson's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the number of voting rights), and disclose the number of voting rights won by each candidate in the event of an election of directors. The minutes shall be retained for the duration of the existence of the Company.

Article 16

Maintaining order in the meeting.

Staff handling administrative affairs of a shareholders' meeting shall wear identification cards or arm bands.

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

At the place of a shareholders' meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chairperson may prevent the shareholder from so doing.

When a shareholder violates the rules of procedure and defies the chairperson's correction, obstructing the proceedings and refusing to heed calls to stop, the chairperson may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 17

When a meeting is in progress, the chairperson may announce a break based on time considerations. If a force majeure event occurs, the chairperson may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders' meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a shareholders' meeting to defer or resume the meeting within five days in accordance with Article 182 of the Company Act.

Article 18

Disclosure of information at virtual meetings

In the event of a virtual shareholders' meeting, the Company shall disclose real-time results of votes and election immediately after the end of the voting session on the virtual meeting platform according to the regulations, and this disclosure shall continue at least 15 minutes after the chairperson has announced the meeting adjourned.

Article 19

Location of the chairperson and secretary of virtual-only shareholders' meeting

When the Company convenes a virtual-only shareholders' meeting, both the chairperson and secretary shall be in the same location, and the chairperson shall declare the address of their location when the meeting is called to order.

Article 20 Handling of disconnection

In the event of a virtual shareholders' meeting, the Company may offer a simple connection test to shareholders prior to the meeting, and provide relevant real-time services before and during the meeting to help resolve communication technical issues.

In the event of a virtual shareholders' meeting, when declaring the meeting open, the chairperson shall also declare, unless under a circumstance where a meeting is not required to be postponed to or resumed at another time under Article 44-20, paragraph 4 of the Regulations Governing the Administration of Shareholder Services of Public Companies, if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events before the chairperson has announced the meeting adjourned, and the obstruction continues for more than 30 minutes, the meeting shall be postponed to or resumed on another date within five days, in which case Article 182 of the Company Act shall not apply.

For a meeting to be postponed or resumed as described in the preceding paragraph, shareholders who have not registered to participate in the affected shareholders' meeting online shall not attend the postponed or resumed session.

For a meeting to be postponed or resumed under the second paragraph, the number of shares represented by, and voting rights and election rights exercised by the shareholders who have registered to participate in the affected shareholders' meeting and have successfully signed in the meeting, but do not attend the postpone or resumed session, at the affected shareholders' meeting, shall be counted towards the total number of shares, number of voting rights and number of election rights represented at the postponed or resumed session.

During a postponed or resumed session of a shareholders' meeting held under the second paragraph, no further discussion or resolution is required for proposals for which votes have been cast and counted and results have been announced, or list of elected directors and supervisors.

When the Company convenes a hybrid shareholders' meeting, and the virtual meeting cannot continue as described in second paragraph, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders' meeting online, still meets the minimum legal requirement for a shareholder meeting, then the shareholders' meeting shall continue, and not postponement or resumption thereof under the second paragraph is required.

Under the circumstances where a meeting should continue as in the preceding paragraph, the shares represented by shareholders attending the virtual meeting online shall be counted towards the total

number of shares represented by shareholders present at the meeting, provided these shareholders shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders' meeting.

When postponing or resuming a meeting according to the second paragraph, the Company shall handle the preparatory work based on the date of the original shareholders' meeting in accordance with the requirements listed under Article 44-20, paragraph 7 of the Regulations Governing the Administration of Shareholder Services of Public Companies.

For dates or period set forth under Article 12, second half, and Article 13, paragraph 3 of Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies, and Article 44-5, paragraph 2, Article 44-15, and Article 44-17, paragraph 1 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the Company shall handle the matter based on the date of the shareholders' meeting that is postponed or resumed under the second paragraph.

Article 21 Handling of digital divide

When convening a virtual-only shareholders' meeting, the Company shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders' meeting online.

Article 22

These Rules shall take effect after having been submitted to and approved by a shareholders' meeting. Subsequent amendments thereto shall be effected in the same manner.

The first revision was made on May 24, 2018.

The second revision was made on July 23, 2021.

The third revision was made on June 27, 2023.

Rules for Election of Directors

Article 1: The election, re-election and by-election of directors of the Company shall be subject to the provisions of these Rules.

Article 2: The name of the candidate for election of directors of the Company shall be substituted by the attendance number.

Article 3: For the election of directors of the Company, each share shall have the right to vote as a director to be elected, and the number of voting rights shall be the same. The person in charge shall prepare the ballots equivalent to the number of directors to be elected and distribute to each shareholder.

Article 4: The directors of the Company shall calculate the rights of independent directors and non-independent directors respectively in accordance with the number of seats set forth in the Articles of Association. The ballots represented by the ballots received shall be elected in the order of the higher number of votes respectively. If there are two or more votes with the same number of votes but exceeding the prescribed number, the ballots shall be determined by the same number of votes. The ballots shall be drawn on behalf of the directors who are not present.

Article 5: The ballots shall be printed and filled in according to the attendance number.

Article 6: At the beginning of the election, the chairperson shall appoint a scrutineer and vote counters to conduct the vote-taking and vote-taking matters, and the scrutineer shall be a shareholder.

Article 7: The vote cast shall be prepared by the person who makes the vote and shall be heard by the scrutineer before the vote.

Article 8: The candidate shall fill in the name or account name of the candidate in the voting field and put it into the voting field.

Where the government or corporate shareholder is a candidate, the name of the government or the corporate shareholder and the name of the representative may be filled in the column of the vote in accordance with Paragraph 1 of Article twenty-seven of the Company Act, and the name of the government or the corporate shareholder and the name of the representative may be filled in accordance with Paragraph 2 of Article of the same act.

Article 9: The ballots cast shall not be valid in any of the following circumstances:

- (1) The votes prescribed in these Rules are not counted.
- (2) A casting vote by a blank.
- (3) where the handwriting cannot be recognised or corrected.
- (4) The nominated candidates are inconsistent with the list of candidates for directors.
- (5) The same vote stands for two or more candidates.
- (6) In addition to filling in the name or account name of the candidate, write other words.

(7) Not handled in accordance with Article 8.

Article 10: After a vote is cast for the election of directors, the scrutineer and the vote counters shall disassociate the vote.

Article 11: The vote-taking is monitored by the scrutineer, and the results of the invoicing are announced by the Chairman on the spot.

Article 12: The board of directors of the Company shall issue the election notice to each elected director.

Article 13: Matters not provided in the rules shall be handled in accordance with the Company Act and relevant laws and regulations.

Article 14: The rules shall be implemented after approval by the shareholders' meeting, and the same shall apply upon any amendment.

The Rules were amended on 24 May 2018

The Rules were amended on 23 July 2021

DIRECTORS' SHAREHOLDINGS

1. The paid-in capital of the company is NT\$1,738,389,260, and the number of issued shares is 173,838,926 shares.
2. In accordance with Article 26 of the Securities and Exchange Act, all directors shall hold a minimum of 10,430,335 shares.
3. The number of shares held by individual directors and all directors in the shareholder register as of the closing date of the shareholders meeting is listed in the table below.

Shareholdings of individual and all directors recorded in the register of shareholders as of the closing date of the 2024 shareholders meeting (March 30, 2024)

Title	Number of Shares to Be Held	Number of Shares Registered in shareholder Register
Directors	10,177,400	19,295,233

DIRECTORS' SHAREHOLDING AS OF MARCH 30, 2024

Title	Name	Number of Shares Held
Chairman	Hsu, Ming-Hsuan	8,820,743
Director	Hsu, Chun-Jan	6,387,944
Director	Wu, Chien-Tung	1,444
Director	Lee Bang Shing Investment Co. (Represented by Chen, Chun-Chung)	4,085,102
Independent Director	Chuang, Yao-Kai	--
Independent Director	Lai, Chun-Yu	--
Independent Director	Lee, Chun-Te	--